jbmarks
LOCAL MUNICIPALITY
Marks of Excellence.

JB Marks Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Consitutional of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	Provision of municipal services to communities within the JB Marks local jurisdiction
Mayoral committee	
Executive Mayor	Hon Cllr Gaba Thithiba Ka Qhele
	Hon Cllr Moithoesi Rosy Dassie - Speaker
	Hon Cllr Jan Links Lumkile - Chief Whip
Councillors	Cllr LM Mkhabela
	Cllr GAM Modise
	Cllr MM Kasale
	Cllr MA Mapogoshe
	Cllr RC Swarts
	Cllr P Mtshali
	Cllr LT Abrahams
	Cllr I Moilwa
	Cllr G Ragovan
	Cllr TP Mtayi
	Cllr MR Davis
Grading of local authority	B2
Chief Finance Officer (CFO)	T Ngqobe (Acting)
Accounting Officer	K Kumbe
Registered office	35 Wolmarans Street Potchefstroom, 2531 South Africa
Business address	35 Wolmarans Street Potchefstroom, 2531 South Africa
Postal address	P.O Box 113 Potchefstroom, 2520 South Africa
Auditors	Auditor General South Africa
Website	www.jbmarks.gov.za

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CRR	Capital Replacement Reserve

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on page 10 to 102, which have been prepared on the going concern basis, approved by were the accounting officer on August 31, 2024 and were signed on by her:

K Kumbe
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services to communities within the JB Marks local jurisdiction and operates in the Dr Kenneth Kaunda District Municipality in the North West Province of South Africa.

The nature and principal activities of the municipality are:
To within its financial and administrative capacity :
- provide democratic and accountable government for the community of JB Marks
- to ensure the provision of services to the community in a sustainable manner;- to promote social and economic development
- to promote a safe and healthy environment; and
- to encourage the involvement of the community and community organisations in the matters of the municipality

Legislation governing the operations of the municipality includes but are not limited to the following:
Municipal Structures Act 117 of 1998 - Local Government
Municipal Systems Act 32 of 2000 - Local Government
Municipal Finance Management Act 56 of 2003

Net deficit of the municipality was 298 869 882 (2023: deficit 242 991 844).

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 2 907 814 436 and that the municipality's total assets exceed its liabilities by 2 907 814 436.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 2003 (Act No. 56 of 2003) (MFMA) and the Division of Act South Africa (Act No.2 of 2013) (DoRA).

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
K Kumbe	South African

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

Accounting Officer's Report

. **Corporate governance (continued)**

Audit committee and Risk Management

The Audit Committee has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timeously.

The AC is of the opinion that municipality’s risk management appears to be ineffective for the better of the year and material respect, and the municipality did implement a comprehensive risk management strategy and related policies.r.

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

K Kumbe
Accounting Officer

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Inventories	3	12 542 705	14 932 806
Receivables from exchange transactions	4	4 829 686	1 400 578
Receivables from non-exchange transactions	5	11 428 865	13 937 500
VAT receivable	14	71 736 926	19 034 243
Consumer debtors	6	324 147 166	303 748 230
Cash and cash equivalents	7	35 266 324	74 719 150
		459 951 672	**427 772 507**
Non-Current Assets			
Investment property	8	108 108 429	97 740 071
Property, plant and equipment	9	3 368 534 222	3 386 717 398
Intangible assets	10	7 214 301	7 214 301
Heritage assets	11	56 122 632	56 122 632
Other financial assets	12	86 430 021	78 975 025
Eskom Deposits		6 864 442	6 420 233
		3 633 274 047	**3 633 189 660**
Total Assets		**4 093 225 719**	**4 060 962 167**
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	892 351 230	572 928 821
Consumer deposits	15	30 181 475	28 850 026
Employee benefit obligation	16	13 372 512	13 746 511
Unspent conditional grants and receipts	17	4 905 818	10 304 659
		940 811 035	**625 830 017**
Non-Current Liabilities			
Employee benefit obligation	16	190 307 467	168 686 298
Provisions	18	54 292 781	59 761 537
		244 600 248	**228 447 835**
Total Liabilities		**1 185 411 283**	**854 277 852**
Net Assets		**2 907 814 436**	**3 206 684 315**
Accumulated surplus		2 907 814 436	3 206 684 315
Total Net Assets		**2 907 814 436**	**3 206 684 315**

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	19	1 039 398 489	1 024 020 069
Royalty income		643 793	714 547
Rental of facilities and equipment	20	3 976 978	3 458 177
Interest charged on trade and other receivables		82 151 094	68 196 128
Agency services		9 997 998	11 084 226
Licences and permits		5 771 286	4 683 293
Miscellaneous other revenue		12 081 329	10 979 266
Discount received		-	100 000
Interest received - Investments	22	13 925 924	14 450 649
Dividends received	22	3 565	3 208
Total revenue from exchange transactions		**1 167 950 456**	**1 137 689 563**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	257 168 230	239 696 073
Interest charged on property rates	26	23 249 707	17 454 852
Transfer revenue			
Government grants & subsidies	27	539 381 268	506 336 002
Public contributions and donations	28	925 044	1 475 095
Fines, Penalties and Forfeits	24	7 412 093	9 004 002
Total revenue from non-exchange transactions		**828 136 342**	**773 966 024**
Total revenue	23	**1 996 086 798**	**1 911 655 587**
Expenditure			
Employee related costs	29	(561 719 333)	(545 080 864)
Remuneration of councillors	42	(31 230 036)	(29 960 308)
Depreciation and amortisation	30	(190 808 833)	(191 406 355)
Finance costs	32	(50 035 032)	(33 244 419)
Rental and lease expenditure	33	(2 578 927)	(11 093 347)
Debt Impairment	35	(136 143 280)	(187 497 403)
Bulk purchases	38	(859 153 397)	(691 432 090)
Contracted services	39	(180 668 816)	(130 080 246)
Repairs and maintenance	37	(103 514 446)	(148 260 770)
General Expenses	36	(168 346 600)	(173 479 147)
Total expenditure		**(2 284 198 700)**	**(2 141 534 949)**
Operating deficit		**(288 111 902)**	**(229 879 362)**
Loss on disposal of assets and liabilities		-	(12 509 370)
Fair value adjustments	41	17 559	4 263
Actuarial gains/losses	16	(9 544 183)	16 507 192
Impairment loss	31	(960 919)	(7 907 906)
Inventories losses/write-downs		(270 437)	(9 206 661)
		(10 757 980)	**(13 112 482)**
Deficit for the year		**(298 869 882)**	**(242 991 844)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 459 977 872	3 459 977 872
Adjustments		
Correction of errors 50	(10 301 713)	(10 301 713)
Balance at 01 July 2022 as restated*	**3 449 676 159**	**3 449 676 159**
Changes in net assets		
Deficit for the period	(242 991 844)	(242 991 844)
Total changes	(242 991 844)	(242 991 844)
Balance at 01 July 2023	**3 206 684 318**	**3 206 684 318**
Changes in net assets		
Deficit for the period	(298 869 882)	(298 869 882)
Total changes	(298 869 882)	(298 869 882)
Balance at 30 June 2024	**2 907 814 436**	**2 907 814 436**

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 284 264 824	1 182 197 386
Grants		536 491 062	258 693 865
Interest income		31 351 961	14 450 649
Dividends received		3 565	3 208
Other receipts		-	50 019 796
		1 852 111 412	1 505 364 904
Payments			
Employee costs		(627 671 768)	(551 351 036)
Suppliers		(1 040 838 334)	(982 823 759)
Finance costs		(33 474 050)	(33 244 419)
		(1 701 984 152)	(1 567 419 214)
Net cash flows from operating activities	43	**150 127 260**	**(62 054 310)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(172 661 531)	(90 432 918)
Purchase of investment property	8	(10 368 358)	(22 031 368)
Proceeds from sale of financial assets		(7 437 437)	(78 929 629)
Eskom deposits paid		(444 209)	(694 671)
Net cash flows from investing activities		**(190 911 535)**	**(192 088 586)**
Cash flows from financing activities			
Consumer deposits		1 331 449	1 962 819
Net increase/(decrease) in cash and cash equivalents		**(39 452 826)**	**(252 180 077)**
Cash and cash equivalents at the beginning of the year		74 719 150	326 899 227
Cash and cash equivalents at the end of the year	7	**35 266 324**	**74 719 150**

The accounting policies on pages 14 to 38 and the notes on pages 38 to 98 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 380 522 709	(50 784 652)	**1 329 738 057**	1 039 398 489	**(290 339 568)**	Note 1
Royalty income	-	-	**-**	643 793	**643 793**	
Rental of facilities and equipment	3 312 265	894 041	**4 206 306**	3 976 978	**(229 328)**	
Interest charged on trade and other receivables	61 944 239	36 167 000	**98 111 239**	82 151 094	**(15 960 145)**	Note 2
Agency services	10 203 228	(3 228)	**10 200 000**	9 997 998	**(202 002)**	
Licences and permits	3 315 479	(1 110 000)	**2 205 479**	5 771 286	**3 565 807**	
Miscellaneous other revenue	11 728 583	(4 344 713)	**7 383 870**	12 081 329	**4 697 459**	
Interest received - Investments	12 500 000	500 000	**13 000 000**	13 925 924	**925 924**	Note 3
Dividends received	3 292	-	**3 292**	3 565	**273**	
Total revenue from exchange transactions	**1 483 529 795**	**(18 681 552)**	**1 464 848 243**	**1 167 950 456**	**(296 897 787)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	238 166 765	25 065 960	**263 232 725**	257 168 230	**(6 064 495)**	Note 4
Interest charged on property rates	12 644 287	30 000	**12 674 287**	23 249 707	**10 575 420**	Note 5
Transfer revenue						
Government grants & subsidies	524 502 750	36 261 250	**560 764 000**	539 381 268	**(21 382 732)**	Note 6
Public contributions and donations	-	-	**-**	925 044	**925 044**	
Fines, Penalties and Forfeits	15 893 335	-	**15 893 335**	7 412 093	**(8 481 242)**	Note 7
Total revenue from non-exchange transactions	**791 207 137**	**61 357 210**	**852 564 347**	**828 136 342**	**(24 428 005)**	
Total revenue	**2 274 736 932**	**42 675 658**	**2 317 412 590**	**1 996 086 798**	**(321 325 792)**	
Expenditure						
Employee related costs	(586 697 501)	2 167 430	**(584 530 071)**	(561 719 333)	**22 810 738**	Note 8
Remuneration of councillors	(31 739 498)	-	**(31 739 498)**	(31 230 036)	**509 462**	Note 9
Depreciation and amortisation	(258 610 983)	79 949 983	**(178 661 000)**	(190 808 833)	**(12 147 833)**	Note 10
Finance costs	-	-	**-**	(50 035 032)	**(50 035 032)**	Not budgeted for
Rental and lease expenditure	(1 196 755)	(354 160)	**(1 550 915)**	(2 578 927)	**(1 028 012)**	
Debt Impairment	-	-	**-**	(136 143 280)	**(136 143 280)**	Note 11
Bulk purchases	(870 478 181)	37 288 394	**(833 189 787)**	(859 153 397)	**(25 963 610)**	Note 12
Contracted Services	(124 825 208)	(60 051 606)	**(184 876 814)**	(180 668 816)	**4 207 998**	Note 13
Repairs and Maintenance	(102 207 799)	(10 039 384)	**(112 247 183)**	(103 514 446)	**8 732 737**	Note 14
General Expenses	(290 460 129)	(1 098 801)	**(291 558 930)**	(168 346 600)	**123 212 330**	Note 15
Total expenditure	**(2 266 216 054)**	**47 861 856**	**(2 218 354 198)**	**(2 284 198 700)**	**(65 844 502)**	
Operating deficit	**8 520 878**	**90 537 514**	**99 058 392**	**(288 111 902)**	**(387 170 294)**	
Fair value adjustments	-	-	**-**	17 559	**17 559**	Not budgeted for

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actuarial gains/losses	-	-	**-**	(9 544 183)	**(9 544 183)**	Not budgeted for
Impairment loss	-	-	**-**	(8 245 509)	**(8 245 509)**	Not budgeted for
Inventories losses/write-downs	-	(354 000)	**(354 000)**	(270 437)	**83 563**	Not budgeted for
	-	**(354 000)**	**(354 000)**	**(18 042 570)**	**(17 688 570)**	
Deficit before taxation	**8 520 878**	**90 183 514**	**98 704 392**	**(306 154 472)**	**(404 858 864)**	
Deficit for the year from continuing operations	**8 520 878**	**90 183 514**	**98 704 392**	**(306 154 472)**	**(404 858 864)**	
Capital expenditure	(189 041 750)	(36 420 251)	**(225 462 001)**	(162 206 064)	**63 255 937**	Note 16
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(180 520 872)**	**53 763 263**	**(126 757 609)**	**(468 360 536)**	**(341 602 927)**	

Note 1 - Estimation of meter readings was not addressed in the financial year under review, therefore, it had a negative impact in the municipal billings.

Note 2 - The budget for Interest on trade and other receivables for other services were overstated, as we anticipated that debtors will increase.

Note 3 - The municipality managed investment funds well enough to earn more interest than originally budgeted for.

Note 4 - Changes to the Supplementary Valuation Roll. Values of other properties were adjusted downwards..

Note 5 - Revenue from Interest on Property Rates was underestimated, as it was the first time this item was budgeted for as per the new Treasury 6.7 version..

Note 6 - R1.2 million was a portion of the MIG 5% and was transferred to Operational Budget. R5 million for Neighbourhood Development Partnership Grant (Technical) was re-adjusted to zero by Treasury for due to no spending. RBIG is a Schedule 6 Allocation and therefore the municipality claims on an Invoice basis and R15 million was not yet claimed. R2.3 million for INEP that was not spent was due to some delays on the project and therefore roll-over was applied for.

Note 7 - Underperformance of the service provider appointed to administer traffic fines.

Note 8 - It was expected that vacant positions will be filled and therefore the allocated amounts would fund such employee related costs. There were few permanent appointments were made in the financial year 2023-24 due to the moratorium in place.

Note 9 - Upper limits for Remuneration of Councillors was over estimated.

Note 10 - Depreciation was under-estimated and reduced during the adjustment budget. Due to an incapacitated Asset Management Unit it was difficult to calculate depreciation on a monthly basis.

Note 11 - A budget of R147 million was allocated for Debt Impairment and it was therefore sufficient to cover the recorded amount. Due to incorrect mapping the total amount for Debt Impairment was allocated to Finance Department and not to each departmental vote as budgeted..

Note 12 - Part of the allocated budget amounting to R43 million for Bulk Electricity was transferred to other departments that exhausted their budgets. In terms of Bulk Water, there we some outstanding invoices from the previous financial year 2022-23 were received after year end that were accounted for in the 2023-24 financial year leading to over expenditure of R1.1 million. .

Note 13. Most of the municipal services were rendered by municipal employees, and not outsourced as compared to previous years .i.e. maintenance of infrastructure.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Note 14 - Due to negative cash flow balances some expenses were restricted, as the municipality implemented cost containment measures.

Note 15 - There was an improved usage fuel costs for generators as the municipality did not experience loadshedding during the financial year under review.

Note 16 - There were no sufficient funds to fund internally funded projects, and therefore resulted in underspending of the allocation. Only Neighbourhood Development Partnership Grant (Technical) of R5 million was re-adjusted. R2.3 million for INEP was unspent and application for roll-over submitted.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	1 505 207 000	167 576 000	**1 672 783 000**	1 284 264 824	**(388 518 176)**	Note 1 and Note 4
Grants	518 000 000	-	**518 000 000**	536 491 062	**18 491 062**	Note 6
Interest income	-	-	**-**	31 351 961	**31 351 961**	Note 2, Note 3 and Note 5
Dividends or similar distributions received	3 000	-	**3 000**	3 565	**565**	
	2 023 210 000	**167 576 000**	**2 190 786 000**	**1 852 111 412**	**(338 674 588)**	
Payments						
Suppliers and Employee costs	(1 895 821 000)	3 986 000	**(1 891 835 000)**	(1 668 510 102)	**223 324 898**	Note 8, note 9, Note 12-15
Finance costs	-	-	**-**	(33 474 050)	**(33 474 050)**	Note budgeted for
Transfers and subsidies	-	1 605 000	**1 605 000**	-	**(1 605 000)**	
	(1 895 821 000)	**5 591 000**	**(1 890 230 000)**	**(1 701 984 152)**	**188 245 848**	
Net cash flows from operating activities	**127 389 000**	**173 167 000**	**300 556 000**	**150 127 260**	**(150 428 740)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(173 512 000)	(51 950 000)	**(225 462 000)**	(137 551 165)	**87 910 835**	Note 1 and Note 4
Purchase of investment property	-	-	**-**	(10 368 358)	**(10 368 358)**	
Decrease (increase) in non-current investments	38 975 000	-	**38 975 000**	-	**(38 975 000)**	
Purchase of financial assets	-	-	**-**	(7 437 437)	**(7 437 437)**	
Purchase of eskom deposits	-	-	**-**	(444 209)	**(444 209)**	
Net cash flows from investing activities	**(134 537 000)**	**(51 950 000)**	**(186 487 000)**	**(155 801 169)**	**30 685 831**	
Cash flows from financing activities						
Movement in other liability 2	(7 099 000)	-	**(7 099 000)**	-	**7 099 000**	
Consumer deposits	-	-	**-**	1 331 449	**1 331 449**	
Net cash flows from financing activities	**(7 099 000)**	**-**	**(7 099 000)**	**1 331 449**	**8 430 449**	
Net increase/(decrease) in cash and cash equivalents	(14 247 000)	121 217 000	**106 970 000**	(4 342 460)	**(111 312 460)**	
Cash and cash equivalents at the beginning of the year	90 414 000	-	**90 414 000**	74 719 150	**(15 694 850)**	
Cash and cash equivalents at the end of the year	**76 167 000**	**121 217 000**	**197 384 000**	**70 376 690**	**(127 007 310)**	
Reconciliation						

Accounting Policies

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand for municipal services, timing of cashflows, together with economic factors such as inflation and interest.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Provision for rehabilitation of landfill sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. A provision is made for this obligation based on the net present value of cost.

The uncertainities and assumptions attached to this provision are listed as follows:

The landfill closure designs has changed from the Minimum Requirements of Waste Disposal by Landfill to the National Environment Management Waste Act (59/2008): Waste Classification and Management Regulations (Gazette No. 36784). The change effectively puts stricter conditions on landfill closure and rehabilitation, with a concomitant increase in costs, especially for the sites previously classified as communal and small.

Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

Useful lives of Property, Plant, Equipment, Intangible assets and Investment Property

The municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requiremenys and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at the time.

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water after the depth of water in the reservoirs have been determined, which is then converted into volume based on the total capacity of the reservoir.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

1.5 Investment property (continued)

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Derecognition
Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

1.6 Property, plant and equipment (continued)

Derecognition
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

1.6 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	5-60 years
Plant and machinery	Straight-line	2-20 years
Furniture and fixtures	Straight-line	2-20 years
Motor vehicles	Straight-line	5-20 years
IT equipment	Straight-line	5-20 years
Infrastructure	Straight-line	3-80 years
Community	Straight-line	5-60 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Accounting Policies

1.7 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Accounting Policies

1.8 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

1.8 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

1.9 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Non current investments	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.10 Statutory receivables (continued)

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

1.10 Statutory receivables (continued)

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

The Municipality has the following types of statutory receivables (classes and category) as reflected on the face of the statement of financial position or in the notes thereto

- VAT Receivables
- Property rates receivables
- Fines
- Grants

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Accounting Policies

1.11 Inventories (continued)

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

1.13 Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

1.13 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.14 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.14 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

1.17 Revenue from non-exchange transactions (continued)

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Government Grants

Government grants are recognised as revenue when:- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied. concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance..

1.23 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Segment information

A segment is an activity of an entity:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The budget and annual financial statements did not adopt the same classification structure and the Statement of comparison of budget and actual amounts has been prepared on the mapping as per annual financial statements.

Comparative information is not required.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Accounting Policies

1.26 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

Notes to the Annual Financial Statements

2. New standards and interpretations

Application of all of the GRAP standards listed below will be effective for the municipality's accounting periods beginning on or after 01 July 2024 or later periods.

Management has considered all of the listed GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP pronouncement

- GRAP 18 Segment Reporting.
- GRAP 1 (amended): Presentation of Financial Statements 01 April 2020
- GRAP 34: Separate Financial Statements 01 April 2020
- IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 01 April 2020
- Directive 7 (revised): The Application of Deemed Cost 01 April 2020
- GRAP 18 (as amended 2016): Segment Reporting 01 April 2020

• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.

3. Inventories

Consumable stores	12 235 466	14 710 466
Water for distribution	307 239	222 340
	12 542 705	**14 932 806**

Inventories recognised as an expense during the year	3 767 117	8 181 512

The inventory is subsequently meausured at lower of cost or current replacement cost to comply with the GRAP 12 requirements.

Inventory pledged as security

No inventory have been pledged as collateral for liabilities of the municipality.

4. Receivables from exchange transactions

Mining Rights Receivable	10 476 140	10 476 140
Sundry Debtors	8 519 123	8 076 681
Sundry Debtors - Impairment	(6 676 103)	(6 676 103)
Mining Rights - Impairment	(10 476 140)	(10 476 140)
Overtime overpaid	2 986 666	-
	4 829 686	**1 400 578**

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Overtime over paid	2 986 666	-
Financial asset receivables included in receivables from exchange transactions above	**1 843 020**	**1 400 578**
Total receivables from exchange transactions	4 829 686	1 400 578

The municipality did not pledge any of its receivable as security for borrowing purposes.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(17 152 243)	(17 152 243)

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

5. Receivables from non-exchange transactions

Traffic Fines	590 636 129	584 560 070
Government grants and subsidies	4 319 125	6 827 760
Creditors with debit balances	1 806 332	1 806 332
Traffic Fines - Impairment	(585 332 721)	(579 256 662)
	11 428 865	**13 937 500**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	5 303 408	5 303 408
Grants	4 319 125	6 827 760
	9 622 533	**12 131 168**

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:		
Creditors with debit balance	1 806 332	1 806 332
Total receivables from non-exchange transactions	11 428 865	13 937 500

None of the receivables from exchange have been pladged as security for the municipality's financial liabilities.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2024, 9 622 533 (2023: 12 131 168) were past due but not impaired.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	579 256 661	570 793 982
Provision for impairment	6 076 059	8 462 679
	585 332 720	**579 256 661**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Consumer debtors

Gross balances		
Rates (Statutory receivables)	200 343 808	181 614 843
Electricity	276 373 078	293 882 169
Water	158 853 632	141 447 226
Sewerage	128 396 283	108 109 777
Refuse	111 178 547	92 715 978
Other debtors	37 541 531	28 941 468
VAT on debtors	87 369 358	83 920 957
Interest on overdue accounts	357 180 653	269 363 594
	1 357 236 890	**1 199 996 012**

Less: Allowance for impairment		
Rates (Statutory receivables)	(124 788 555)	(109 908 151)
Electricity	(173 958 213)	(168 254 797)
Water	(115 889 865)	(102 270 487)
Sewerage	(103 505 181)	(96 560 867)
Refuse	(95 798 255)	(82 029 049)
Other debtors	(26 531 979)	(26 613 254)
VAT on debtors	(74 471 567)	(67 696 436)
Interest on overdue accounts	(318 146 109)	(242 914 741)
	(1 033 089 724)	**(896 247 782)**

Net balance		
Rates (Statutory receivables)	75 555 253	71 706 692
Electricity	102 414 865	125 627 372
Water	42 963 767	39 176 739
Sewerage	24 891 102	11 548 910
Refuse	15 380 292	10 686 929
Other debtors	11 009 552	2 328 214
VAT on debtors	12 897 791	16 224 521
Interest on overdue accounts	39 034 544	26 448 853
	324 147 166	**303 748 230**
Statutory receivables included in consumer debtors above are as follows:		
Rates	75 555 253	71 706 692
Interest on rate debtors	4 834 473	2 413 562
	80 389 726	**74 120 254**
Other non-financial asset receivables included in consumer debtors above are as follows:		
Provision for unbilled revenue	54 968 691	56 365 666
Financial asset receivables included in consumer debtors above	**188 788 749**	**173 262 310**

Total consumer debtors	324 147 166	303 748 230

Included in above is receivables from exchange transactions		
Electricity	102 414 865	125 627 372
Water	42 963 767	39 176 739
Sewerage	24 891 102	11 548 910
Refuse	15 380 292	10 686 929
Interest on service charges and other debtors	34 200 071	24 035 291
VAT on debtors	12 897 791	16 224 521
Other debtors	11 009 552	2 328 214
	243 757 440	**229 627 976**

Figures in Rand	2024	2023

6. Consumer debtors (continued)

Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	75 555 253	71 706 692
Interest on Rates	4 834 473	2 413 562
	80 389 726	**74 120 254**
Net balance	**324 147 166**	**303 748 230**
Rates (Statutory receivables)		
Current (0 -30 days)	28 443 053	17 847 718
31 - 60 days	7 025 739	9 492 768
61 - 90 days	6 549 822	6 353 830
91 - 120 days	5 781 507	6 854 613
>120 days	152 543 687	141 065 914
Less: Allowance for impairment	(124 788 555)	(109 908 151)
	75 555 253	**71 706 692**
Electricity		
Current (0 -30 days)	60 248 781	89 790 476
31 - 60 days	8 194 111	11 466 452
61 - 90 days	7 410 021	5 723 503
91 - 120 days	5 664 194	5 259 129
>120 days	194 855 971	181 642 609
Less: Allowance for impairment	(173 958 213)	(168 254 797)
	102 414 865	**125 627 372**
Water		
Current (0 -30 days)	16 611 936	21 630 046
31 - 60 days	4 552 920	5 468 465
61 - 90 days	3 267 784	3 889 090
91 - 120 days	3 069 445	3 133 603
>120 days	131 351 547	107 326 022
Less: Allowance for impairment	(115 889 865)	(102 270 487)
	42 963 767	**39 176 739**
Sewerage		
Current (0 -30 days)	12 450 571	7 750 128
31 - 60 days	3 088 223	4 295 465
61 - 90 days	3 193 514	3 220 820
91 - 120 days	2 650 549	2 971 462
>120 days	107 013 426	90 829 465
Less: Allowance for impairment	(103 505 181)	(97 518 430)
	24 891 102	**11 548 910**
Refuse		
Current (0 -30 days)	8 582 564	5 081 705
31 - 60 days	2 443 062	3 116 674
61 - 90 days	2 212 075	2 179 657
91 - 120 days	2 100 038	2 026 639
>120 days	95 840 808	80 311 303
Less: Allowance for impairment	(95 798 255)	(82 029 049)
	15 380 292	**10 686 929**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Consumer debtors (continued)

Other debtors		
Current (0 -30 days)	211 028	187 627
31 - 60 days	264 911	280 385
61 - 90 days	327 455	205 312
91 - 120 days	304 034	278 884
>120 days	36 434 103	27 989 260
Less: Allowance for impairment	(26 531 979)	(26 613 254)
	11 009 552	**2 328 214**

VAT on debtors		
Current (0 -30 days)	15 040 749	7 761 401
31 - 60 days	2 791 113	3 458 141
61 - 90 days	2 451 000	2 251 184
91 - 120 days	2 062 991	2 024 616
>120 days	65 023 505	68 425 615
Less: Allowance for impairment	(74 471 567)	(67 696 436)
	12 897 791	**16 224 521**

Interest on overdue accounts		
Current (0 -30 days)	19 746 684	9 105 975
31 - 60 days	9 855 776	8 516 987
61 - 90 days	11 398 345	8 274 313
91 - 120 days	9 600 857	8 207 694
>120 days	306 578 991	235 258 625
Less: Allowance for impairment	(318 146 109)	(242 914 741)
	39 034 544	**26 448 853**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(896 247 782)	(704 610 712)
Contributions to allowance	(136 841 942)	(191 637 070)
Debt impairment written off against allowance	-	-
	(1 033 089 724)	**(896 247 782)**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	11 007 990	13 504 776
Current Investments	24 225 142	61 181 182
Other cash and cash equivalents	33 192	33 192
	35 266 324	**74 719 150**

The municipality had the following bank balances

7. Cash and cash equivalents (continued)

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA - Current - 4090067672	905 114	4 348 369	173 940 409	178 175	2 709 974	172 600 241
ABSA - Current - 2250000017	752 384	713 042	674 438	752 385	713 042	674 438
ABSA - Current - 4086831794	-	-	-	15 505	-	-
First National Bank - Current - 62413246241	4 221 915	1 035 794	7 949 282	4 221 915	1 035 794	7 949 282
First National Bank - Current - 62413454133	528 707	507 219	5 688 431	528 707	507 219	5 688 431
Nedbank - Current - 1497222400	4 737 703	7 095 714	9 921 391	5 236 485	7 696 438	8 360 276
Nedbank Call deposit - 03/7881004517/000083	1 044 113	650 627	609 404	1 044 113	650 627	609 404
Nedbank Call deposit - 03/7881004517/000094	17 417 015	15 901 547	14 731 357	17 417 015	15 901 547	14 731 357
Standard bank - Call Deposit- 43846 0944-038	54 313	53 286	52 284	54 313	53 286	52 284
Standard bank - Call Deposit- 43846 0944-045	3 281 340	42 335 612	40 090 220	3 281 340	42 335 612	40 090 220
Investec - Call Deposit - 1400-190158-500	2 409 144	2 222 181	75 218 125	2 409 144	2 222 181	75 218 125
ABSA - Call - Deposit 9324900933	19 218	17 925	869 028	19 218	17 925	869 028
	-	-	-	-	-	-
Total	**35 370 966**	**74 881 316**	**329 744 369**	**35 158 315**	**73 843 645**	**326 843 086**

8. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	108 108 429	-	108 108 429	97 740 071	-	97 740 071

Reconciliation of investment property - 2024

	Opening balance	Additions	Total
Investment property	97 740 071	10 368 358	108 108 429

Reconciliation of investment property - 2023

	Opening balance	Additions	Total
Investment property	75 708 703	22 031 368	97 740 071

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,

8. Investment property (continued)

- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

9. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	384 567 135	-	384 567 135	384 567 135	-	384 567 135
Buildings	431 619 228	(323 148 582)	108 470 646	429 347 378	(306 775 881)	122 571 497
Library books	27 751 413	(22 829 926)	4 921 487	286 596 467	(281 731 022)	4 865 445
Infrastructure	6 494 599 021	(3 925 893 917)	2 568 705 104	6 354 249 809	(3 777 077 112)	2 577 172 697
Community	650 359 776	(452 163 571)	198 196 205	648 365 897	(433 217 882)	215 148 015
Other property, plant and equipment	255 941 872	(152 268 227)	103 673 645	245 049 040	(162 656 431)	82 392 609
Total	**8 244 838 445**	**(4 876 304 223)**	**3 368 534 222**	**8 348 175 726**	**(4 961 458 328)**	**3 386 717 398**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers received	Depreciation	Impairment loss	Other	Total
Land	384 567 135	-	-	-	-	-	384 567 135
Buildings	122 571 497	250 947	2 020 903	(16 372 701)	-	-	108 470 646
Library books	4 865 445	925 044	-	(869 002)	-	-	4 921 487
Infrastructure	2 577 172 697	138 249 571	(1 533 531)	(148 816 804)	-	3 633 171	2 568 705 104
Community	215 148 015	825 857	(487 372)	(18 945 689)	-	1 655 394	198 196 205
Other property, plant and equipment	82 392 609	30 794 405	-	(5 804 637)	(960 919)	(2 747 813)	103 673 645
	3 386 717 398	**171 045 824**	**-**	**(190 808 833)**	**(960 919)**	**2 540 752**	**3 368 534 222**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Other	Total
Land	384 567 135	-	-	-	-	-	-	384 567 135
Buildings	139 352 162	989 067	(1 003 981)	-	(16 402 244)	(363 507)	-	122 571 497
Library books	4 189 870	1 475 095	(32 535)	-	(752 222)	(14 763)	-	4 865 445
Infrastructure	2 611 542 022	130 278 096	(8 691 228)	-	(149 418 952)	(552 267)	(5 984 974)	2 577 172 697
Community	229 847 111	5 140 053	(144 694)	-	(19 123 869)	(570 586)	-	215 148 015
Other property, plant and equipment	82 266 427	11 751 475	(2 636 932)	(2 924)	(5 709 068)	(6 406 785)	3 130 416	82 392 609
	3 451 764 727	**149 633 786**	**(12 509 370)**	**(2 924)**	**(191 406 355)**	**(7 907 908)**	**(2 854 558)**	**3 386 717 398**

Assets subject to finance lease (Net carrying amount)

Land	384 567 135	384 567 135

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	182 556 489	65 980 594	20 358 372	268 895 455
Additions/capital expenditure	126 258 936	10 430 897	3 380 144	140 069 977
Other movements [specify]	-	(45 436 416)	-	(45 436 416)
Transferred to completed items	(56 095 763)	(30 948 075)	-	(87 043 838)
	252 719 662	**27 000**	**23 738 516**	**276 485 178**

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	64 960 924	37 153 780	17 335 729	119 450 433
Additions/capital expenditure	130 278 096	28 826 814	989 067	160 093 977
Other movements [specify]	(997 046)	-	-	(997 046)
Transferred to completed items	(9 651 908)	-	-	(9 651 908)
	184 590 066	**65 980 594**	**18 324 796**	**268 895 456**

Slow-moving / halted work-in-progress (WIP) projects

Construction of Roads and Storm-water at Ventersdorp (Slow moving)
Project value to date: R665,944
Reason: Original contractor was terminated due to non-performance

Upgrading of Potcheftstoom Water Treatment works Phase E - Construction of the 25ml in Ikageng reservior (Slow moving)
Project value to date: R51,200,167
Reason: Contractor is behind schedule due to challenges presented on site

Construction of Roads and Storm-water within JB Marks (Slow moving)
Project value to date: R13,676,225
Reason: Original contractor was terminated due to non-performance

Construction of Tlokwe and Ventersdorp Disater Management Centre (Slow moving)
Project value to date: R18,324,767
Reason: Original contractor was terminated due to non-performance and consultant withdrew from the project

Upgrading of Ikageng Pump Station (Slow moving)
Project value to date: R21,403,546
Reason: Original contractor was terminated due to non performance

Installation 30m High Mast Lights within various wards in the Juristic of JB Marks LM (Slow moving)
Project value to date: R642,707
Reason: Contractor was issued with notice of terminate due to non performance

Promosa Ext 4 Pump Station and Main Outffall Sewer (On-hold)
Project value to date: R3,412,254
Reason: Project was put on hold by the Department of Labour as a results of alleged explosives

Installation of High Mast Lights in JB Marks (Slow mowing)
Project value to date: R5,529,685
Reason: Contractor was issued with notice of terminate due to non performance

Notes to the Annual Financial Statements

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10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 214 301	-	7 214 301	7 214 301	-	7 214 301

Reconciliation of intangible assets - 2024

	Opening balance	Total
Computer software, other	7 214 301	7 214 301

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	7 214 301	7 214 301

11. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Museum collectables and monuments	56 122 632	-	56 122 632	56 122 632	-	56 122 632

Reconciliation of heritage assets 2024

	Opening balance	Total
Museum collecatables and monuments	56 122 632	56 122 632

Reconciliation of heritage assets 2023

	Opening balance	Total
Museum collecatables and monuments	56 122 632	56 122 632

Notes to the Annual Financial Statements

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12. Other financial assets

Designated at fair value		
Listed shares	62 956	45 396
Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates.Listed shares and unit trusts are measured at fair value using quoted market prices.		
At amortised cost		
Long Term Investment	86 367 065	78 929 629
Management of the municipality is of the opinion that the carrying value of the investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.		
The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.		
Total other financial assets	**86 430 021**	**78 975 025**

Non-current assets		
Designated at fair value	62 956	45 396
At amortised cost	86 367 065	78 929 629
	86 430 021	**78 975 025**

13. Payables from exchange transactions

Trade payables	668 886 249	340 009 149
Payments received in advance	69 610 029	52 812 189
Unallocated receipts	40 418 269	45 623 263
Salary accruals	-	1 543 398
Accrued bonus	9 900 649	12 931 728
Debtors salaries	4 262 420	21 531 893
Accrued Leave	59 686 702	56 315 370
Retentions	35 757 850	28 061 858
Traffic and Licence creditors	3 699 419	13 683 745
Other creditors	129 643	416 228
	892 351 230	**572 928 821**

14. VAT receivable

VAT	71 736 926	19 034 243

VAT Receivable reconciliation		
Deferred VAT input	90 102 711	39 689 814
Deferred VAT output	(12 897 791)	(16 224 521)
VAT due to SARS	(5 467 994)	(4 431 050)
	71 736 926	**19 034 243**

The Municipality is registered for VAT on a payment basis.

VAT output is charged on taxable services and VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable or payable at the end of the financial year is based on the difference between input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods and services and the output VAT charged for services rendered by the Municipality.
The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the payment basis

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Consumer deposits

Electricity and Water	30 181 475	28 850 026

No guarantees are held in lieu of consumer deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Figures in Rand	2024	2023

16. Employee benefit obligations

Reconciliation of total employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post Employment Medical Subsidy	(185 639 604)	(165 795 407)
Long Service Awards	(18 040 375)	(16 637 402)
	(203 679 979)	**(182 432 809)**

Carrying value		
Current liabilities	(13 372 512)	(13 746 511)
Non Current liabilities	(190 307 467)	(168 686 298)
	(203 679 979)	**(182 432 809)**

Post-retirement health care benefits liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the Medical Aid Funds, with which the municipality is associated, a member(who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid memebership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

In accordance with the requirements of GRAP 25, the projected unit credit method has been applied. The assumption underlying the funding method is thar the employer's post employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Acturial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	165 795 407	164 180 045
Benefits paid	(11 157 767)	(10 362 249)
Net expense recognised in the statement of financial performance	31 001 964	11 977 611
	185 639 604	**165 795 407**

Net expense recognised in the statement of financial performance

Current service cost	3 594 762	3 979 041
Interest cost	20 403 653	19 684 066
Actuarial (gains) losses	7 003 549	(11 685 496)
	31 001 964	**11 977 611**

Eligible employees

Active employees (on medical aid) - average age (years)	47,98	
Active employees (on medical aid) - average employer monthly contribution (ZAR)	3 767	
Continuation pensioners - average age (years)	71,13	
Continuation pensioners - average employer monthly contribution (ZAR)	5 185	

The active employees were assumed to have one dependent, on retirement, in the form of a spouse, as per the married assumption table.

Key assumptions used

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

Financial assumptions used at the reporting date:

Discount rates used	12,00 %	12,75 %
Expected rate of return on assets	6,22 %	6,86 %
Health Care cost inflation	7,72 %	8,36 %
Net discount rate	4,11 %	4,05 %

The basis on which the net discount rate has been determined is as follows:

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 9.84% years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 12.14% per annum, and the yield on the inflation linked bonds of a similar term was about 5.11% per annum, This implies an underlying expectation of inflation of 6.22% per annum ([1 + 12.14% - 0.5%] / [1 + 5.11%] - 1). The 0.5% deduction has been added as a risk premium to reflect the uncertainty inherent in the projection.

We have assumed that healthcare cost inflation would exceed general inflation by 1.50% per annum, i.e. 7.72% per annum. This assumption is consistent with the previous actuary.

However, it is the relative levels of the discount rate and health care inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.11% per annum ([1 + 12.14%] / [1 + 6.22%] - 1).

Sensitivity Analysis

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Healthcare cost inflation

Healthcare Cost Inflation Rate	**Percentage change**	**1% decrease**	**Valuation basis**	**1% increase**	**Percentage change**
Accrued Liability	-9.81%	167 436 688	185 639 605	207 029 366	11.52%
Service cost	-15.36%	3 456 079	4 083 261	4 856 909	18.52%
Net interest expense	-9.40%	19 804 865	21 859 932	24 573 046	12.41%

As per the table above, a 1% increase in the healthcare cost inflation rate results in an 11.52% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 9.81% decrease in the accrued liability. Increasing healthcare cost inflation leads to greater subsidies being paid by the entity in respect of continuation members. This, in turn, increases the size of the accrued liability.

I

Discount rate	**Percentage Change**	**1% decrease**	**Valauation basis**	**1% increase**	**Percentage Change**
Accrued Liability	10.79%	205 676 609	185 639 605	168 785 534	-9.08%
Service Cost	17.22%	4 786 379	4 083 261	3 515 227	-13.91%
Net Interest Expense	2.49%	22 399 314	21 859 932	21 363 626	-2.27%

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

Inversely, a 1% increase in the discount rate results in a 9.08% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 10.79% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate increases the accrued liability and vice-versa.

Demographic Assumptions
The assumed normal retirement age is 65 years and the fully accrued age (to take account for ill-health and early retirement decrements) is 63 years for active employees on the medical aid. This assumption is consistent with prior period.

The assumed age difference between spouses is 5 years for both active employees and pensioners on the medical aid.

The assumed mortality used was based on the SA85-90 (light) mortality table for active members on the medical aid and the PA(90)-1 table for pensioners.

Continuation percentage of post-employment medical aid subsidies at retirement for active members is assumed to be 50%

The same withdrawal rates assumption used by the previous actuary was used in the current year so as to be consistent between valuations

Long Service Awards Lability

The Municipality operates an unfunded defined benefit plan called Long Service Awards. Under the plan, a long-service award is payable after 10 years of continuous service, and every 5 years of continuous services thereafter, to employees. The long service awards is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).
The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.
Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service awards is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.
The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 30 June 2024.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	16 637 402	21 069 889
Benefits paid	(3 767 037)	(2 868 329)
Net expense recognised in the statement of financial performance	5 170 010	(1 564 158)
	18 040 375	**16 637 402**

Figures in Rand	2024	2023

16. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

	2024	2023
Current service cost	1 003 291	1 250 767
Interest cost	1 626 085	2 006 771
Actuarial (gains) losses	2 540 634	(4 821 696)
	5 170 010	**(1 564 158)**

The net expense has been included as part on employee related costs and disclosed on Note 27.

Eligible employees

	2024	2023
Number of employees	721	716
Average annual salary (ZAR)	266 613	234 338
Average age (years)	51.60	50.59
Average past service (years)	19.33	18.39

Key assumptions used

Assumptions used at the reporting date:

	2024	2023
Discount rates used	9,78 %	10,47 %
Consumer Price Index	4,36 %	5,26 %
Expected increase in salaries	5,36 %	6,26 %
Net discount rate	4,20 %	3,96 %

Demographic Assumptions
The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

Assumption	**30 June 2023**	**30 June 2024**
Normal retirement age (years)	65	65
Average retirement age (years)	63 (Males) 58 (Females)	63 (Males) 58 (Females)
Mortality	SA85-90 Light	SA85-90 Light

Age	**Withdrawal rates (Female)**	**Withdrawal rates (Male)**
20 - 29	24%	16%
30 - 39	18%	12%
40 - 44	10%	8%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	-	-
60+	-	-

The average retirement age for all active employees was assumed to be 63 years for males and 58 for females. This assumption implicitly allows for early retirement.

16. Employee benefit obligations (continued)

Sensitivity Analysis

Salary increase and Discount rate

Salary inflation rate	Percentage change	1% decrease	Valuation basis	1% increase	Percentage change
Accrued Liability	-4.29%	17 265 679	18 040 375	18 867 143	4.58%
Service Cost	-4.54%	989 211	1 036 280	1 086 664	4.86%
Net Interest Expense	-4.58%	1 578 957	1 654 731	1 735 598	4.89%

As per the table above, a 1% increase in the salary increase rate results in a 4.58% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 4.29% decrease in the accrued liability. An increase in salary inflation increases the salaries upon which the long-service awards are based. This, in turn, leads to an increase in the accrued liability.

Discount rate	Percentage Change	1%decrease	Valuation basis	1% increase	Percentage change
Accrued Liability	4.43%	18 840 290	18 040 375	17 302 454	-4.09%
Service Cost	4.70%	1 085 025	1 036 280	991 442	-4.33%
Net Interest Expense	-6.01%	1 555 352	1 654 731	1 744 888	5.455%

Inversely, a 1% increase in the discount rate results in a 4.09% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 4.43% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate increases the accrued liability and vice-versa.

Demographic Assumptions

Demographic and decrement assumptions used are as follows**:**

Assumption	30 June 2023	30 June 2024
Normal retirement age (years)	65	65
Average retirement age (years)	63(Males) 58 (Females)	63(Males) 58 (Females)
Mortality	SA85-90 Light	SA85-90 Light

The assumed average retirement age (years) is 63 (males) and 58 (females) for the current and prior financial years.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Dr Kenneth Kaunda District Projects	18 515	18 515
Provincial: Department Arts and Culture - Library Grant	159 837	1 710 592
National: Regional Bulk Infrastructure Grant (RBIG)	1	-
National: Water Services Infrastructure Grant (WSIG)	-	2 380 670
Lotto: Mohadin Stadium	113 369	113 369
Lotto: Tshwaraganang	644	644
Lotto: Sarafina Sports Facilities	787 245	787 245
National: Municipal Infrastructure Grant (MIG)	-	3 851 391
Local Government - SETA Grant (LG SETA)	1 245 792	1 245 792
National: Integrated National Electrification Program (INEP)	2 383 974	-
Fire and Emergency Grant	20 738	20 738
Provincial: Health Subsidies	13 996	13 996
LED - City Branding	69 417	69 417
LED - Projects Tourism Initiative	90 722	90 722
Provincial Infrastructure Grant (PIG)	1 568	1 568
	4 905 818	**10 304 659**

The unspent conditional grants and receipts are invested in investment accounts until utilised. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	59 761 537	(5 468 756)	54 292 781

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	54 153 576	5 607 961	59 761 537

Environmental rehabilitation provision

In terms of the licensing of two landfill refuse sites, the municipality will incur estimated rehabilitation costs of R10 317 268.23 for the Ventersdorp landfill site and R43 975 512 for the Felophepa landfill site at the end of their useful lives, estimated to be in 2035 for Vendersdorp landfill site and 2030 for Felophepa landfill site, based on recent valuation reports.

The 2024 financial years' landfill closure provisions were calculated using a different methodology as compared to previous financial years. Whereas previously the closure and rehabilitation costs were calculated using a mining rehabilitation methodology, the current methodology is based on prevailing industry trends and regulatory dictates for the closure of landfills. In particular, the landfill classification system has changed from the Minimum Requirements for Waste Disposal by Landfill to the National Environmental Management: Waste Act (59/2008): Waste Classification and Management Regulations (Gazette No. 36784). The change effectively puts stricter conditions on landfill closure and rehabilitation, with a concomitant increase in costs, especially for sites previously classified as Communal and Small. The mining rehabilitation methodology used previously understated the future costs, hence the adjustments required in this financial year.

Figures in Rand	2024	2023

19. Service charges

Sale of electricity	754 535 360	752 191 248
Sale of water	131 017 832	127 824 528
Sewerage and sanitation charges	92 450 711	84 020 042
Refuse removal	61 394 586	59 984 251
	1 039 398 489	**1 024 020 069**

20. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	3 976 978	3 458 177

Rental revenue is earned on facilities and equipment reted out during the year.

21. Other revenue

Discount received	-	100 000

22. Interest received

Dividend revenue		
Listed financial assets - Sanlam	3 565	3 208
Interest revenue		
Interest on bank investments	13 925 924	14 450 649
	13 929 489	**14 453 857**

23. Revenue

Service charges	1 039 398 489	1 024 020 069
Royalty income	643 793	714 547
Rental of facilities and equipment	3 976 978	3 458 177
Interest charged on trade and other receivables	82 151 094	68 196 128
Agency services	9 997 998	11 084 226
Licences and permits	5 771 286	4 683 293
Miscellaneous other revenue	12 081 329	10 979 266
Discount received	-	100 000
Interest received - investment	13 925 924	14 450 649
Dividends or similar distributions received	3 565	3 208
Property rates	257 168 230	239 696 073
Interest charged on property rates	23 249 707	17 454 852
Government grants & subsidies	539 381 268	506 336 002
Public contributions and donations	925 044	1 475 095
Fines, Penalties and Forfeits	7 412 093	9 004 002
	1 996 086 798	**1 911 655 587**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1 039 398 489	1 024 020 069
Royalty income	643 793	714 547
Rental of facilities and equipment	3 976 978	3 458 177
Interest charged on trade and other receivables	82 151 094	68 196 128
Agency services	9 997 998	11 084 226
Licences and permits	5 771 286	4 683 293
Miscellaneous other revenue	12 081 329	10 979 266
Discount received	-	100 000
Interest received - investment	13 925 924	14 450 649
Dividends or similar distributions received	3 565	3 208
	1 167 950 456	**1 137 689 563**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	257 168 230	239 696 073
Interest charged on property rates	23 249 707	17 454 852
Transfer revenue		
Government grants & subsidies	539 381 268	506 336 002
Public contributions and donations	925 044	1 475 095
Fines, Penalties and Forfeits	7 412 093	9 004 002
	828 136 342	**773 966 024**

24. Fines, Penalties and Forfeits

Traffic Fines	7 412 093	9 004 002

Figures in Rand	2024	2023

25. Property rates

Rates received

Residential	129 715 825	-
Commercial	60 135 466	188 953 524
Municipal	213 554	-
Small holdings and farms	10 006 796	8 956 500
Industrial	12 663 360	-
Mining	683 503	644 815
Public Service infrastructure	56 517 393	52 867 503
Less: Income forgone	(12 767 667)	(11 726 269)
	257 168 230	**239 696 073**

Valuations

Residential	30 402 618 100	29 689 078 100
Commercial	4 380 361 000	4 463 111 000
Industrial	943 250 000	932 100 000
Agricultural	8 831 308 000	8 723 401 000
Public Service Infrastructure	52 131 600	49 487 600
Properties owned by Public Benefit Organisation	95 820 000	96 070 000
Public Service Purpose	5 445 977 300	5 453 089 300
Places of Worship	664 387 000	662 597 000
Mining	58 480 000	58 480 000
	50 874 333 000	**50 127 414 000**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Supplementary valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation was implemented on 01 July 2019 and will be in effect until 30 June 2023 with a possible 1 year extension.

26. Interest charged on property rates

Interest charged on property rates	23 249 707	17 454 852

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Government grants & subsidies

Operating grants		
Equitable share	383 920 061	343 436 000
National: Expanded Public Works Program Grant (EPWP)	2 689 000	2 339 000
National: Municipal Finance Management Grant (FMG)	3 100 000	3 000 000
	389 709 061	**348 775 000**
Capital grants		
National: Municipal Infrastructure Grant (MIG)	74 262 001	76 584 562
Government grant (capital) 2	1 550 755	-
National: Energy Efficiency and Demand Side Management Grant (EEDSMG)	-	1 685 266
National: Water Services Infrastructure Grant (WSIG)	25 000 000	29 619 329
National: Regional Bulk Infrastructure Grant (RBIG)	28 807 425	31 171 845
National: Integrated National Electrification Program (INEP)	20 052 026	18 500 000
	149 672 207	**157 561 002**
	539 381 268	**506 336 002**

Dr Kenneth Kaunda District Projects

Balance unspent at beginning of year	18 515	18 515
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	18 515	**18 515**

Provincial: Department Arts and Culture - Library Grant

Balance unspent at beginning of year	1 710 592	1 710 592
Current-year receipts	-	-
Conditions met - transferred to revenue	(1 550 755)	-
	159 837	**1 710 592**

National: Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	-	-
Current-year receipts	26 387 739	26 243 524
Current-year receipts not yet received at year end	2 419 686	4 928 321
Conditions met - transferred to revenue	(28 807 425)	(31 171 845)
	-	**-**

National: Expanded Public Works Program Grant (EPWP)

Balance unspent at beginning of year	-	-
Current-year receipts	2 689 000	2 339 000
Conditions met - transferred to revenue	(2 689 000)	(2 339 000)
	-	**-**

National: Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	2 380 670	-
Current-year receipts	25 000 000	32 000 000
Conditions met - transferred to revenue	(25 000 000)	(29 619 330)

Figures in Rand	2024	2023

27. Government grants & subsidies (continued)

Roll over denied	(2 380 670)	-
	-	**2 380 670**

Lotto: Mohadin Stadium

Balance unspent at beginning of year	113 369	113 369
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	113 369	**113 369**

Lotto: Tshwaraganang

Balance unspent at beginning of year	644	644
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	644	**644**

Lotto: Sarafina Sports Facilities

Balance unspent at beginning of year	787 245	787 245
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	787 245	**787 245**

National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	3 851 391	33 120 952
Current-year receipts	74 262 000	47 315 000
Conditions met - transferred to revenue	(74 262 000)	(76 584 561)
Roll-over denied	(3 851 391)	-
	-	**3 851 391**

Local Government - SETA Grant (LG SETA)

Balance unspent at beginning of year	1 245 792	449 079
Current-year receipts	-	796 713
Conditions met - transferred to revenue	-	-
	1 245 792	**1 245 792**

National: Integrated National Electrification Program (INEP)

Current-year receipts	22 436 000	18 500 000
Conditions met - transferred to revenue	(20 052 026)	(18 500 000)
	2 383 974	**-**

Fire and Emergency Grant

Balance unspent at beginning of year	20 738	20 738
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	20 738	**20 738**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Government grants & subsidies (continued)

Provincial: Health Subsidies

Balance unspent at beginning of year	13 996	13 996
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	13 996	**13 996**

LED - City Branding

Balance unspent at beginning of year	69 417	69 417
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	69 417	**69 417**

LED - Projects Tourism Initiative

Balance unspent at beginning of year	90 722	90 722
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	90 722	**90 722**

Provincial Infrastructure Grant (PIG)

Balance unspent at beginning of year	1 568	1 568
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	1 568	**1 568**

National: Municipal Finance Management Grant (FMG)

Balance unspent at beginning of year	-	-
Current-year receipts	3 100 000	3 000 000
Conditions met - transferred to revenue	(3 100 000)	(3 000 000)
	-	**-**

28. Public contributions and donations

ERF donations received	925 044	1 475 095

Figures in Rand	2024	2023

29. Employee related costs

Basic	324 435 313	316 459 514
Medical aid - company contributions	26 271 339	25 594 049
Defined contribution plans	4 598 053	5 229 808
Travel, motor car, accommodation, subsistence and other allowances	15 561 579	14 744 827
Overtime payments	85 021 334	82 053 851
Bonus	18 712 668	21 051 432
Standby allowances	8 571 810	7 406 059
Housing benefits and allowances	1 595 400	1 557 154
Group insurance	6 832 251	6 669 863
Pension fund	54 130 753	53 098 884
Redemption of leave	11 415 221	8 320 492
Phone allowance	2 703 910	975 215
Other payments	1 869 702	1 919 716
	561 719 333	**545 080 864**

Remuneration of Municipal Manager

Annual Remuneration	743 041	593 124
Car Allowance	100 000	176 460
Subsistence Allowance	100 000	-
Contribution to UIF, medical Aid and Pension	186 855	14 118
Skills Development Levy	9 336	10 593
Acting Allowance	2 871	313 114
Phone allowance	15 000	-
	1 157 103	**1 107 409**

The Acting Municipal Manager S Tyatya was appointed on the 29th of April 2022 to 17 August 2023, Mrs B Mosepele was acting from 18 August 2023 until 31 August 2023 and Mr K Kumbe was appointed as Municipal manager from 01 September 2023 to date.

Remuneration of Acting Municipal Manager

Annual Remuneration	-	593 124
Car Allowance	-	176 460
Cellphone Allowance	-	14 118
Contributions to UIF, Medical and Pension Funds	-	10 593
Skills Development Levy	-	313 114
Acting Allowance	70 389	-
	70 389	**1 107 409**

The Acting Municipal Manager S Tyatyai was acting from July 2023 to 17 Audgust 2023.

Remuneration of Acting Municipality Manager

Acting Allowance	4 534	-

The Acting Municipal Manager BMB Mosepele was acting from 17 August 2023 to 30 August 2023

Remuneration of Director Technical Services

Annual Remuneration	520 232	414 312
Car Allowance	300 000	300 000
Contributions to UIF, Medical and Pension Funds	217 305	136 768
Cellphone Allowance	12 000	12 000
Skills Development Levy	10 528	8 889
Housing Allowance	204 000	204 000

Figures in Rand	2024	2023

29. Employee related costs (continued)

	1 264 065	**1 075 969**

The Director Technical Services JK Monnakgothu was appointed on the 6th of January 2020 to date.

Additional text

Remuneration of Chief Finance Officer

Annual Remuneration	25 032	780 670
Car Allowance	110 670	265 608
Contributions to UIF, Medical and Pension Funds	76 743	183 592
Cellphne Allowance	5 000	12 000
Skills Development Levy	8 620	11 736
Housing Allowance	82 329	197 589
Other	372 967	217
	681 361	**1 451 412**

Mr K Kumbe was seconded fro Province to act as a CFO until 30 July 2023 and Mr T Ngqobe was seconded by Province to act as CFO from 01 August 2023 until 30 July 2024.

Remuneration of Acting Chief Financial Officer

Travel allowance	29 644	-
Skills Development Levy	534	1 334
Contributions to UIF and Medical	626	-
Acting Allowance	62 549	133 370
	93 353	**134 704**

Remuneration Director Corporate Services

Annual Remuneration	821 876	744 877
Car Allowance	103 095	174 000
Contributions to UIF, Medical and Pension Funds	132 157	136 203
Cellphone Allowance	7 000	12 000
Skills Development Levy	9 280	8 631
Other	-	34 079
	1 073 408	**1 109 790**

The Director Corporate Services BMB Mosepele was appointed on the 1st of February 2019 until 31 January 2024 and Mr E Temane was acting from the period 01 February 2024 until 25 June 2024, then Mr MZ Noorbhai was acting from 26 June 2024 to 30 June 2024.

Remuneration of Acting Director Municipal Services & LED

Annual Remuneration	622 116	147 561
Car Allowance	176 460	44 115
Acting Allowance	97 255	37 577
Contribution to UIF, Medical aid and pension funds	138 991	49 124
Bonus	51 843	-
Cellphone Allowance	8 400	2 100
Skills Development Levy	9 107	2 292
Other	42 789	3 035
	1 146 961	**285 804**

Mrs Z Vavane was acting from 01 July 2023 until 31 December 2023, then Mr T Mswede was acting from 01 January 2024 to 24 June 2024 and then Mrs Z Vavane was acting from 25 June 2024 until 30 June 2024.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

29. Employee related costs (continued)

Remuneration of Acting Director: Community Safety

Annual Remuneration	730 860	147 561
Car Allowance	101 500	44 115
Acting Allowance	(6 163)	7 939
Contributions to UIF, Medical and Pension Funds	143 879	50 999
Cellphone Allowance	7 000	2 100
Skills development Levy	-	2 313
Housing Allowance	-	3 035
Other	30 791	7 562
	1 007 867	**265 624**

The Director Community Services OS Masibi was appointed on the 01 February 2019 untill 31 January 2024. Mr. K. Kumbe was acting from 01 February 2024 to date.

Remuneration of Acting Director Technical Services

The Acting Director Technical Services MM Maki was appointed on the 1st of November 2022 until 31st January 2023.

Remuneration of Acting Director: Technical Services

Annual Remuneration	147 561	-
Cellphone Allowance	2 100	-
Contributions to UIF, Medical and Pension Funds	44 156	-
Skills Development Levy	1 975	-
Car allowance	44 115	-
Acting allowance	13 896	-
	253 803	**-**

The Acting Director MR Legoete was appointed to act from 15 September 2023 to December 2023, then Mr JK Monnakgothu continued as Director technical Services to date..

Remuneration of Acting Director Community Safety

Annual Remuneration	147 561	373 527
Car Allowance	44 115	108 528
Cellphone Allowance	2 100	5 600
Acting Allowance	7 939	31 820
Contributions to UIF, Medical and Pension Funds	50 999	121 778
Bonus	-	46 889
Skills Development Levy	2 313	5 632
Housing Allowance	3 035	-
Other	7 562	10 142
	265 624	**703 916**

Mr O Masibi was appointed as Director from 01 February 2019 until 31 January 2024, then mr K Kumbe was acting from 01 February 2024 to date.

Remuneration of Acting Director Housing developmentand Planning

Annual Remuneration	705 607	-
Car Allowance	177 843	-
Contributions to UIF, Medical and Pension Funds	185 507	-
Cellphone Allowance	8 400	-
Skills Development Levy	8 746	-

29. Employee related costs (continued)

	2024	2023
Other	489	-
	1 086 592	**-**

Mr M Legoete was acting as Director Housing developmeny planning from 01 July 2023 to date.

Remuneration of Acting Director Municipal Services & LED

	2024	2023
Annual Remuneration	-	58 242
Car Allowance	-	13 201
Acting Allowance	58 641	3 812
Contributions to UIF, Medical and Pension Funds	-	15 191
Cellphone Allowance	-	900
Skills Development Levy	-	1 031
Other	-	1 175
	58 641	**93 552**

Mr T Muswede was acting as Director Municipal Services and LED from 1 February 2024 to 24 June 2024.

Remuneration of Acting Director Corporate Services

	2024	2023
Annual Remuneration	-	98 374
Car Allowance	-	29 410
Acting Allowance	110 610	27 830
Contributions to UIF, Medical and Pension Funds	-	33 973
Cellphone Allowance	-	1 400
Skills Development Levy	-	1 547
	110 610	**192 534**

Mr E Temane was acting as Director Corporate Services for the period 1 February 2024 to 25 June 2024
Mr MZ Noorbhai was acting as Director Corporate Services from 26 June 2024 to 31 June 2024

Remuneration of Acting Director municipal services

The Acting Chief Financial Officer was appointed on the 1st of July 2021 till the 3rd of December 2021.

30. Depreciation and amortisation

	2024	2023
Property, plant and equipment	190 808 833	191 406 355

31. Impairment loss

	2024	2023
Impairments		
Property, plant and equipment	960 919	7 907 906
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		

32. Finance costs

	2024	2023
Provision for landfill sites	(5 468 756)	5 607 961
Other creditors	33 474 050	5 945 621
Employee Benefit Obligation	22 029 738	21 690 837
	50 035 032	**33 244 419**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Rental and lease expenditure

Equipment		
Hire of Equipment	2 578 927	11 093 347

34. Auditors' remuneration

Fees	9 362 302	8 159 435

35. Debt impairment

Consumer debtors	130 067 221	179 034 724
Traffic fines	6 076 059	8 462 679
	136 143 280	**187 497 403**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. General expenses

Advertising	1 858 391	1 583 734
Auditors remuneration	9 362 302	8 159 435
Bank charges	1 890 917	2 653 114
Chemicals	727 601	915 694
Cleaning	1 026 784	2 194 847
Commission paid	17 582 875	16 324 093
Community development and training	15 224 566	8 210 453
Consumables	89 997	148 577
Conveyancing	466 424	267 376
Donations	1 749 234	2 351 051
Shortages	983 865	6 302 672
Extention sevices	45 946	46 238
Fuel and oil	23 186 307	22 453 735
Insurance claims costs	1 245 816	1 675 874
IT expenses	12 377 936	9 162 543
Indigent funeral costs	2 113 016	2 657 262
Indigent grant costs	342 579	2 494 588
Insurance premiums	6 971 624	7 216 786
Landscapping expenses	997 888	2 235 308
Legal fees	9 246 778	6 957 834
Magazines, books and periodicals	-	19 235
Medical expenses	120 277	60 254
Pest control	47 433	-
Postage and courier	4 111 220	4 224 846
Printing and stationery	3 202 879	4 156 031
EPWP Costs	11 823 361	13 125 355
Protective clothing	705 136	4 337 873
Research and development costs	1 934 899	2 375 713
Sewerage and waste disposal	31 836	53 327
Sitting allowance audit committee	416 262	689 646
Staff welfare	9 209 442	8 515 258
Subscriptions and membership fees	7 100 843	6 548 714
Telephone and fax	354 076	485 120
Tourism development	262 120	865 894
Training	3 206 008	5 850 455
Travel - local	2 649 258	3 156 919
Uniforms	243 092	659 657
Utilities - refuse costs	123 731	117 471
Vehicles licence and permits fees	1 508 831	835 976
Ward committes	9 868 377	9 607 336
Water	3 936 673	3 782 853
	168 346 600	**173 479 147**

37. Repairs and maintenance

Community Assets	2 750 864	5 575 897
Infrastructure - Electricity transmission and raticulation network	15 143 073	15 240 122
Infrastructure - Other	5 547 155	17 194 469
Infrastructure - Roads and Pavements	14 738 111	30 254 658
Infrastructure - Sanitation networks	35 348 391	35 484 863
Infrastructure - Water reticulation network	11 760 323	17 639 449
Land and Buildings	5 215 018	12 479 871
Other assets - Property, Plant and Equipment	13 011 512	14 390 440
Total repairs and maintenance	**103 514 447**	**148 259 769**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

38. Bulk purchases

Electricity - Eskom	832 149 016	666 728 327
Water	27 004 381	24 703 763
	859 153 397	**691 432 090**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst raw water is purchased from the Department of Water and Sanitation.

Electricity losses

Units purchased (kWh)	455 899 065	426 816 177
Units sold (kWh)	(358 889 942)	(412 176 410)
Total loss	**97 009 123**	**14 639 767**
Electricity losses in Rand Value	177 069 997	22 868 738
Percentage Loss:	21 %	3 %

Electricity Losses occur due to inter alia , technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Water losses

WaterUnits purchased (kL)	17 010 611	17 202 656
Water units sold (kL)	(14 124 265)	(14 176 387)
Total	**2 886 346**	**3 026 269**
Water losses in Rand Value	4 582 080	7 162 914
Percentage losses	17 %	18 %

Water Losses occur due to inter alia , leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

39. Contracted services

Consulting Services	354 622	68 841
Financial Management Services	29 097 065	24 103 490
Information Systems	26 560 623	22 331 504
Meter Reading	5 737 512	6 599 691
Other contractors	492 199	466 697
Refuse removal	24 052 655	24 913 008
Security Services	94 165 245	51 535 416
Town Planning	178 666	30 318
Valuation Services	9 920	31 281
Strategic Planning	20 309	-
	180 668 816	**130 080 246**

40. Finance costs on other liabilities

Finance Cost on Provisions		
Interest cost on Employee Benefits	22 029 738	21 690 837
Interest Cost on landfill site provision	(5 468 756)	5 607 961
	16 560 982	**27 298 798**

41. Fair value adjustments

Other financial assets		
• Listed financial assets - Sanlam	17 559	4 263

42. Remuneration of councillors

Executive Mayor	1 036 205	995 582
Mayoral Committee Members	8 757 270	7 569 732
Speaker	838 037	807 873
Councillors	19 810 318	19 824 897
Chief Whip	788 206	762 224
	31 230 036	**29 960 308**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

43. Cash generated from (used in) operations

Deficit	(298 869 882)	(242 991 844)
Adjustments for:		
Depreciation and amortisation	190 808 833	191 406 355
Gain on sale of assets and liabilities	-	12 509 370
Fair value adjustments	(17 559)	(4 263)
Impairment deficit	960 919	7 907 906
Debt impairment	136 143 280	187 497 403
Movements in bonus accrual	1 398 216	-
Movements in retirement benefit assets and liabilities	-	7 545 124
Landfil site finance cost	16 560 982	5 607 961
Staff leave	11 415 221	3 625 185
Public donations	(925 044)	-
Inventory losses or write-downs	270 437	(9 206 661)
Miscellaneous revenue	(1 543 398)	(865 230)
Donations	-	(72 464)
Acturial gains and losses	9 544 183	-
Service costs and actuarial gains and losses	4 598 053	-
Changes in working capital:		
Inventories	2 119 665	8 642 173
Receivables from exchange transactions	(3 190 099)	(1 215 539)
Consumer debtors	(143 930 093)	(266 086 144)
Other receivables from non-exchange transactions	(8 966 265)	2 991 875
Payables from exchange transactions	308 152 369	57 416 929
VAT	(59 477 754)	1 014 998
Unspent conditional grants and receipts	-	(27 777 444)
Employee benefit Obligation	(14 924 804)	-
	150 127 260	**(62 054 310)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties

Relationships	
Ward Councillors by Ward Number	1. Maloganye RD 2. Laing EJJ 3. Van Onselen A 4. Zerwick LJ 5. Hodgson H 6. Tloome MS 7. Steenkamp J 8. Mokgethi RH 9. Kasale MM 10. Hennicks AL 11. Buti RR 12. Molotsi GN 13. Abrahams LT 14. Derbyshire IC 15. De Bruin MD 16. Moalusi TDC 17. Kgobane GR 18. Manzini WM 19. Moretsi SM 20. Ramalisa MR 21. Makousa RA 22. Britz S 23. Van Onselen WN 24. Adriaanse JM 25. Le Roux AA 26. Mogorosi TH 27. Manja KR 28. Moyo MJ 29. Mokone MP 30. Links JL 31. Mkhabela LM 32. Tsamai T 33. Meya IT 34. Moilwa I

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties (continued)

Propotional Councillors	Dassie MR Davids MJ De Villiers IJ De Villiers K Dube RGM Fransman GML Greyling JH Hattingh C Van Der Westhuizen H Kegontse KR Landsberg JC Lourens JJ Mampe TR Mapogoshe MA Meyer GML Modisane TP Modise GAM Moolman HJ Motlhatswi TM Motlhoiwa LS Mtayi TP Mtshali P Ndwendwe PL Qhele GTK Radebe LDM Ramauane TJ Rantekane L Rossouw MWC Steyn Du Toit M Steyn P Swarts RC van Tonder MJ Mlambo LPT
Accounting officers (Refer to note 29)	K Kumbe- Municipal Manager Acting Municipal Manager: S Tyatya and BMB Mosepele
Members of key management (Refer to note 29)	Acting Chief Financial Officer: T Ngqobe Acting Director Municipal Services LED: Z Vavane Acting Director Municipal Services: ST Muswede Housing Development and Planning: M Legoete Director Corporate Services: Mosepele BMB Acting Corporate Services: E Temanie Director Community Safety: OS Masibi Acting Community Safety: K Kumbe Director Technical Services: M Legoete Director Infrastructure: Monnakgothu JK

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties (continued)

Related party balances

Councillors and officials with arrangements on consumer accounts		
Mokousa RA	6 705	7 806
Kgobane GR	-	3 110
Mogorosi TH	19 611	4 077

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties (continued)

Related party transactions

Section 57 Managers

	2024	2023
Remuneration s57 Managers	7 099 103	6 587 631

2024	Basic Salary	Travel and other allowances	Medical aid and Pension	Acting Allowance	Other	Total
Municipal Manager (K Kumbe)	743 041	231 950	168 133	2 871	11 108	1 157 103
Director: Coporate Services (BMB Mosepele)	434 511	162 801	78 212	4 534	397 885	1 077 943
Acting Municipal Manager (S Tyatya)	-	-	-	70 389	-	70 389
Acting Chief Financial Officer (T Nqobe)	-	29 644	-	62 549	1 160	93 353
Director Community Services (O Masibi)	422 629	133 128	90 094	-	362 016	1 007 867
Director Technical Services (J Monnakgothu)	520 232	516 000	143 959	-	83 874	1 264 065
Director Planning Services (M Legoete)	622 116	217 890	170 940	25 611	75 614	1 112 171
Director Municipal Services (Z Vavane)	622 116	312 325	39 611	97 255	75 654	1 146 961
Acting Director Municipal Services (T Muswede)	-	-	-	58 641	-	58 641
Acting Diretor: Corporate Services (E Tamanie)	-	-	-	110 610	-	110 610
	3 364 645	**1 603 738**	**690 949**	**432 460**	**1 007 311**	**7 099 103**

2023	Basic Salary	Travel and other Allowances	UIF, Medical Aid and Pension contributions	Acting Allowance	Other benefits	Total
Acting Municipal Manager (S Tyatya)	593 124	176 460	14 118	313 114	10 593	1 107 409
Director: Public Safety (OS Masibi)	725 254	186 000	155 828	-	62 429	1 129 511
Director Technical Services (JK Monnakgothu)	414 312	516 000	136 768	-	8 889	1 075 969
Chief Financial Officer (T Moeketsane)	325 032	197 999	76 743	134 704	381 587	1 116 065
Director Corporate Services (BMB Mosepele)	744 877	186 000	136 203	-	42 710	1 109 790
Actig Director Municipal Services & LED (LZ Vavane)	147 561	44 115	-	39 045	38 122	268 843
Acting Director Technical Services (MM Maki)	163 722	46 515	48 323	-	2 057	260 617
Acting Director Technical Services (MR Legoete)	147 561	46 215	44 156	13 896	1 975	253 803
Director Community Safety (VT Khupari)	147 561	49 250	50 999	7 939	9 875	265 624
	3 409 004	**1 448 554**	**663 138**	**508 698**	**558 237**	**6 587 631**

Councillors

	2024	2023
Remuneration of councillors	31 230 036	29 960 308

2024	Basic Salary	Pension and Medical Aid	Travel and Car allowance	Cellphone allowance	Other	Total

Figures in Rand	2024	2023

44. Related parties (continued)

Mayor	631 516	111 427	247 661	45 600	-	1 036 204
Speaker	480 967	113 344	198 127	45 600	-	838 038
Chief Whip	484 300	72 639	185 667	45 600	-	788 206
Mayoral Committee Members	5 231 455	792 792	2 232 533	500 490	-	8 757 270
Councillors	11 398 813	1 566 863	4 199 961	2 396 163	248 518	19 810 318
	18 227 051	**2 657 065**	**7 063 949**	**3 033 453**	**248 518**	**31 230 036**

2023	Basic Salary	Medical aid and Pension	Travel and Car Allowance	Cellphone allowance	Other	Total
Mayor	565 982	137 998	250 802	40 800	-	995 582
Speaker	498 895	66 349	203 907	38 722	-	807 873
Chief Whip	461 415	66 960	193 049	40 800	-	762 224
Mayoral Committee Member	4 569 471	712 301	1 880 947	407 013	-	7 569 732
Councillors	11 579 974	1 494 565	4 316 436	2 198 069	235 853	19 824 897
	17 675 737	**2 478 173**	**6 845 141**	**2 725 404**	**235 853**	**29 960 308**

Purchases from persons in service of state

	2024	2023
Purchases from persons in service of state	1 504 989	1 215 877

Name of person	Relationship	Name of related party	Supplier name	2024	2023
Mbatha LH	Spouse	Motlhomola Clifford Mbatha	Relebogile Village	9 300	80 095
Rossouw MWC	Business partner	Habib Quintin Alex	Joe's Tractor	29 875	70 103
Tshabadira LH	Business partner	Montshosi Moleko David	Montshosi Services	78 946	127 211
Maila BNP	Business partner	Morabe Windy Charlotte	Seshabo Building	30 565	22 330
Simango JT	Business partner	Genu Molahlehi Isaac	Sixallo Business	-	62 147
Motlhabi MM	Business partner	Ntsowe Matshidiso	T-Ntsowe's Trading	26 700	146 875
Motlhabi MM	Business partner	Ntsowe Matshidiso	Willma trading	45 920	47 020
Sphadi DC	Business partner	Maezane Esther	Xola Ngo Musa	-	19 130
Waters WV	Spouse	Waters JW	Coalition Trading 968	378 260	462 710
Moamogwa LM	Spouse	Moamogwa TF	Moamogwa Construction	579 423	155 206
Modisetsi ML	Spouse	Modisetsi OR	The Curve Behind	-	14 400
Mbatha LH	Spouse	Motlhomola Clifford Mbatha	Vibration Sound	-	8 650
Abrahams LT	Spouse	Christopher Abrahams	CSA Business Enterprises	176 000	-
Abrahams LT	Spouse	Christopher Abrahams	CSA Resources	150 000	-
				1 504 989	**1 215 877**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

45. Unauthorised expenditure

Opening balance	898 435 140	865 226 224
Add: Unauthorised expenditure - current	15 006 166	33 208 916
Closing balance	**913 441 306**	**898 435 140**

The total balance including the opening balance will be dealt with in accordance with the MFMA requirements.
No criminal or disciplinary steps have been taken.
No material losses recovered or written off.

Unauthorised expenditure: Budget overspending – per municipal department:

Office of the Executive Mayor	-	-
Office of the Speaker	-	-
Budget and Treasury office	-	-
Public Safety	9 075 941	27 834 748
Municipal manager	845 783	-
Corporate Services	2 065 851	-
Infrastructure	-	-
Department of Environmental Management	-	5 374 168
Sports Arts and Culture	-	-
Human Settlement and Planning	-	-
Economic Development	3 018 591	-
	15 006 166	**33 208 916**

46. Fruitless and wasteful expenditure

Opening balance as previously reported	89 387 161	83 439 043
Add: Fruitless and wasteful expenditure identified - current	33 474 210	5 948 118
Closing balance	**122 861 371**	**89 387 161**

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	7 080 383	6 531 036
Amount paid - current year	(7 080 383)	(6 531 036)
	-	**-**

Audit fees

Opening balance	124 825	-
Current year subscription / fee	10 766 648	9 383 350
Amount paid - current year	(10 891 473)	(9 258 525)
	-	**124 825**

PAYE and UIF

Opening balance	7 073 651	10 103 601
Current year subscription / fee	96 585 498	89 703 543
Amount paid - current year	(95 681 712)	(92 733 493)
	7 977 437	**7 073 651**

Figures in Rand	2024	2023

47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	164 050 905	157 576 478
Amount paid - current year	(164 050 905)	(157 576 478)
	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding more than 90 days	Total
Landsberg JC	17 396	17 396
Britz S	748	748
Fransman GML	12 631	12 631
Mokone MP	55 655	55 655
Mtshali P	2 437	2 437
Boikanyo MJBT & Kgobane GR	16 140	16 140
Mogorosi TH	854	854
	105 861	**105 861**

30 June 2023	Outstanding more than 90 days	Total
Fransman GML	11 644	11 644
Van Tonder MJ	6 849	6 849
Steyn P	6 462	6 462
Moilwa I	107	107
Mokone MP	44 067	44 067
Mtshali P	2 243	2 243
Hennicks S	449	449
Boikanyo MJBT & Kgobane GR	3 691	3 691
Mogorosi TH	7 344	7 344
	82 856	**82 856**

48. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	62 956	86 367 065	86 430 021
Receivables from exchange transactions	-	4 829 686	4 829 686
Receivables from non-exchange transactions	-	11 428 865	11 428 865
Consumer debtors	-	324 147 166	324 147 166
Cash and cash equivalents	-	35 266 324	35 266 324
	62 956	**462 039 106**	**462 102 062**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

48. Financial instruments disclosure (continued)

	At amortised cost	Total
Payables from exchange transactions	892 351 230	892 351 230
Consumer deposits	30 181 475	30 181 475
	922 532 705	**922 532 705**

2023

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	45 396	78 929 629	78 975 025
Receivables from exchange transactions	-	1 400 578	1 400 578
Receivables from non-exchange transactions	-	13 937 500	13 937 500
Consumer debtors	-	303 748 230	303 748 230
Cash and cash equivalents	-	74 719 150	74 719 150
	45 396	**472 735 087**	**472 780 483**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	572 928 821	572 928 821
Consumer deposits	28 850 026	28 850 026
	601 778 847	**601 778 847**

Derivative financial instruments and hedging information

48. Financial instruments disclosure (continued)

Fair Value
The following methods and assumptions were used to estimate the fair value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the fair value because of the short maturity of these instruments.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the fair value of these financial assets and liabilities closely approximates their carrying values.

Long-term Investments
The fair value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Trade and other receivables/payables
The fair value of trade and other payables is estimated at the present value of future cash flows.
The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other financial assets and liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.
Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2023, as a result of the short-term maturity of these assets and liabilities.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

Below is an analyses of Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Other financial assets are measured at fair value based on quoted market prices in active markets for identical instruments, these are therefore Level 1.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

49. Contingencies

Claims against the Municipality

Atang Events Catering	104 000	104 000
Capital Hotel and Apartments	455 512	455 512
DJ Nomgcoyiya	200 000	200 000
Fula Construction	7 391 011	7 391 011
Future Phambili	63 909 470	63 909 470
GE Yssel/Ventersdorp	-	1 200 000
GJ Uys	78 481	78 481
IJ, Y Van Der Watt	328 300	328 300
IX Engineers (Pty) Ltd	757 074	757 074
Jona Smith	152 937	152 937
Kgolagano Ya Batho Construction	-	232 000
Kgolagano Ya Batho Construction	-	232 000
K Robertson	102 771	102 771
Lazer Communications	1 094 253	1 094 253
Nea Nel	99 500	99 500
Matonoka Holdings (Pty) Ltd	62 168 589	62 168 589
Morati Mataka Att.	152 500	152 500
Piet Qankase & 77 Others	-	15 600 000
Readira Refugee Services CC	3 289 330	3 289 330
TRR Sekgaile Events and Projects	106 700	106 700
T-Square Engineers	1 300 000	1 300 000
T-Square Engineers	-	144 000
Wesley Wallace	375 341	375 341
Nalko Civil Construction	5 514 403	-
EK Construction	372 138	-
EK construction	6 634 658	-
JM Venter	6 200 000	-
	160 786 968	**159 473 769**

Atang Events & Catering Services
Summons to the value of R104 000 for services/products allegedly rendered to the municipality, specifically to the office of the Executive Mayor and Municipal Services. The estimated legal costs can not yet be confirmed.

DJ Nomgcoyiya
Summons issued against JB Marks for alleged wrongful arrest and detaining to the value of R200 000. The estimated legal costs can not yet be confirmed.

1X Engineers
Alleged outstanding payment for R757 074 for services allegedly rendered by the Plaintiff to the erstwhile Ventersdorp Local Municipality in respect of services rendered in the 264330 Ventersdorp Bulk Supply project, during 2016.

Fula Constructions
Summons served on the Municipality for services allegedly rendered and costs allegedly incurred in respect of the FLISP housing project. The claim amounts to R7 391 011 and the estimated legal costs can not be confirmed.

49. Contingencies (continued)

Lazer communications
Lazer communications (Tender 13(93)/2013) - Claim amount against the Municipality of R1 094 253 and projected legal costs of R250 000. Council's plea was filed on 24 May 2022.

Future Phambili
FUTURE PHAMBILI // JB MARKS - Matter resulting from damages allegedly suffered by the Plaintiff, due to the alleged failure by the Municipality in ordering the monthly quantity of paraffin, as per the signed service level agreement. The plaintiff files its plea of R63 903 947 against the municipality's counter claim. Estimated further legal costs can not yet be confirmed.

IJ, Y Van Der Watt & 3 others
Matter results from defensive actions taken by certain employees to the value of R328 300, during their collection of waste at a complex. The Plaintiffs is suing for contumelia, medical expenses, pain and suffering and damages to the dustbin. The estimated legal costs can not yet be confirmed.

Lazer Communications
Lazer communications (Tender 13(93) /2013) - Claim amount against the Municipality of R1 094 253 and projected legal costs of R250 000. Council's plea was filed on 24 May 2022.

Matonoka Holdings (Pty) Ltd
Letter of demand was sent for damages allegedly suffered, the claim amounted to R62 168 589. The estimated legal costs can not yet be confirmed.

Ministry of Water and Sanitation
The Ministry of Water and Sanitation issued summons against the JB Marks Municipality for the payment of unpaid water bills by the Ventersdorp Municipality and the JB Marks Municipality respectively, resulting in a claim against the JB Marks Municipality. The prospects of the attorney's successfully defending the case are weak. The projected legal costs can not be confirmed.

Morati Mataka Attorneys
Morati Mataka ATT. vs JB Marks Municipality, summons issued against the municipality for the amount of R152 500 for alleged legal service rendered. Legal council estimation of legal costs and disbursements can not yet be confirmed.

Readira Refuge Services CC
Readira Refuge Services CC instituted action against the Municipality for unpaid balance to a contract at the High Court. Council could have financial exposure should the opposing side be successful with their claim of R3 289 330. Estimated further legal costs at a minimum R50 000

TRR Sekgaile Events & Projects (Pty) Ltd
Summons to the value R106 700 for services/products allegedly rendered to the municipality, specifically to the office of the Executive Mayor and Municipal Services. The estimated legal costs are approximately R50 000.

T-Square Engineers
T-Square Engineers is claiming an amount of approximately R1,378 538.18 million against Ventersdorp Municipality for design and construction management costs. The original tendered amount was approximately R590 000 which has been paid but the supplier claims that a variation order was agreed for the full amount of the claim. Estimated financial exposure should the plaintiff claims be successful. Estimated further legal costs amount of R450 000.

Jona Smiths
Jona Smith has issued summons against the Municipality for R152 937 for reclaiming of amount for clearance figures paid by the plaintif as per an alleged agreement

Wesley Wallace
Summons have been sent to the Municipality for alleged pothole damages amounting to R375 340 plus interest. The estimated legal costs can not yet be confirmed.

49. Contingencies (continued)

GJ Uys
Uys instituted actions against the Municipality and Mrs.Dikgake to the value of R78 481,40, for inter alia, legal fees and contumelia as a result of malicious proceedings/false charges laid against Uys at the SAPS

SAMWU Pension Fund (Provident)
Application lodge by SAMWU, on behalf of 179 members employed by the Municipality, for payment of any amount not deducted correctly by the Municipality, during the time when there was a differentiation by SARS in how a pension fund and provident fund was treated. (This matter was previously handled by Makgetha Molemane Attorneys)

NTT Motors 38 4PTY (LTD) & Others
Application received by the office of the Acting Municipal Manager on 5 August 2022. The municipality is First Respondent in the matter.

The application resolves around a restrictive title deed condition / servitude, which was removed from the applicable title deed, but the "water pipe" relating to such title deed condition 1 servitude, is still on the applicable property and the applicant, now wants a court order against the Respondent to have the applicable "water pipe" removed within 30 days of a removed within 30 days of a court order and costs on attorney and client scale.

K Robertson
K. Robertson is suing the municipality for a R102 771 alleged pothole damage. The estimated legal costs cannot yet be confirmed.

Nea Nel
Nea Nel is suing the municipality for a R99 500 alleged pothole damage. The estimated legal costs cannot yet be confirmed.

Nalko Civil Engineering
Nalko Civil Engineering had summons issued against the Municipality & the District Municipality for R5 514 403 for services allegedly rendered in respect of the "Tlokwe Light industrial park project".

EK Construction
EK Construction had summons issued against the municipality for an amount of R372 138 for services allegedly rendered, but not paid.

EK Construction
EK Construction had summons issued summons against the municipality for breach of contract, by the municipality failing to provide details for the applicable coordinates and applicable authorisations, in terms of the appointment of the service provider for an amount of R6 634 658.

JM Venter
JM Venter had court application for default judgment against the municipality in the for damages allegedly suffered by consumer account holder (160000347-Ratzegaai Varkboerdery, for electricity services which was allegedly overcharged by the erstwhile Ventersdorp municipality, the North West 405 and the JB Marks Local Municipality, respectively, dated back to the 2007/2008 financial year, for an amount of R6 200 000.

Tariefdienste - Case No.M645/2023
Request for court order to compel the municipality to provide documentation in respect of 7 consumer municipal accounts and costs order against the municipality. The case amount is not quantified. This matter stems from case number M645/2023, The applicant has reinstated the application under a different case number, which is this matter

Tariefdienste - Case No. 1269/2024
Request for court order to compel the municipality to provide documentation from 2007/08 to 2023/24 financial years in respect of 7 consumer municipal accounts and costs order against the municipality. The applicant sent a request for access to prepaid electricity accounts and the respondent failed to submit it and the case is ongoing. The case amount is not quantified. This matter was set down in the Mahikeng High Court.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

49. Contingencies (continued)

Tariefdienste - Case No. 1843/2024
Notice of motion-Alleged failure to respond to a dispute and to provide documentation in respect of the consumer accounts for Kotze Broers (Pty) Ltd (50003347 & 01000342). The case amount is not quantified. This matter was set down in the Mafikeng High Court.

Tariefdienste - Case No. 1841/2024
Request for court order to compel municipality to provide sorce documents used to determine monthly electricity consumption in respect of conventional meter readings for account holder HLS Koekemoer with municipal account number: 170000308 and others from 2007 to 2023 financial years. This matter was set down in the Mafikeng High Court.

Contingent assets

Claims by the Municipality		
Readira Refugee Services	868 675	868 675
L.Links/ J. Matonde/ C. Moabi/ MMatiane	2 669 358	2 669 358
Mabasotho Investments	-	6 812 947
	3 538 033	**10 350 980**

Readira Refuge Services CC
Readira Refuge Services CC instituted action against the Municipality for unpaid balance to a contract at the High Court. The Municipality's legal team served and filed a Plea on the merits and also filed a Counter Claim in the amount of R868 674. 72. We are now in a position to apply for default Judgement but the engineers indicated that they will charge us R2 000.00 an hour to assist us in preparing the affidavit for default judgement purposes.
Our third set of Bills of costs were taxed on 26 February 2020 in the amount of R73 908.83. the opposmg side appomted a new set of attorneys who filed a Notice of Appointment of Attorneys of Record. Opposing side paid the taxed costs. opposing side withdrew as attorneys of record. High Court granted default Judgement against Readira Refuge Services CC on 2S August 2021 in the amount of R868 674.72. we are proceeding with a warrant The opposing side converted itself to a private company, appomted new attorneys. The opposmg side brought an application for recission of judgement We are opposing same. Opposing side's latest set of attorneys have withdrawn in the meantime. We applied for a court date to set the matter Down to argue with the rescission application and awaiting the allocation thereof by the Registrar.

L. Links/J. Motonde/ C Moabi/ M Matiyane
Fruitless, Irregular and unauthorised expenditure to be recuperated from four Councillors total claim to be recouped by the municipality amount of R2 669 358 should the matter be successful. Estimated further legal costs of R2 950 000.

50. Prior period errors

Error 1
In the prior year it was noted that the prepayments of R2 184 600 were relating to Motor Vehicles that were delivered before year end resulting in the understatement of Motor Vehicles by the same amount and Overstatement of prepayments by the same amount.

Error 2
In the prior year it was noted that the adjustment on provisions was errneously credited to payables from exchange transactions instead of provisions. This resulted in overstatement of payables from exchange transactions and understatement of provisions by R5 607 961

Error 3
During the year under review it was noted that input VAT to the amount R150 266.17 was treated as general expenses instead of being claimed as VAT input. The error resulted in the understatement of VAT receivable and overstatenment general expenses as well as understatement of Accumulated surplus by R 150 266.17.

Error 4
During the prior year audit, it was identified that the gross consumer debtors amounting to R17 600 069 relating to Municipal accounts was erroneously included as part of Age Analysis. This resulted in the overstatement of consumer debtors by R17 600 069, service charges by R4 443 179.46, property rates by R19 168.22 interest on trade and other receivables by R1 264 870 consumer deposits by R157.34 and VAT Receivable by R2 155 003.77, Rental income by R6 441.84 and advance payment by 23 386.37 and accumulated surplus by R9 687 862.953.

Error 5
After a review of the bank reconciliations, there was an overstatement of the balance disclosed for cash and cash equivalents by R15 802 221 and payables from exchange was overstated by the same amount.

Error 6
After review of the fixed asset register we realised that there some errors and that resulted in the overstatement of the property plant and equipment by R3 705 913, depreciation was understated by R423 542, the impairment loss of PPE was overstated by R337 603 and accumulated surplus was also misstated.

Error 7
In the prior year there were a number of misclassified expenditure items and also incorrectly recorded items which resulted in the understatement of rental and lease expenditure by R10 239 212, overstatement of contracted services by R3 605 769.91, overstatement of repairs and maintenance by R4 541 275.17 and understatement of general expenses by R3 092 483.81.

Error 8
The irregular expenditure was misstated and this was as a result of incorrect VAT treatment of R13 271 963 and transactions worth R78 647 559 that were omitted from the register, this led to the understatement of the amount disclosed as irregular by R91 919 543.

Error 9
During the year under review it was noted that a vote number with a balance of R36 804.08 was incorrectly mapped under payables from exchange instead of being grouped together with Property, Plant and Equipment resulting in understatement of payables by R36 804.08 and understatement of Property Plant and Equipment by the same amount

Error 10
During the year under review it was noted that some invoices for services rendered before year end was were not recorded resulting in understament of payables by R3 266 852.62, understatement of R232 745.06 as well as understatement of expenditure by R3 034 107.56.

Error 11
During the year under review, it was noted that DBSA loan was not recorded, resulting in the understament of other creditors and overstatement of accumulated surplus by R286 852.21

Error 12
During the year under review, it was noted that an amount of R35,110,367 for Investment Property was incorrectly recorded under Property, Plant and Equipment, resulting in the understament of Investment Property and overstatement of Property, Plant

Figures in Rand	2024	2023

50. Prior-year adjustments (continued)
and Equipment by the same amount

-

51. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Consumer debtors		302 678 637	(10 301 713)	292 376 924
Accumulated surplus		(3 459 977 873)	10 301 713	(3 449 676 160)
		(3 157 299 236)	**-**	**(3 157 299 236)**

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
VAT receivable		16 496 228	2 538 015	-	19 034 243
Prepayments		2 184 600	(2 184 600)	-	-
Consumer Debtors		321 348 299	(17 600 069)	-	303 748 230
Cash and cash equivalents		90 521 371	(15 802 221)	-	74 719 150
Property Plant and Equipment		3 423 349 268	(1 521 313)	(35 110 367)	3 386 717 588
Investment property		62 629 704	-	35 110 367	97 740 071
Payables from exchange transactions		(590 769 268)	17 840 447	-	(572 928 821)
Consumer Deposits		(28 849 869)	(157)	-	(28 850 026)
Provisions		(54 153 576)	(5 607 961)	-	(59 761 537)
Accumulated surplus		(3 229 022 174)	22 337 859	-	(3 206 684 315)
		13 734 583	**-**	**-**	**13 734 583**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		1 028 463 249	(4 443 180)	-	1 024 020 069
Rental of facilities and equipment		3 464 619	(6 442)	-	3 458 177
Interest charged on trade receivables		69 460 998	(1 264 870)	-	68 196 128
Property rates		239 715 242	(19 169)	-	239 696 073
Depreciation and amortisation		(190 982 813)	(423 542)	-	(191 406 355)
Rental and lease expenditure		(854 135)	(10 239 212)	-	(11 093 347)
Contracted services		(133 639 216)	7 141 339	(3 582 369)	(130 080 246)
Repairs and maintenance		(153 538 584)	5 646 085	(368 271)	(148 260 770)
General expenditure		(168 665 029)	(8 764 758)	3 950 640	(173 479 147)
Impairment loss		(8 245 509)	337 603	-	(7 907 906)
Net change in Deficit		**685 178 822**	**(12 036 146)**	**-**	**673 142 676**

52. Comparative figures

Certain comparative figures have been restated and reclassified.

53. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality’s audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity and Concentration risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality’s short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality realizes that liquidity risk is also linked to concentration risk which is defined as the probability of high cash outflows arising from concentration of debt obligations payable around the period.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

53. Risk management (continued)

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	892 351 230	-	-	-
• Consumer deposits	30 181 475	-	-	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	572 928 822	-	-	-
• Consumer deposits	28 850 026	-	-	-

53. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents
The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables
Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:
- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount,
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable. The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Figures in Rand	2024	2023

53. Risk management (continued)

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Other financial assets	86 430 021	78 975 025
Cash and cash equivalents	35 266 324	74 719 150
Consumer Debtors	324 147 166	303 748 230
Receivables from non-exchange transactions	11 428 865	13 937 500
Receivables from exchange transactions	4 829 686	1 400 578

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Municipality's exposure to the risk of changes in market rates relates primarily to the Municipality's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2023 were as follows:

Maturity analysis of investments

Financial instrument		Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Short term deposits	- %	61 181 181	-	-	-	-

Price risk

The municipality is not exposed to equity securities price risk because of investments held by the municipality and not classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk..

54. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 2 907 814 436 and that the municipality's total liabilities exceed its assets by 2 907 814 436. The municipality reported an operating deficit of R298 869 882 and the municipality's total current liabilities exceeded its total current assets by R480 859 363.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Figures in Rand	2024	2023

54. Going concern (continued)

Management considered the following matters relating to the Going Concern:
- Good financial indicators for liquidity
- Deficit incurred in the current year, but sufficient accumulated surpluses are still available
- Sufficient cash resources to pay creditors as they fall due
- Challenges in collecting outstanding debts

Management however considered the following matters relating to the Going Concern:

(i) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(ii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iii) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

(iii) The municipality is funded by grant income to date the 1st trench of Equitable Share was received subsequent to year end.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

55. Events after the reporting date

The following event was noted after the reporting date, 30 June 2024**,** the financial implication is disclosed below.

Piet Qankase & 77 Other case

- Piet Qankase & 77 Others sued the municipality for R15 600 000, (200 000.00 each for 78 complainants) as per the application plus a declaratory order, ordering the JB Marks Municipality to present the stands to complainants at a reasonable price.

56. Irregular expenditure

Opening balance as previously reported	3 458 403 512	3 160 635 577
Correction of prior period error	91 919 543	11 406 978
Opening balance as restated	**3 550 323 055**	**3 172 042 555**
Add: Irregular Expenditure - current	374 233 233	286 360 957
Closing balance	**3 924 556 288**	**3 458 403 512**

Irregular expenditure is presented exclusive of VAT

Figures in Rand	2024	2023

56. Irregular expenditure (continued)

Details of irregular expendiure

Competitive bidding processes were not followed	189 689 239	78 848 482
Non declaration of interest and prohibited suppliers	716 523	21 540 866
Three quotations not attached	-	1 242 637
Expired contract	38 994 529	18 149 406
Non Tax compliant	4 772 485	-
SCM procurement processes not followed	45 219 184	7 014 401
Regulation 32 appointment non compliances	2 569 736	293 713
Deviations in Contravention with Regulation 36	45 059 456	33 074 285
Other SCM contraventions	23 287 144	89 211 241
Non submission of Municipal rates and other mandatory bid documents	23 924 937	36 985 927
	374 233 233	**286 360 958**

Irregular expenditure is calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT

The following contracts were identified that was placed under review for potential non-compliance to procurements laws, regulations and supply chain management policy.

Tender number	Description	Value of the project
Tender 25/2021	Appointment of a panel of contractors for the emergency repairs of roads and patching of potholes in JB Marks appointment of a panel of contractors for the emergency repairs of roads and patching of potholes in JB Marks	Rates
Tender 08/2024	Construction of a Rising main and bulk distribution pipeline in Ikageng	104 074 915
Tender 04/2024	Development of Cell 4 at the Felophepha landfill site	38 879 381
Tender 46/2022	Construction of sewer reticulation and top structures in Ikageng extension 13: phase 2 and 3	38 473 544

57. Segment information

General information

57. Segment information (continued)

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality.These services are delivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	**Goods and/or services**
Budget and treasury office	Improve overall financial management and viability.
Corporate services	Improve organizational stability and good governance.
Department environmental management	To promote environmental services and compliance.
Economic development	Local economic development and facilitate job creation.
Human settlement and planning	Planning, structuring and co-ordinating housing services.
Infrastructure	Improves access to basic service delivery and ensure proper operation and maintanance.
Municipal manager	To promote good governance, compliance, accountability and promote collaborative solutions.
Office of the executive mayor	Oversee administration, coordinate the executive work of council, public participation and transversal programmes.
Office of the speaker	Establishment and function of ward committees, councillor support, adherence to the code of conduct and facilitate public participation.
Public safety	Traffic management services, vehicle registration and testing services, security service, provide social the protection of life and property against fire or threatening dangers.
Sports, arts and culture	Coordination of library and information services and mass participation or sporting and culture related programmes.

57. Segment information (continued)

Segment information for the year ended 30 June 2024

	BUDGET AND TREASURY OFFICE	CORPORATE SERVICES	DEPT ENVIRONMENTAL MANAGEMENT	ECONOMIC DEVELOPMENT	HUMAN SETTLEMENT AND PLANNING	INFRASTRUCTURE	MUNICIPAL MANAGER	OFFICE OF THE EXECUTIVE MAYOR	OFFICE OF THE SPEAKER	PUBLIC SAFETY	SPORTS, ARTS AND CULTURE	Grand Total
Assets												
Current Assets												
Inventories	12 235 466					307 239						12 542 705
Receivables from exchange transactions	2 869 741				1 959 945							4 829 686
Receivables from non-exchange transactions	1 806 332					4 319 125				5 303 408		11 428 866
VAT receivable	71 736 926											71 736 926
Consumer debtors	22 207 402		31 095 460		88 030 438	182 813 866						324 147 165
Cash and cash equivalents	35 266 324											35 266 324
	146 122 192	**-**	**31 095 460**	**-**	**89 990 382**	**187 440 230**	**-**	**-**	**-**	**5 303 408**	**-**	**459 951 671**
Non-Current Assets												
Investment Property					108 108 428							108 108 428
Property Plant and equipment	5 077 321	105 882 182	30 585 836	280 214	384 603 126	2 617 150 360		111 700	896 993	8 467 083	215 479 406	3 368 534 222
Intangible assets		7 214 301										7 214 301
Heritage assets											56 122 632	56 122 632
Other financial assets	86 430 021											86 430 021
Eskom Deposits						6 864 442						6 864 442
	91 507 342	**113 096 483**	**30 585 836**	**280 214**	**492 711 555**	**2 624 014 803**	**-**	**111 700**	**896 993**	**8 467 083**	**271 602 038**	**3 633 274 047**
Total Assets	**237 629 533**	**113 096 483**	**61 681 295**	**280 214**	**582 701 937**	**2 811 455 033**	**-**	**111 700**	**896 993**	**13 770 491**	**271 602 038**	**4 093 225 718**
Liabilities												
Current Liabilities												
Payables from exchange transactions	779 044 184	73 849 771				35 757 850				3 699 419		892 351 225
Consumer deposits						30 181 475						30 181 475
Employee benefit obligation CL		13 372 512										13 372 512
Unspent conditional grants and receipts	-			1 315 209		2 385 542				34 734	1 170 331	4 905 816
	779 044 184	**87 222 283**	**-**	**1 315 209**	**-**	**68 324 868**	**-**	**-**	**-**	**3 734 153**	**1 170 331**	**940 811 028**
Non-Current Liabilities												
Employee benefit obligation NCL		190 307 467										190 307 467
Provisions			54 292 781									54 292 781
	-	**190 307 467**	**54 292 781**	**-**	**-**	**-**						**244 600 248**
Total Liabilities	**779 044 184**	**277 529 750**	**54 292 781**	**1 315 209**	**-**	**68 324 868**	**-**	**-**	**-**	**3 734 153**	**1 170 331**	**1 185 411 276**
Net Assets	**- 541 414 651**	**- 164 433 267**	**7 388 515**	**- 1 034 994**	**582 701 937**	**2 743 130 165**	**-**	**111 700**	**896 993**	**10 036 339**	**270 431 707**	**2 907 814 442**
Accumulated Surplus	- 541 414 651	- 164 433 267	7 388 515	- 1 034 994	582 701 937	2 743 130 165	-	111 700	896 993	10 036 339	270 431 707	2 907 814 442
Total Net Assets	**- 541 414 651**	**- 164 433 267**	**7 388 515**	**- 1 034 994**	**582 701 937**	**2 743 130 165**	**-**	**111 700**	**896 993**	**10 036 339**	**270 431 707**	**2 907 814 442**

57. Segment information (continued)

Segment information for the year ended 30 June 2023

	BUDGET AND TREASURY OFFICE	CORPORATE SERVICES	DEPT ENVIRONMENTAL MANAGEMENT	ECONOMIC DEVELOPMENT	HUMAN SETTLEMENT AND PLANNING	INFRASTRUCTURE	MUNICIPAL MANAGER	OFFICE OF THE EXECUTIVE MAYOR	OFFICE OF THE SPEAKER	PUBLIC SAFETY	SPORTS, ARTS AND CULTURE	Grand Total
Assets												
Current Assets												
Inventories	14 710 466					222 340						14 932 806
Receivables from exchange transactions	-				1 400 578							1 400 578
Receivables from non-exchange transactions	1 806 332					6 827 760				5 303 408		13 937 501
VAT receivable	19 034 243											19 034 243
Consumer debtors	77 253 052		10 686 929		64 035 721	151 772 530						303 748 232
Cash and cash equivalents	74 719 150											74 719 150
	187 523 243	**-**	**10 686 929**	**-**	**65 436 299**	**158 822 630**	**-**	**-**	**-**	**5 303 408**	**-**	**427 772 510**
Non-Current Assets												
Investment Property					97 740 071							97 740 071
Property Plant and equipment	5 939 634	118 926 761	12 128 504	280 214	384 607 938	2 620 197 935		119 587	970 110	8 770 886	234 775 936	3 386 717 504
Intangible assets		7 214 301										7 214 301
Heritage assets											56 122 632	56 122 632
Other financial assets	78 975 025											78 975 025
Eskom Deposits						6 420 233						6 420 233
	84 914 660	**126 141 062**	**12 128 504**	**280 214**	**482 348 009**	**2 626 618 168**	**-**	**119 587**	**970 110**	**8 770 886**	**290 898 568**	**3 633 189 767**
Total Assets	**272 437 902**	**126 141 062**	**22 815 433**	**280 214**	**547 784 308**	**2 785 440 798**	**-**	**119 587**	**970 110**	**14 074 294**	**290 898 568**	**4 060 962 276**
Liabilities												
Current Liabilities												
Payables from exchange transactions	438 860 833	92 322 389				28 061 858				13 683 745		572 928 824
Consumer deposits						28 849 868						28 849 868
Employee benefit obligation CL		13 746 511										13 746 511
Unspent conditional grants and receipts	-			1 315 209		6 233 630				34 734	2 721 086	10 304 658
	438 860 833	**106 068 900**	**-**	**1 315 209**	**-**	**63 145 355**	**-**	**-**	**-**	**13 718 479**	**2 721 086**	**625 829 861**
Non-Current Liabilities												
Employee benefit obligation NCL		168 686 298										168 686 298
Provisions			59 761 537									59 761 537
	-	**168 686 298**	**59 761 537**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228 447 836**
Total Liabilities	**438 860 833**	**274 755 198**	**59 761 537**	**1 315 209**	**-**	**63 145 355**	**-**	**-**	**-**	**13 718 479**	**2 721 086**	**854 277 697**
Net Assets	**- 166 422 930**	**- 148 614 136**	**- 36 946 104**	**- 1 034 994**	**547 784 308**	**2 722 295 443**	**-**	**119 587**	**970 110**	**355 816**	**288 177 481**	**3 206 684 579**
Accumulated Surplus	- 166 422 930	- 148 614 136	- 36 946 104	- 1 034 994	547 784 308	2 722 295 443	-	119 587	970 110	355 816	288 177 481	3 206 684 579
Total Net Assets	**- 166 422 930**	**- 148 614 136**	**- 36 946 104**	**- 1 034 994**	**547 784 308**	**2 722 295 443**	**-**	**119 587**	**970 110**	**355 816**	**288 177 481**	**3 206 684 579**

Figures in Rand	2024	2023

57. Segment information (continued)

Segment information for the year ended 30 June 2024

	BUDGET AND TREASURY OFFICE	CORPORATE SERVICES	DEPT ENVIRONMENTAL MANAGEMENT	ECONOMIC DEVELOPMENT	HUMAN SETTLEMENT AND PLANNING	INFRASTRUCTURE	MUNICIPAL MANAGER	OFFICE OF THE EXECUTIVE MAYOR	OFFICE OF THE SPEAKER	PUBLIC SAFETY	SPORTS, ARTS AND CULTURE	Grand Total
Revenue												
Revenue from exchange transactions												
Service charges			61 394 586			978 003 903						1 039 398 489
Royalty income					643 793							643 793
Rental of facilities and equipmement	-		1 573 862	99 876	1 136 728						1 166 512	3 976 978
Interest charged on trade and other receivables	180 940		16 441 073		6 738	65 522 344						82 151 094
Agency services										9 997 998		9 997 998
Licences and permits				9 313						5 761 973		5 771 286
Miscellaneous other revenue	1 829 496		1 681 115	411 891	2 499 878	3 478 570	1 543 398			490 518	146 463	12 081 329
Interest received - Investment	13 925 924											13 925 924
Dividends received	3 565											3 565
Total revenue from exchange transactions	**15 939 925**	**-**	**81 090 635**	**521 080**	**4 287 137**	**1 047 004 816**	**1 543 398**	**-**	**-**	**16 250 489**	**1 312 975**	**1 167 950 456**
Revenue from non-exchange transactions												
Taxation revenue												
Property rates	257 168 231											257 168 231
Interest charged on property rates	23 219 991						29 716					23 249 707
Transfer revenue												
Government grants and subsidies	387 020 061			2 689 000		148 121 452					1 550 755	539 381 267
Public contributions and donations											925 044	925 044
Fines, Penalties and Forfeits										7 393 800	18 294	7 412 093
Total revenue from non-exchange transactions	**667 408 282**	**-**	**-**	**2 689 000**	**-**	**148 121 452**	**29 716**	**-**	**-**	**7 393 800**	**2 494 092**	**828 136 342**
Total revenue	**683 348 207**	**-**	**81 090 635**	**3 210 080**	**4 287 137**	**1 195 126 268**	**1 573 115**	**-**	**-**	**23 644 289**	**3 807 067**	**1 996 086 798**
Expenditure												
Employee related costs	- 36 178 051	- 56 926 187	- 101 601 925	- 10 709 052	- 27 583 176	- 142 332 378	- 13 579 813	- 4 305 134	- 17 193 077	- 109 228 360	- 42 082 178	- 561 719 332
Remuneration of councillors								- 9 793 475	- 21 436 561			- 31 230 035
Depreciation and amortisation						- 190 808 833						- 190 808 833
Finance costs	- 55 503 788		- 5 468 756									- 50 035 031
Rental and lease expenditure		- 1 981 418	- 5 726			- 70 315				- 521 467		- 2 578 927
Debt impairment	- 136 143 280											- 136 143 280
Bulk purchases						- 859 153 396						- 859 153 396
Contracted services	- 51 022 035	- 4 917 235	- 24 055 052		- 178 666	- 6 113 441	- 3 897 729			- 88 933 904	- 1 550 755	- 180 668 816
Repairs and maintenance	- 287 378	- 664 548	- 7 874 980	- 786 559	- 874 917	- 86 460 560	- 1 608	- 66 640	- 1 259 798	- 1 125 198	- 4 112 261	- 103 514 446
General expenses	- 61 016 830	- 22 629 114	- 6 340 975	- 12 418 539	- 3 228 005	- 19 294 080	- 10 227 792	- 6 880 608	- 20 224 241	- 2 680 931	- 3 405 481	- 168 346 597
Total expenditure	**- 340 151 361**	**- 87 118 502**	**- 145 347 416**	**- 23 914 150**	**- 31 864 763**	**- 1 304 233 003**	**- 27 706 942**	**- 21 045 857**	**- 60 113 676**	**- 202 489 860**	**- 51 150 675**	**- 2 284 198 693**
Operating (Surplus) / Deficit	**343 196 846**	**- 87 118 502**	**- 64 256 780**	**- 20 704 070**	**- 27 577 626**	**- 109 106 736**	**- 26 133 827**	**- 21 045 857**	**- 60 113 676**	**- 178 845 571**	**- 47 343 608**	**288 111 895**
Loss on disposal of assets and liabilities	0											0
Fair value adjustments	17 559											17 559
Acturial gains - losses	- 9 544 183											- 9 544 183
Impairment loss						- 960 919						- 960 919
Inventories losses - write-downs	- 270 437											- 270 437
	- 9 797 061	**-**	**-**	**-**	**-**	**- 960 919**	**-**	**-**	**-**	**-**	**-**	**- 10 757 980**
(Surplus) / Deficit for the period	**333 399 785**	**- 87 118 502**	**- 64 256 780**	**- 20 704 070**	**- 27 577 626**	**- 110 067 654**	**- 26 133 827**	**- 21 045 857**	**- 60 113 676**	**- 178 845 571**	**- 47 343 608**	**298 869 874**

Figures in Rand	2024	2023

57. Segment information (continued)

Segment information for the year ended 30 June 2023

	BUDGET AND TREASURY OFFICE	CORPORATE SERVICES	DEPT ENVIRONMENTAL MANAGEMENT	ECONOMIC DEVELOPMENT	HUMAN SETTLEMENT AND PLANNING	INFRASTRUCTURE	MUNICIPAL MANAGER	OFFICE OF THE EXECUTIVE MAYOR	OFFICE OF THE SPEAKER	PUBLIC SAFETY	SPORTS, ARTS AND CULTURE	Grand Total
Revenue												
Revenue from exchange transactions												
Service charges			59 984 250.61			964 035 818.48						1 024 020 069.09
Royalty income	714 546.57											714 546.57
Rental of facilities and equipmement	208 043.15		1 130 377.69	3 356.51	822 122.04						1 294 277.97	3 458 177.36
Interest charged on trade and other receivables	68 196 128.15		-		-	-						68 196 128.15
Agency services										11 084 225.86		11 084 225.86
Licences and permits				19 497.82						4 663 794.70		4 683 292.52
Miscellaneous other revenue	1 083 593.17		1 620 935.73	182 490.07	3 166 015.97	3 326 346.23	-			1 446 442.64	153 441.93	10 979 265.74
Discount received	100 000.00											100 000.00
Interest received - Investment	14 450 648.68											14 450 648.68
Dividends received	3 208.32											3 208.32
Total revenue from exchange transactions	**84 756 168.04**	**-**	**62 735 564.03**	**205 344.40**	**3 988 138.01**	**967 362 164.71**	**-**	**-**	**-**	**17 194 463.20**	**1 447 719.90**	**1 137 689 562.29**
Revenue from non-exchange transactions												
Taxation revenue												
Property rates	239 696 073.38											239 696 073.38
Interest charged on property rates	17 454 852.25						-					17 454 852.25
Transfer revenue												
Government grants and subsidies	346 436 000.00			2 339 000.00		157 561 002.03					-	506 336 002.03
Public contributions and donations											1 475 095.09	1 475 095.09
Fines, Penalties and Forfeits										8 986 670.00	17 332.00	9 004 002.00
Total revenue from non-exchange transactions	**603 586 925.63**	**-**	**-**	**2 339 000.00**	**-**	**157 561 002.03**	**-**	**-**	**-**	**8 986 670.00**	**1 492 427.09**	**773 966 024.75**
Total revenue	**688 343 093.67**	**-**	**62 735 564.03**	**2 544 344.40**	**3 988 138.01**	**1 124 923 166.74**	**-**	**-**	**-**	**26 181 133.20**	**2 940 146.99**	**1 911 655 587.04**
Expenditure												
Employee related costs	-35 285 415.62	-54 892 039.36	-101 208 396.79	-9 860 863.54	-29 326 237.01	-130 735 435.53	-12 047 115.93	-6 048 821.41	-16 952 458.36	-106 768 871.24	-41 955 208.91	-545 080 863.70
Remuneration of councillors								-8 565 313.49	-21 394 993.54			-29 960 307.03
Depreciation and amortisation						-191 406 355.48						-191 406 355.48
Finance costs	-27 636 457.52		-5 607 961.32									-33 244 418.84
Rental and lease expenditure		-716 237.95	-9 735 534.33			-45 244.00				-596 330.27		-11 093 346.55
Debt impairment	-179 034 723.85									-8 462 679.00		-187 497 402.85
Bulk purchases						-691 432 090.07						-691 432 090.07
Contracted services	-42 029 526.45	-4 725 846.62	-24 922 009.72		-30 317.74	-6 675 831.37	-77 934.52			-51 618 778.24	-	-130 080 244.66
Repairs and maintenance	-5 335 307.88	-2 139 268.94	-11 801 909.79	-670 526.18	-1 386 309.01	-115 649 078.58	-29 890.00	-63 615.23	-846 843.32	-3 197 150.33	-7 140 870.41	-148 260 769.67
General expenses	-69 678 277.19	-18 104 568.27	-11 264 197.38	-14 661 087.55	-3 347 595.14	-9 773 077.41	-9 232 586.64	-10 544 464.08	-18 543 437.74	-5 052 395.92	-3 277 460.03	-173 479 147.35
Total expenditure	**-358 999 708.51**	**-80 577 961.14**	**-164 540 009.33**	**-25 192 477.27**	**-34 090 458.90**	**-1 145 717 112.44**	**-21 387 527.09**	**-25 222 214.21**	**-57 737 732.96**	**-175 696 205.00**	**-52 373 539.35**	**-2 141 534 946.20**
Operating deficit	**329 343 385.16**	**-80 577 961.14**	**-101 804 445.30**	**-22 648 132.87**	**-30 102 320.89**	**-20 793 945.70**	**-21 387 527.09**	**-25 222 214.21**	**-57 737 732.96**	**-149 515 071.80**	**-49 433 392.36**	**-229 879 359.16**
Loss on disposal of assets and liabilities	-12 509 370.34											-12 509 370.34
Fair value adjustments	4 263.44											4 263.44
Acturial gains - losses	16 507 192.00											16 507 192.00
Impairment loss	-7 907 906.12					-						-7 907 906.12
Inventories losses - write-downs	-9 206 660.88											-9 206 660.88
	-13 112 481.90	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-13 112 481.90**
Deficit for the year	**316 230 903.26**	**-80 577 961.14**	**-101 804 445.30**	**-22 648 132.87**	**-30 102 320.89**	**-20 793 945.70**	**-21 387 527.09**	**-25 222 214.21**	**-57 737 732.96**	**-149 515 071.80**	**-49 433 392.36**	**-242 991 841.06**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

58. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	348 708 138	166 845 086

This committed expenditure relates to various capital projects and will be financed by available bank facilities, retained surpluses, mortgage facilities, existing cash resources, funds internally generated and grant income received.