Midvaal Local Municipality
(Registration number GT422)
Annual Financial Statements
for the year ended 30 June 2023
Auditor-General of South Africa (AGSA)
Chartered Accountants (S.A.)
Registered Auditors

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

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 Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land use management, economic and environmental development and supplying of the following services to the community. General Services - All types of services rendered by the municipality, excluding the supply of housing to the community. Waste Management Services - the collection and disposal of waste. Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers of the municipality in licensed areas. Waste Water Management - Collection and purification of waste water. Water Services - Supply of purified water.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)

Executive mayor and chairperson of mayoral commitee

Portfolio	**Councillor**
Executive mayor and chairperson of mayoral committee	Cllr. Peter John Teixira
Speaker	Cllr. Alan Ross McLoughlin
Chief WIP	Ald. Philippus Christoffel Pretorius
MMC - Corporate	Cllr. Chantal Lynette Gomes
MMC - Community	Cllr. Thembekile Martha Modiba
MMC - Engineering	Cllr. Reginald James Hubbard
MMC - Development and Planning	Cllr. Mokete Ishmael Motsamai
MMC - Finance	Ald. Patricia Daphne Pretorius
MMC - Public Safety and Roads	Cllr. Johannes Gerrit Viljoen

Executive management

Position	**Name**
Municipal Manager	Mr AM Groenewald
Chief Financial Officer (CFO)	Mr ZN Mhlongo
Executive Director: Engineering	Mr P Magodi
Director: Corporate Services	Mr S Cave

General Information

Council Members

Nr	Surname	Initials	Nr	Surname	Initials
1	Brits	O	2	Dickinson	AH
3	Hoyane	SM	4	Janse van Rensburg	S
5	Jordaan	BJ	6	Kolisang	ML
7	Kruger	MC	8	Lehloka	PM
9	Maimane	MA	10	Mazibuko	J
11	Mboweni	MC	12	Modikeng	ML
13	Mofokeng	TS	14	Mokhomo	DT
15	Ramushu	I	16	Myburgh	M
17	Ndebele	MM	18	Nkoe	GM
19	Peters	FW	20	Pypers	CG
21	Visser	LTH			

Grading of local authority	Grade 4 Local Municipality
Registered head office	25 Mitchell Street Meyerton Gauteng 1961
Postal address	P.O.Box 9 Meyerton 1960
Bankers	Nedbank
Auditors	Auditor-General of South Africa (AGSA)
Demarcation code	GT422
Legal representative	Panel of attorneys appointed for cost effectiveness: Lusenga Attorney Inc, Seleka Attorneys Inc, Madhlopa & Thenga Inc, Klopper Jonker Inc, AV Theron & Swanepoel, Madiba Motsai Masitemyame & Githiri Attorneys, Katlego Ralikhuvhana Mokgola Inc, Ramatshila-Mugeri Attorney, Mamatela Attorneys, Enderstein Malumbete Inc, Mkhabela Huntley Attorneys Inc, Blignaut Neerhoo Inc, Mudau & Netshipise Attorneys, Cheadle Thompson & Haysom Inc, Majang & Associates Inc, Mmakola Matsimela Inc, Matabena Inc

Abbreviations

AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sport, Arts, Culture and Recreation
ED	Executive Director
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
INEP	Integrated Electrification Programme
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSIG	Municipal System Improvement Grant
NDPG	Neighbourhood Development Partnership Grant
SALGA	South African Local Government Association
SAPS	South African Police Services
SARS	South African Revenue Services
SCM	Supply Chain Management
SRAC	Sports, Recreation, Arts and Culture
VAT	Value-Added Tax
WSIG	Water and Sanitation Infrastructure Grant

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 are given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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 management judgements and estimates.

I, as the accounting officer acknowledges that I am 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 us to meet these responsibilities, we have set 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. In the year under review , the systems of internal control have been boosted by municipal ICT infrastructure upgrade and migration. The improved firewall protections, access protocols, encryptions and password complexities have enabled the accounting officer to fulfil this responsibility. 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 operational 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.

I am 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. This assurance is further supported by the fact that all MSCOA version and patch upgrades were implemented in line with National Treasury's requirements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

I have reviewed the municipality’s cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. An assessment to this effect has been confirmed by Gauteng Provincial Treasury, as an independant structure and Ratings Afrika being a ratings agency that specialises in ratings and gauging financial soundness and governance.

The annual financial statements are prepared on the basis that the municipality is a going concern and that Midvaal Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of it's operations.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's senior management team, external auditors and other oversight governance structures of Council.

I would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Governments determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is 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 separately.

The annual financial statements set out on pages 15 to 118, which have been prepared on the going concern basis, were approved and signed by the accounting officer:

Accounting Officer's Responsibilities and Approval

Accounting Officer
Mr. AM Groenewald

Meyerton

Thursday, 31 August 2023

Performance and Audit Committee Annual Report

REPORT OF THE CHAIRPERSON OF THE AUDIT, PERFORMANCE, INTEGRITY & RISK MANAGEMENT COMMITTEE TO COUNCIL (Hereinafter referred to as "the Committee")

(Item 4.18 of the Charter approved per Council **Resolution C3112/06/2023 dated 27 Jun 2023**)

REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

A. INTRODUCTION

Legislative Framework (Legislative Mandate)

Section 166(1) of the Local Government Municipali Finance Management Act, Act 56 of 2003 as amended), referred to as the MFMA, requires from each Municipality to have an Audit Committee.

In terms of Section 166(2)(a) of the MFMA, the Audit Committee is an **independant advisory** body which must amongst others advise the Municipal Council on matters relating to:

1. Internal financial control and internal audits

2. Risk management

3. Accounting policies

4. The adequacy, reliability and accuracy of financial reporting and information.

5. Performance management

6. Effective governance

7. Compliance with this Act, the Annual Division of Revenue Act, and any other applicable legislation

8. Performance evaluation, and

9. Any other issues referred to it by the Municipality.

Audit, Performance, Integrity & Risk Management Committee Charter

The committee also functions in terms of the Charter, which is approved by Council. The Audit and Risk Committees were combined into one Committee and the scope of the Audit Committee now encompasses Audit, Performance, Integrity & Risk Management. The Charters of the Audit Committee and the Risk Committee were consolidated into a single Charter, which was approved by Council at it's meeting held on 27 Jun 2023.

Re-establishment of the Committee

The term of office of all the current members, expired on 30 Sep 2022 and the vacancies needed to be filled. Interviews were held, appointments made and the first meeting of the newly appointed Committee sat on the 28 November 2022, at which meeting I was elected as the Chairperson of the Committee.

B. SERVICE DELIVERY AS A STANDING ITEM IN THE AGENDA OF THE MEETINGS

As part of the oversight role to be played by the Committee, service delivery was included as a standing item in the agenda of all the meetings.

This is an effort to support and assist the Municipality to avoid unnecessary poor performance of maintenance of the infrastructure and in so doing avoid any uprisings, protests and unrests by members of the community.

The following matters will always be discussed under this item:

1. Maintenance of roads

2. Electricity shortage

3. Water shortage

4. Grass cutting

5. Beautifying of the municipal area

6. Implementation of new projects and monitoring thereof by members of the Audit Committee

7. Developments of significance in the Midvaal Local Municipality

8. Land invasions in the area of Midvaal Local Municipality

C. COMMITTEE MEETINGS HELD DURING THE PERIOD

1. Meeting held on 28 November 2022- 2nd Special Meeting

ITEM	LEGISLATIVE SECTION
i	Auditor General (SA) – Referred to as the “AG”

Reports considered

1. Report of the Auditor General to the Gauteng Provincial Legislature and the Council of the Midvaal Local Municipality: 30 June 2022

2. Auditor-General: Draft Management report : 30 June 2022

- The Committee was pleased with the audit outcome of ***Unqualified with no negative findings*** for the 9th consecutive year.

- The AG also commended Midvaal for its sustained achievement.

- The Committee requested the AG to reassess at their assessment of Financial Health Assessment of Midvaal.

- Management were to address all the findings by 30 June 2023 and Internal Audit will verify.

2. Meeting held on 13 April 2023- 1st Ordinary Meeting 2022/2023

ITEM	LEGISLATIVE SECTION
i	**Internal Financial Control & Internal Audits**

Reports considered

1. Contract Management (Expenditure)

2. Waste Management:

3. Building Control

4. Human Resources (Recruitment and Appointments)

- The Committee noted that some of the follow up findings were only partially addressed.

- The Committee emphasised that the outstanding issues should be closed out by management by 30 June 2023 and that the internal audit findings should be given the same urgency as is given to the AG findings.

- The Committee also expressed concern over the high error rates that the IA reports were yielding.

- There seemed to be a decline in the internal controls that needed to be addressed.

ii **Risk Management**

Reports considered

1. Water Loss Management Audit
2. Organisational and Operational Risk Register 2022/2023: Quarter 2 – Feedback Report
3. Risk Maturity Assessment Report 2022
4. Incident Register Progress Report 2022/2023: Quarters 1
5. Incident Register Progress Report 2022/2023: Quarters 2

- The municipality implemented most of the actions regarding reduction of water loss from the 2020 year to the 2023 financial year. There are still some actions that need to be implemented. The water loss was at 37% - which is above the national norm of 30%

- The Committee was pleased to see further progress being made with the Risk Maturity Assessment and also noted the favourable assessment made by GPT.

- The nature and quantum of the incidents has not reduced, with many incidents related to motor vehicles.

iii **Performance Management**

Reports considered

1. Performance Reports for Quarter 1 and Quarter 2
2. Annual Report 2021/2022 Assessment
3. Financial Performance Report in terms of Section 52(d) of the MFMA: Quarter 1
4. Financial Performance Report in terms of Section 52(d) of the MFMA: Quarter 2
5. Financial & Non-Financial Performance Report in terms of Section 52(d) of the MFMA: Quarter 1
6. Financial & Non-Financial Performance Report in terms of Section 52(d) of the MFMA: Quarter 2

Performance and Audit Committee Annual Report

- The Committee noted the assessment by GPT and COGTA on the 2021/22 Annual Report, which was very positive, with some recommendations made.

- The Committee made extensive inputs into the 2012/22 Annual Report. Most of the recommendations were taken on board. Some of the housekeeping matters will be taken into account for the 2023 Annual Report.

- The Annual Report was also reviewed by Internal Audit for legal compliance.

iv **Effective governance**

Reports considered

1. Integrity Management Strategy Implementation Plan 2021/2022: Quarter 4

2. Integrity Management Strategy: 2022/2023

- The Committee noted the new risks included
  - Vandalism and theft of municipal infrastructure
  - Community unrest

- High Risk

  The inadequate air space on landfill sites was escalated to a high risk, due to litigation received against the municipality.

v **Compliance with the MFMA, the Annual Division of Revenue Act and any other applicable legislation**

Reports considered

1. Grants/Dora requirements

2. Legislative Compliance Review

3. Report on the MFMA Compliance Audit for the period Oct 2022 – Dec 2022 (Q2)

- The Committee noted issues of non-compliance regarding the licence conditions of the Landfill sites. These must be addressed as a matter of urgency.

- The Committee noted that certain reports were not going through to the Executive Mayor nor included on the website timeously.

- The committee advised management that there should be better communication between departments as compliance issues cannot be rectified retrospectively.

vi **Performance Evaluation**

Reports considered

1. Internal Audit Action Plan: Progress

2. Operation Clean Audit (OPCA) Action Plan 2021/2022 in terms of Section 131 of the MFMA as of March 2023

Performance and Audit Committee Annual Report

- The Committee also expressed concern that the IA program may not be completed by year end as 49% of the work was still outstanding.
- Good progress has been made on the OPCA Plan with only 4 items remaining as at the end of Q3.

vii **Any other issues referred to it by the municipality**

- The committee noted the impact that the load shedding is having on the fuel budget.
- The Committee noted the additional 21% increase in overtime cost to address backlogs in grass cutting and pot holes repairs.
- The Committee expressed concern about the 3 vacancies that still existed at Senior Management Level.

3. **Meeting held on 18 May 2023 – 2nd Ordinary Meeting 2022/2023**

ITEM	LEGISLATIVE SECTION

i **Internal Financial Control & Internal Audits**

Reports considered

1. Human Resources – Leave and attendance
2. Prepaid Electricity
3. Income – Cash management

- Although there were no critical matters – some weaknesses still existed that need to be addressed.
- The Committee was concerned that IA left the follow up reviews for such a long period of time. Follow ups should be done within 6 to 9 months.
- Management indicated that the outstanding issues will be closed out by 30 June 2023.

ii **Risk Management**

Reports considered

1. Organisational & Operational Risk Register 2022/2023: Quarter 3 Progress Report
2. Gauteng Provincial Government: Risk Management Framework
3. Progress Report on Risk Maturity Improvement Plan
4. Incident Register 2022/2023: Quarter 3 Progress Report

Performance and Audit Committee Annual Report

- The Committee noted the good progress made in managing the Organisational and Operational Risks.

- The Risk Improvement plan showed an improvement to a rating of 3.6. Management were encouraged to put in the extra effort to try and achieve a rating of 4.0 by 30 June 2023, which the Committee felt was achievable.

- The incident register showed similar trend of incidents – mainly motor vehicle related incidents.

iii **Performance Management**

Reports considered

1. Financial Performance Report in terms of Section 52(d) of the MFMA: Q3

2. Non-Financial Performance Report in terms of Section 52(d) of the MFMA: Q3

- The Committee noted that both Revenue and Expenditure were below budget at 71% and 61% respectively. Capital leases were very low at 29% and the grant funding expenditure was also very low. Repairs and maintenance at 64% and particularly the repairs at the pump stations, WWTW and roads were very low. The collection rate of 92% was commendable. Distribution losses for both water and electricity were above the norm.

- The Committee pointed out that capital expenditure on 5 projects should be prioritised and accelerated as this account for R59m of the Capex budget and only R8.5m has been spent on these projects.

iv **Effective governance**

Reports considered

1. Integrity Management Strategy & Implementation Plan: 2023/2024

- The Committee was pleased to note that there were no items in the High Risk or Severe Risk categories. Only 3 items were of Moderate Risk and were being monitored.

v **Performance Evaluation**

Reports considered

1. Internal Audit Action Plan

2. Operation clean audit (OPCA) action plan 2021/2022 in terms of section 131 of the MFMA: progress report – May 2023

Performance and Audit Committee Annual Report

- The Committee had serious reservations about IA completing their Audit Plan by 30 June 2023
- IA indicated that they will only complete by no later than August 2023
- There was progress noted on the OPCA plan with only 3 outstanding items remaining
- Management assured The Committee that these will be closed out by 30 June 2023

vi **Any other issues referred to it by the municipality**

1. Letter of Resignation: Member of the Committee
2. Report on the Public-private Partnership Electricity Project: Finance, Design, Management, Operation & Maintenance of the Electricity Distribution Services for Midvaal Local Municipality
3. Approval of the Audit, Performance, Integrity & Risk Management Committee Charter & Internal Audit Charter
4. Rendering of Internal Audit Services: Extension of Contract in terms of Section 116(3) of the MFMA & Draft Annual Operational Audit Plan
5. Gauteng Provincial Treasury: Report on the Functionality and Effectiveness of Internal Audit and Audit Committee for Quarters 1 and 2

- The resignation of a Committee Member has left a vacancy on the Committee
- The Committee was given the assurance that there would be no penalties or financial implications emanating with the way in which the PPP was progressing
- The Charter was noted for approval by Council
- It was noted that the municipality was moving towards establishing an in-house Internal Audit Function. The deliberations also had a negative impact on the work of Internal Audit and hence their work programme will only be completed after the 30 June 2023 year end. The Committee also advised on repriotising some of the more crucial and high risk areas of the IA Plan that still needed to be completed and also pointed out that the cost of establishing an in-house function should be carefully considered
- The Committee noted the outcome of the GPT assessment of both the Internal Audit Function and the Committee and were pleased to note the comments namely that:

  IA and the Committee are functioning effectively. IA is producing quality reports.

CONCLUSION

The newly constituted Committee hit the ground running and has worked hard to get all the reporting up to date.

The period under review has come with some challenges

A new Committee had to be established after the term of office of the existing Committee members expired at the end of September 2022;

The Audit and Risk Committees were combined into one Committee;

The Charters had to be reviewed and consolidated;

Induction for Committee members;

Performance and Audit Committee Annual Report

Resignation of a member of the Committee;

Three vacancies at Senior Management level had to be filled;

There was a change in the Mayoral Committee and a New Executive Mayor was elected

A new Municipal Manager was appointed;

The municipality considered bringing the Internal Audit function in-house.

Midvaal did well in managing all the challenges. As at the date of this report there exists one vacancy on the Committee that needs to be filled.

With so many important changes taking place in a short space of time, there is a risk that systems and controls may get neglected to some extent. This was borne out by the Internal Audit's Follow Up Audits and management agreed with the Committee that the policies, procedures, systems and controls must be strictly managed. Remedial action was taken in this regard.

The issue of load shedding which is symptomatic of a structural problem at a National level – impacts on the lives of households and businesses in a negative way. Alternative energy sources will have to be considered and Midvaal is proactively considering alternatives.

The situation is further exacerbated by the ongoing down-turn and worsening business conditions. The volatility of the rand dollar exchange rate nearing R20 to the dollar which has implications and the upward movement in interest rates.

The risk of social uprisings noted as a high risk is rightly placed considering the prevailing socio-economic climate combined with an upcoming election year.

Should the internal audit function be brought in-house, the enormous cost implication must be carefully considered and the transition must be properly managed so that nothing falls through the cracks.

Whilst the collection rate is commendable, Capital spending on grants and Council funding needs to be of top priority due to underspending during the year.

Whilst the municipality is performing well there is no room for any complacency. Systems and controls must be continuously managed and risks identified and mitigated.

I take this opportunity to thank the Management and staff of the municipality for their co-operation and dedication. I would like to also thank the Executive Mayor and Council for being supportive.

Finally, I thank the Committee members for working as a team and for the contributions that they have made to the Committee and to meeting the Vision and Mission of the Midvaal Local Municipality.

A Lambat.

Chairperson of the Audit Committee
Mr. A Lambat

Date: 31 August 2023.

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 151 793 922 (2022: surplus R 60 882 542).

2. Going concern

I draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 2 584 037 063 and that the municipality's total assets exceed its liabilities.

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. All impairments were measured and judged in line with past performances.

The municipality has assessed that no going concern issues have been noted and that the municipality can continue in operational existence for the foreseeable future.

The financial indicators are as follows:

	2022/23	2021/22
Current ratio (norm 2:1)	3.23:1	2.91:1
Cost coverage ratio (norm 3 months or more)	5.13 months	5.3 months
Creditors days (norm 30 days)	30 days	30 days
Debtors collection rate	97%	92%

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Annual Financial Statements.

4. Accounting policies

The annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board and the Accounting Standards Board as the prescribed framework by National Treasury.

5. Integrity management

Council has a very strong attitude towards legislative compliance, specifically supply chain management principles, and also the proper functioning of the Audit, Performance, Integrity & Risk Management Committee, referred to as the Committee, Municipal Public Accounts Committee (MPAC) and the Financial Disciplinary Board. These meetings are functioning without councillor and/or political interference. Where required, matters are reported to the relevant external authorities for further investigation. Appropriate and relevant consequence management is instituted, as and when required.

The Reviewed Integrity Management Policy & Plan, 2020 has been reviewed and approved by Council per Council Resolution C2359/08/2020 dated 27 August 2020. The cyclical review is in progress for Council consideration and approval.

Council's stance to fraud and corruption is zero tolerance and in line with this, the efficient application of instructions contained in the policies and procedures of Midvaal, is one of the most important duties to be applied by every employee in the execution of their daily tasks.

The main principles, upon which this Plan of Midvaal is based, include the following:

1. Creating a culture which is ethical and intolerant to fraud and corruption;

Accounting Officer's Report

. Integrity management (continued)

2. Deterrence of fraud and corruption;

3. Preventing fraud and corruption which cannot be deterred;

4. Detection of fraud and corruption;

5. Investigating detected fraud and corruption;

6. Taking appropriate action in the event of such irregularities, e.g. disciplinary action (consequence management), recovery of losses, to the extent required, and prosecution; and

7. Applying sanctions, that includes blacklisting and prohibition from further employment.

The components of the Plan include:

1. Focus on the organisation;

2. Focus on employees;

3. Focus on other stakeholders;

4. Enforcement;

5. Implementation.

All staff, including senior management and councillors, are obliged to declare specific personal assets and private business interests on an annual basis. These Annual Financial Declarations are subjected to verification and where identified life-style audits are done. Declarations in terms of the following are being done:

1. Shares and other financial interests (not bank accounts with financial institutions);

2. Directorships and partnerships (also those held by the spouse and close family members);

3. Remunerated work outside of the municipality;

4. Consultancies and retainerships;

5. Sponsorships;

6. Gifts and hospitality from a source other than a family member (exceeding the value of R350 over a 12 month period);

7. Land and property registered in their name;

8. Vehicle(s) owned (registered) in their name;

9. Participation in elections.

. Integrity management (continued)

The status of reported cases is as follows:

	2019/2020	2020/2021	2021/2022	2022/2023
Total Number of Cases reported	31	39	37	38
Total Number of Cases resolved	31	34	26	24
Total Number of Cases pending	0	5	11	14
% Resolved	100%	87%	70%	63%

The primary transgressions are summarized as follows:

1. Tender related irregularities;
2. Potential irregularities with the issuing of Clearance Certificates;
3. Theft of fuel;
4. Theft of electricity and water;
5. Excessive speeding/misuse of Council vehicles;
6. Allegation of possible misappropriation of Council assets/funds;
7. Transgression of Code of Conduct for Municipal staff;
8. Allegation of selling of jobs;
9. Possible non-compliance to Scope of Works;
10. Submission of fraudulent building plans;
11. Possible non-adherence to rezoning, public participation and authorisation terms and conditions;
12. Possible unauthorised, irregular, fruitless and wasteful expenditure.

Matters referred to the Financial Disciplinary Board, included the following:

1. Overpayment on contracts (Irregular/ Unauthorised Expenditure);
2. Salary overpayment;

The relevant remedial actions, according to Council's Policies, were initiated, i.e. disciplinary action, criminal prosecution and recovery of money. Management reviewed controls and internal audit tested the effectiveness of the controls in order to prevent recurrence.

Matters reported to external authorities for further investigations in line with the MFMA are frequently monitored and positive results received.

Midvaal through its fraud hotline takes all matters very seriously by means of it's Integrity Management Strategy. As such Midvaal often receives tip-offs regarding possible irregularities which are not always confined to the definition of unauthorised, irregular, fruitless and wasteful expenditure.

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	495 402 407	487 962 486
Receivables from exchange transactions	4	205 981 707	167 585 011
Receivables from non-exchange transactions	5	130 350 411	106 114 872
Inventories	6	23 766 432	14 333 162
VAT control	7	17 885 407	17 690 177
		873 386 364	**793 685 708**
Non-Current Assets			
Property, plant and equipment	8	2 143 372 545	2 097 835 386
Investment property	9	49 234 032	49 281 032
Intangible assets	10	9 210 489	6 436 395
Heritage assets	11	18 701	18 701
		2 201 835 767	**2 153 571 514**
Total Assets		**3 075 222 131**	**2 947 257 222**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	205 266 289	204 663 451
Consumer deposits	13	22 374 777	21 153 173
Borrowings	14	17 315 599	35 069 761
Unspent conditional grants	15	11 764 412	3 260 177
Lease liabilities	16	7 426 513	8 356 770
Income received in advance from developer contribution	17	6 371 653	5 295 609
		270 519 243	**277 798 941**
Non-Current Liabilities			
Borrowings	14	110 098 645	112 694 241
Provisions	18	76 721 025	86 038 163
Employee benefits	19	19 317 785	20 623 190
Lease liabilities	16	14 528 370	17 859 555
		220 665 825	**237 215 149**
Total Liabilities		**491 185 068**	**515 014 090**
Net Assets		**2 584 037 063**	**2 432 243 132**
Net assets presented by:			
Accumulated surplus		2 584 037 063	2 432 243 132

* See Note 47

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Exchange revenue			
Services charges - Electricity	20	438 811 085	461 979 452
Services charges - Water	20	246 053 636	214 564 820
Services charges - Waste water management	20	61 722 624	54 450 195
Services charges - Waste management	20	57 489 732	55 101 715
Interests on investments	21	32 679 289	18 247 859
Interest earned from receivables	22	16 074 126	13 009 023
Sales of goods and rendering of services	23	8 247 317	5 482 101
Operational revenue	24	3 877 636	1 641 179
Hire of facilities	25	1 092 755	1 097 997
Inventories (surplus)	40	23 422	-
Total exchange revenue		**866 071 622**	**825 574 341**
Non-exchange revenue			
Property Rates	26	296 169 086	273 313 528
Transfers and subsidies	27	281 356 538	247 343 205
Fines, penalties and forfeits	28	73 359 634	68 386 649
Interest on receivables	22	13 793 558	5 509 450
Total non-exchange revenue		**664 678 816**	**594 552 832**
Total revenue		**1 530 750 438**	**1 420 127 173**
Expenditure			
Bulk Purchases	29	527 528 420	522 689 969
Employee related cost	30	345 631 625	322 147 853
Contracted services	31	145 648 397	127 894 877
Depreciation and amortisation	32	99 105 360	127 288 656
Debt impairment	33	117 670 080	123 245 010
Operating expenses	34	71 212 281	58 791 232
Finance costs	35	22 946 244	30 122 765
Inventory consumed	36	28 480 770	24 521 710
Remuneration of councillors	37	14 364 228	12 967 574
Loss on disposal of assets	38	4 903 834	7 809 213
Inventories (write-down)	40	-	232 184
Transfers and subsidies	39	1 465 277	1 533 588
Total expenditure		**1 378 956 516**	**1 359 244 631**
Surplus for the year		**151 793 922**	**60 882 542**

* See Note 47

Statement of changes in net assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2021	**2 371 360 579**	**2 371 360 579**
Surplus for the year	74 724 787	74 724 787
Correction of errors	(13 842 234)	(13 842 234)
Total changes	60 882 553	60 882 553
Restated* Balance at 01 July 2022	**2 432 243 143**	**2 432 243 143**
Surplus for the year	151 793 920	151 793 920
Total changes	151 793 920	151 793 920
Balance at 30 June 2023	**2 584 037 063**	**2 584 037 063**

Note(s)

* See Note 47

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from non exchange transactions		542 521 128	521 885 586
Cash receipts from exchange transactions		773 611 849	739 587 450
Interest		32 679 289	18 247 859
Payments			
Employees		(363 592 536)	(333 826 113)
Finance charges		(15 771 015)	(16 519 764)
Suppliers		(770 108 415)	(719 264 210)
Net cash from(used) operating activities	41	**199 340 300**	**210 110 808**
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		1 476 641	-
Proceeds on disposal of Investment property		-	320 430
Payments			
Capital assets		(165 980 199)	(163 331 034)
Intangible assets		(2 785 619)	(1 296 145)
Net cash flows from investing activities		**(167 289 177)**	**(164 306 749)**
Cash flows from financing activities			
Receipts			
Increase in borrowing long-term		14 720 000	18 600 000
Increase in finance lease long-term		4 453 150	10 411 976
Payments			
Decrease in borrowing long-term		(35 069 758)	(30 720 633)
Decrease in finance lease		(8 714 594)	(7 437 849)
Net cash flows from financing activities		**(24 611 202)**	**(9 146 506)**
Net increase/(decrease) in cash		**7 439 921**	**36 657 553**
Cash and cash equivalents at year begin		487 962 486	451 304 933
		495 402 407	**487 962 486**

* See Note 47

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						
Interest, Dividend and Rent on Land	33 528 328	3 324 362	**36 852 690**	48 753 415	**11 900 725**	Accounts handed over to debt collectors returned to current accounts of debtor as contract lapsed
Operational revenue	3 716 481	-	**3 716 481**	3 877 636	**161 155**	
Rental from Fixed Assets	1 240 608	-	**1 240 608**	1 092 755	**(147 853)**	Lower demand in the rental of community assets
Sales of goods and rendering of services	6 062 456	800 000	**6 862 456**	8 247 317	**1 384 861**	Increase in developments, resulting in rezonings, subdivisions and approval of building plans
Services charges - Electricity	523 642 424	(752 317)	**522 890 107**	438 811 085	**(84 079 022)**	Consumers, including Heineken moved to solar power and the impact of loadshedding
Services charges - Waste management	55 544 868	-	**55 544 868**	57 489 732	**1 944 864**	
Services charges - Waste water management	55 169 433	-	**55 169 433**	61 722 624	**6 553 191**	Increase in development application for sewer connections increase
Services charges - Water	271 238 606	(19 770 754)	**251 467 852**	246 053 636	**(5 414 216)**	Monitoring water consumption through pre-paid installation
Total revenue from exchange transactions	**950 143 204**	**(16 398 709)**	**933 744 495**	**866 048 200**	**(67 696 295)**	

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
Revenue from non-exchange transactions						
Taxation revenue						
Fines, penalties and forfeits	74 957 668	42 790 000	**117 747 668**	73 359 634	**(44 388 034)**	Economic difficulties, incorrect addresses and court settlements
Transfers and subsidies	292 440 566	1 387 228	**293 827 794**	281 356 538	**(12 471 256)**	
Interest, dividend and rent on land	6 443 864	3 810 456	**10 254 320**	13 793 558	**3 539 238**	Lower collections due to economic circumstances
Property Rates by Usage	287 653 079	13 388 253	**301 041 332**	296 169 086	**(4 872 246)**	
Total revenue from non-exchange transactions	**661 495 177**	**61 375 937**	**722 871 114**	**664 678 816**	**(58 192 298)**	
Total revenue	**1 611 638 381**	**44 977 228**	**1 656 615 609**	**1 530 727 016**	**(125 888 593)**	
Expenditure						
Bad debts written off	(78 237 838)	(39 651 373)	**(117 889 211)**	(50 566 409)	**67 322 802**	Council resolution for debt write off, deemed indigent debt write off
Bulk Purchases	(473 668 116)	43 649 364	**(430 018 752)**	(414 882 140)	**15 136 612**	Solar installations by consumers and impact of loadshedding
Contracted services	(161 342 036)	(8 367 447)	**(169 709 483)**	(145 648 397)	**24 061 086**	Strict performance monitoring of contractors
Depreciation and amortisation	(139 695 407)	3 657 000	**(136 038 407)**	(99 105 360)	**36 933 047**	Decrease in landfill asset value based on professional valuation
Employee related cost	(382 891 778)	16 791 605	**(366 100 173)**	(345 631 625)	**20 468 548**	
Finance costs	(18 087 030)	1 032 029	**(17 055 001)**	(22 946 244)	**(5 891 243)**	Interest on landfill site
Inventory consumed	(139 054 065)	(6 672 664)	**(145 726 729)**	(141 127 050)	**4 599 679**	
Remuneration of councillors	(14 202 558)	(223 415)	**(14 425 973)**	(14 364 228)	**61 745**	
Operational cost	(81 789 944)	(9 986 213)	**(91 776 157)**	(71 212 281)	**20 563 876**	Cost containment measures
Transfers and subsidies	(1 500 000)	(95 000)	**(1 595 000)**	(1 465 277)	**129 723**	
Loss on disposal of assets	-	-	**-**	(4 903 834)	**(4 903 834)**	Assets no longer in use

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
Impairment loss	(133 458 514)	(38 261 486)	**(171 720 000)**	(67 103 671)	**104 616 329**	Impairment provision on traffic fines due to less than anticipated issued
Inventory	-	-	**-**	23 422	**23 422**	Immaterial difference
Total expenditure	**(1 623 927 286)**	**(38 127 600)**	**(1 662 054 886)**	**(1 378 956 516)**	**283 098 370**	
Surplus before taxation	**(12 288 905)**	**6 849 628**	**(5 439 277)**	**151 793 922**	**157 233 199**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(12 288 905)**	**6 849 628**	**(5 439 277)**	**151 793 922**	**157 233 199**	

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 Position						
Assets						
Current Assets						
Cash and cash equivalents	537 974 015	(24 887 915)	**513 086 100**	495 402 407	**(17 683 693)**	
Receivables from non-exchange transactions	31 324 464	39 548 946	**70 873 410**	130 350 411	**59 477 001**	Increased revenue and collection
Inventories	14 542 927	-	**14 542 927**	23 766 432	**9 223 505**	Increased stock on hand
Receivables from exchange transactions	(259 740 976)	14 870 645	**(244 870 331)**	205 981 707	**450 852 038**	Increased collections
Other current assets	23 464 443	-	**23 464 443**	17 885 407	**(5 579 036)**	VAT refund - in line with prior year
	347 564 873	**29 531 676**	**377 096 549**	**873 386 364**	**496 289 815**	
Non-Current Assets						
Heritage assets	18 701	-	**18 701**	18 701	**-**	
Intangible assets	7 997 719	67 500	**8 065 219**	9 210 489	**1 145 270**	No control over process to obtain servitudes
Investment property	49 351 032	-	**49 351 032**	49 234 032	**(117 000)**	
Property, plant and equipment	2 454 277 501	9 268 233	**2 463 545 734**	2 143 372 545	**(320 173 189)**	Decrease in landfill site asset per valuation report
	2 511 644 953	**9 335 733**	**2 520 980 686**	**2 201 835 767**	**(319 144 919)**	
Total Assets	**2 859 209 826**	**38 867 409**	**2 898 077 235**	**3 075 222 131**	**177 144 896**	
Liabilities						
Current Liabilities						
Consumer deposits	20 757 337	-	**20 757 337**	22 374 777	**1 617 440**	
Payables from exchange transactions	(142 317 126)	17 544 519	**(124 772 607)**	205 266 296	**330 038 903**	Increase in accural end of year
Unspent conditional grants	-	787 228	**787 228**	11 764 412	**10 977 184**	Did not anticipate to have unspent grants
Lease liabilities	-	-	**-**	7 426 513	**7 426 513**	Increased lease agreements
Borrowings	25 246 018	-	**25 246 018**	17 315 599	**(7 930 419)**	Decrease in loan agreements
Provisions	16 845 000	-	**16 845 000**	-	**(16 845 000)**	

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
Income received in advance from developer contribution	2 335 522	5 700 000	**8 035 522**	6 371 653	**(1 663 869)**	Contribution received lower than anticipated
	(77 133 249)	**24 031 747**	**(53 101 502)**	**270 519 250**	**323 620 752**	
Non-Current Liabilities						
Lease liabilities	-	-	**-**	14 528 370	**14 528 370**	Finance leases incurred
Employee benefits	21 281 752	(20 121 149)	**1 160 603**	19 317 785	**18 157 182**	
Borrowings	125 370 177	(16 089 947)	**109 280 230**	110 098 645	**818 415**	
Provisions	67 501 983	-	**67 501 983**	76 721 025	**9 219 042**	Increase in interest costs
	214 153 912	**(36 211 096)**	**177 942 816**	**220 665 825**	**42 723 009**	
Total Liabilities	**137 020 663**	**(12 179 349)**	**124 841 314**	**491 185 075**	**366 343 761**	
Net Assets	**2 722 189 163**	**51 046 758**	**2 773 235 921**	**2 584 037 056**	**(189 198 865)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 722 189 163	51 046 758	**2 773 235 921**	2 584 037 056	**(189 198 865)**	

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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rate payers, government and other	744 998 726	367 975 159	**1 112 973 885**	542 521 128	**(570 452 757)**	
Service charges	905 595 331	(20 523 071)	**885 072 260**	773 611 849	**(111 460 411)**	
Interest income	20 079 612	-	**20 079 612**	32 679 289	**12 599 677**	
	1 670 673 669	**347 452 088**	**2 018 125 757**	**1 348 812 266**	**(669 313 491)**	
Payments						
Employees	(382 891 778)	16 791 605	**(366 100 173)**	(363 592 536)	**2 507 637**	
Suppliers	(658 092 383)	(689 514 650)	**(1 347 607 033)**	(770 108 415)	**577 498 618**	
Interest	(18 087 030)	1 032 029	**(17 055 001)**	(15 771 015)	**1 283 986**	
	(1 059 071 191)	**(671 691 016)**	**(1 730 762 207)**	**(1 149 471 966)**	**581 290 241**	
Net cash flows from operating activities	**611 602 478**	**(324 238 928)**	**287 363 550**	**199 340 300**	**(88 023 250)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(180 597 106)	(9 335 733)	**(189 932 839)**	(165 980 199)	**23 952 640**	
Proceeds from sale of property, plant and equipment	-	-	**-**	1 476 641	**1 476 641**	
Purchase of other intangible assets	-	-	**-**	(2 785 619)	**(2 785 619)**	
Net cash flows from investing activities	**(180 597 106)**	**(9 335 733)**	**(189 932 839)**	**(167 289 177)**	**22 643 662**	
Cash flows from financing activities						
Repayment on other financial liabilities	(9 306 788)	-	**(9 306 788)**	(8 714 594)	**592 194**	
Repayment of borrowings	(26 779 841)	-	**(26 779 841)**	(35 069 758)	**(8 289 917)**	
Increase in other financial liabilities	8 250 000	(1 525 000)	**6 725 000**	4 453 150	**(2 271 850)**	
Increase in borrowings	21 500 000	(2 900 000)	**18 600 000**	14 720 000	**(3 880 000)**	
Net cash flows from financing activities	**(6 336 629)**	**(4 425 000)**	**(10 761 629)**	**(24 611 202)**	**(13 849 573)**	
Net increase/(decrease) in cash and cash equivalents	424 668 743	(337 999 661)	**86 669 082**	7 439 921	**(79 229 161)**	
Cash and cash equivalents at the beginning of the year	113 305 272	313 111 746	**426 417 018**	487 962 486	**61 545 468**	
Cash and cash equivalents at the end of the year	**537 974 015**	**(24 887 915)**	**513 086 100**	**495 402 407**	**(17 683 693)**	

The accounting policies on pages 28 to 56 and the notes on pages 57 to 118 form an integral part of the annual financial statements.

Accounting Policies

The annual financial statements of Midvaal Local Municipality for the year ended 30 June 2023 were authorised for issue by the Accounting Officer on 31 August 2023.

Basis of presentation

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.

Assets, liabilities, revenues and expenses committee were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

1. Summary of significant accounting policies

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest rand.

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

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:

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Receivables

The municipality assesses its trade receivables, for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 is considered first for individually significant receivables and then calculated on a portfolio basis, for the remaining balance, including those individually significant receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probabillity that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment of Traffic Fines

Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipaity assesses the probability of collecting revenue when accounts fall into arrears.

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value or current replacement cost, where applicable, of inventory at the end of each reporting period. A write down of inventory to the lower of cost or current replacement cost, where applicable, is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in surplus or deficit.

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 fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The municipality reviews and tests the carrying value of cash generating assets when events 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. The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the discounted cash-flow projection assumption may change, which may then impact our estimations, and may then require a material adjustment to the carrying value of assets.

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as inflation and interest.

Judgements are made by management in applying the criteria to designate assets as non-cash-generating units or cash-generating units. The designation is made on the basis as described in accounting policy 1.13 - Impairment of non-cash-generating assets.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. The provision is discounted when the time value of money is material. Additional disclosure of these estimates of provisions are included in note 18 - Provisions

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present valueof the future expected cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the costof those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance. Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

Leave accrual

The provision for staff leave is based on accrued leave at year-end. The uncertainty is when the leave will be taken or if employment will be terminated.

Prepaid electricity

Pre-paid electricity is only recognised as income as electricity is consumed. The estimate is based on pre-paid electricity sold at year-end, but still unused.

Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers on the reporting date.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the municipality with similar assets, and whether the assets will be sold or used to the end of their economic lives and the condition at the time. The municipality considers all the facts and circumstances estimating the useful lives of assets, which included the consideration of financial, technical and other facts. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than the previously estimated useful lives.

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

The policy is also applicable to certain intangible assets and investment property.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement and other long term benefit 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 post retirement and long term benefit obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government bonds. Where there is no deep market in the government bonds with a sufficiently long maturity to match the estimated maturity of all the benefits paid, the municipality uses current market rates of the appropriate term to discount shorter payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Due to the long-term nature of the plan, the estimates are subjected to significant uncertainty.

Other key assumptions for post retirement and other long-term obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Water inventory

The estimation of the water stock in the reserviours is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reserviour, which is then converted into volumes, based on the total capacity of the relevant reserviour. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

Offsetting

Assets, liabilities, revenue and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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.

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.

Initial recognition and measurement

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

1.5 Investment property (continued)

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

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.

Management applies the category below to distinguish Investment Property from Property Plant and Equipment:
- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are calssified as investment properties;
- Land held for a currently underterminded future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating lease;
- Leased properties that are held to provide social (community) service or that are neccessay for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating lease;
- Property that is being constructed or developed for future use as investment property.

Subsequent measurement – cost model

Investment property is carried at cost less any accumulated impairment losses.

Derecognition/Disposal

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

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 year.

Management applies the category below to distinguish Property, Plant and Equipment from Investment Property:

- Owner- occupied property (including held for future use);

- Owner-occupied property held for disposal;

- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;

- Property held by the municipality for a strategic purpose

Initial recognition

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.

1.6 Property, plant and equipment (continued)

Initial measurement

Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset 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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as 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.

Subsequent measurement – cost model

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment, are measured at cost, less accumulated depreciation and accumulated impairment losses.

The measurement and recognition of impairment losses are indicated in accounting policies 1.13 Impairment of cash-generating assets and 1.14 Impairment of non-cash generating assets.

1.6 Property, plant and equipment (continued)

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. 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 rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Land		indefinite
Machinery and equipment		
• Office equipment	Straight-line	3 - 10
• Bins and containers	Straight-line	5 - 10
Furniture and office equipment	Straight-line	10
Transport assets		
• Specialised vehicles	Straight-line	10 -30
• Other vehicles	Straight-line	5
• Vehicles	Straight-line	5
IT equipment	Straight-line	3 - 10
• Water	Straight-line	5 - 55
Infrastructure		
• Buildings	Straight-line	30
• Water	Straight-line	5 - 55
• Water	Straight-line	5 - 55
• Water	Straight-line	5 - 55
• Sewerage	Straight-line	10 - 60
• Landfill site	Straight-line	17
Community		
• Buildings	Straight-line	30
• Recreational facilities	Straight-line	20 - 30
• Security	Straight-line	5
Other assets		
• Buildings	Straight-line	30
Motor vehicles leased	Straight-line	5

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

The measurement and recognition of impairment losses are indicated in accounting policies 1.13 Impairment of cash-generating assets and 1.14 Impairment of non-cash generating assets.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

1.6 Property, plant and equipment (continued)

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised 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 an item of property, plant and equipment is included in surplus or deficit whenthe 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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or surplus when the compensation becomes receivable.

Site rehabilitation and restoration costs

The municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services.

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.

Initial recognition and measurement

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 entity.
- The cost or fair value of the asset can be measured reliably.

An intangible asset is measured initially at cost. 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.

1.7 Intangible assets (continued)

Subsequent measurement

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

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The amortisation charge for each period is recognised in surplus or deficit. Amortisation begins when the asset is available for use.

An intangible asset with an indefinite useful life shall not be amortised.

The municipality assessed at each reporting date whether there is any indication that the municipality's expectation about the residual value and the useful life of an intangible asset has 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.

Derecognition

Intangible assets are derecognised:
- 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 intangible assets is determined as the difference between the sales proceeds and the carrying value and is included in surplus or deficit when the asset is derecognised.

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 - 5 years
Servitudes		Indefinite

1.8 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The municipality has classified the mayoral chain as a heritage asset.

Initial recognition and measurement

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

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.

Subsequent measurement

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

Dererecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of heritage assets.

Impairment

1.8 Heritage assets (continued)

A heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

In assessing whether there is an indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information
- During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use
- The absence of an active market for a revalued heritage asset.

Internal sources of information
- Evidence is available of physical damage or deterioration of a heritage asset
- A decision to halt the construction of the heritage asset before it is complete or in a usable form

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.

Initial recognition and measurement

A financial instrument is recognised, when the Municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directy attribuable to the acquisition or issue of the fiancial instrument are added or deducted from the fair value, as appropriate on initial recognition.

1.9.1 Classification of financial instruments

Financial assets

Financial assets are:
- Cash;
- a residual interest of another municipality; or
- a contractual right to:;
  - receive cash or another financial asset; or
  - exchange financial assets or financial liabilities under conditions that are potentially favourable to the municipality

The municipality has the following types of financial assets as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial asset	Classification in terms of GRAP 104
Receipts from exchange transactions	Financial assets at amortised cost
Receipts from non-exchange transactions	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Receipts from exchange transactions exclude prepayments and advances.

1.9 Financial instruments (continued)

Receivables from non-exchange transactions exclude Fines, Property rates, and VAT as these form part of statutory receivables (1.10)

Subsequent measurement for financial assets

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Financial liabilities

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

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

The municipality has the following types of financial liabilities as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Borrowings	Financial liability at amortised cost
Current portion of borrowings	Financial liability at amortised cost
Finance lease liability	Financial liability at amortised cost
Current portion of finance lease liability	Financial liability at amortised cost
Trade and other payables from exchange transactions	Financial liability at amortised cost
Consumer deposits	Financial liability at amortised cost

1.9.2 Initial and subsequent measurement

Initial recognition and measurement

A financial instruments is recognised, when the municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement – Financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

1.9.3 Impairment of financial assets

Receivables

For receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable the government bond rate is used as the risk-free rate and adjusted for any risks specific to the receivables.

1.9 Financial instruments (continued)

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.9.4 Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

Financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.10 Statutory receivables

1.10.1 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 municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Property rates debtors
- Traffic fine debtors

1.10.2 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.

1.10.3 Initial and subsequent measurement

The municipality initially measures statutory receivables at their transaction amount.

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.

1.10.4 Impairment

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.

1.10 Statutory receivables (continued)

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.

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.

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios,qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

Assessing and recognising impairment of receivabes for traffic fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.10.5 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 control of the statutory receivable and substantially all the risks and rewards of ownership of the asset to another entity; 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.

1.10.6 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.

1.10 Statutory receivables (continued)

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. (policy 1.20)

1.10.7 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 municipality 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) (policy 1.21).

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately. The leased assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

Municipality as lessee - Finance leases

Initial recognition and measurement

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Any initial direct costs of the lessee added are added to the amount reconised as an asset. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Subsequent measurement

Subsequent to the initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the municipalitiy's incremental borrowing rate. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated as per stated accounting policy applicable to property, plant and equipment on note 1.6.

Municipality as lessee - operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Any contingent rents are expensed in the period in which they are incurred.

1.12 Inventories

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services or held for distribution in the ordinary course of operations.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the inventories can be measured reliably.

Initial recognition and measurement

Accounting Policies

1.12 Inventories (continued)

Inventories are initially measured at cost. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their costs are their fair value as at the date of acquisition.

Subsequent measurement

Subsequently inventories are measured at the lower of cost and net realisable value unless distributed through a non-exchange transaction or consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The cost of inventories is assigned using the first-in, first-out (FIFO) formula, except for water which is determined at cost at the reporting date due to it being measured at the lower of cost and current replacement cost.

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.

Redundant and slow-moving inventories are identified and written down/written off. Inventories identified for write down/write offf, but for which a council resolution to authorise the write down/write off, has not yet been obtained, are provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise.

Water inventory

Water is regarded as inventory when the Municipality purhases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purcased and not yet sold at Satement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in the reservoirs at year-end.

1.13 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.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or a cash-generating asset as a cash-generating unit. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, int he technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) Market interest ratesor other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

(d) Evidence is available of obsolescence or physical damage of an asset.

(e) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changed include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(f) A decision to halt the construction of the asset before it is complete or in a useable condition.

(g) Evidence is available from internal reporting that indicates that the economic performance of an asset is,or will be, worse than expected.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's lenght transaction adjusted for the incremental cost that would be directly attributable to the disposal af the asset.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 Impairment of non-cash-generating assets

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

* Assets acquired by the municipality are mainly used as per the municipality's mandate for service delivery purposes to customers that pay for the services but also to indigents. As the assets that are used for service delivery are similar, assets that generate cash flows cannot be distinguished from the non-cash generating assets and therefor are distinguished as non-cash generating.
* In the event that the assets that generate cash flows can be clearly identified the assets will be designated as cash-generating.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

1.14 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.15 Disclosure in term of Section 45 of the municipal Supply Chain Management Regulation

The notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child, or parent of such a person in the service of the state, or has been in the service of the state in the previous twelve months.

1.16 Employee benefits

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

Short-term employee benefits

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

Long-service employee benefits

The municipality has an obligation to provide Long-service Employee Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the entity instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

Long service 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.

The municipality has an obligation to provide long term service allowance benefits to all of its employees.

The amount recognised as a liability for other long-term employee benefits 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.
- Payments made by the municipality are set-off against the liability

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost; interest cost is disclosed as part of the employee related cost in the financial statements
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of financial position.

1.17 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

1.17 Provisions (continued)

The best estimate of the expenditure required to settle the present obligation is the amount that an Municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of financial performance as a finance cost as it occurs.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

At year end a provision is raised for the rehabilitation of landfill sites. The provision is the net present value of the future cash flows to rehabilitate damaged land at year end.

As the related asset is measured using the cost model

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed it carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit;
- if the adjustments results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may be fully recoverable. If there is such an indication, the municipality tests the asset for the impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in the accounting policy on impairment of cash-generating assets and/ or impairment of non-cash generating assets.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

Unspent conditional grants

Unspend contidtional grants are liabilites that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial insturments as there are no contractual arrangements as required by GRAP104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent grant is reclassified as payables, which is considered a financial instrument. This liability always must be cash-backed.

The following provisions are set for the creation of utilisation of this creditor:
Unspent conditional grants are recognised as a liability when the grant is received. When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
The cash which backs up the creditor is invested until it is utilised.

1.18 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

1.19 Commitments

Items are classified as commitments when a municipality 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.

1.20 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from service charges and other operational activities.

Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. Services rendered are recognised by reference to the stage of completion of the transaction at the reporting date. Services rendered are recognised also when transaction costs and cost to complete can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.20 Revenue (continued)

1.20.1 Revenue from exchange transactions

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. .

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

1.20 Revenue (continued)

1.20.2 Revenue from non-exchange transactions

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Government grants and subsidies

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional grants

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent where the obligations have not been met, a liability is recognised.

Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and 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. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.21 Borrowing costs

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

Accounting Policies

1.21 Borrowing costs (continued)

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

1.22 Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods, except where otherwise indicated.

1.23 Unauthorised expenditure

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality’s approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality’s budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.24 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 preformance 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.

Additional disclosure for fruitless and wasteful expenditure is disclosed in note 49.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 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 municipality’s supply chain management policy.

Accounting Policies

1.25 Irregular expenditure (continued)

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.

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.

Additional disclosure for irregular expenditure is disclosed in note 49.

1.26 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. Reports are used to identify reportable segments and the review thereof, eg. monthly section 71 reports.

The municipality reports a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management."

The municipality does not disclose the geographical areas in which it operates as it is not relevant for decision-making purposes.

Measurement

The municipality uses dection 71 reports to assess performance. The measurement basis per the monthly reports is the same as the annual financial statements.

1.27 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.

Accounting Policies

1.27 Budget information (continued)

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

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.

Comparative information is not required.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the annual financial statements in determining whether a difference between the budgeted and actual amount is material.

All comparisons of the budget and actual amounts shall be presented on a comparative basis to the budget. Comparative information includes the following:
- the approved and final amounts;
- actual amounts and final budget amounts.

1.28 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

Only transactions with related parties not at arm's lenght or not in the ordinary course of business are disclosed.

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.

1.29 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.

1.29 Events after reporting date (continued)

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.

1.30 Value Added Tax

The municipality is registered with the South Afrcan Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

Revenue, expenses and assets are recognised net of the amounts of value-added tax. The net amount of value-added tax recoverable from, or payable to SARS is included as part of receivables or payables in the Statement of Financial Position,

1.31 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surplus realised during a specific financial year is credited against the accumulated surplus.

Prior year adjustments, relating to income and expenditure are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

1.32 Consumer deposits

The municipality recognises consumer deposits as a current liability when the municipality becomes a party to the contract i.e. when the deposit is made. The consumer deposit is recognised as a liability as the municipality has an obligation to pay the money back to the consumer once the consumer account is closed. As the timing of when a consumer will close their account is unknown, the consumer deposits are classified as a current liability.

Consumer deposits are levied in line with council's policy to consumers when services are initially connected.

When services are terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date.Any excess deposit after all debt is settled is refunded to the specific consumer.

2. New standards and interpretations

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 April 2021 or later periods:

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 April 2021 or later periods but are not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	No effective date as yet	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date as yet	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

3. Cash and cash equivalents

3.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2023	2022
Call deposits and investments		
Bank guarantees	330 000	330 000
Cash at bank		
Bank account	495 069 687	487 629 766
Cash on hand	2 720	2 720
Total cash and cash equivalents	**495 402 407**	**487 962 486**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the immediate cash requirements and earn interest at the respective short-term deposit rate.

Cash at banks include an amount of R11 764 412 (2022: R3 260 177) held to fund unspent conditional grants.

3.2 Bank accounts

The municipality has the following bank accounts:

		2023	2022
ABSA Bank Limited	Cheque - Account Number 4053203845	27 342 932	90 041 810
ABSA Bank Limited	Cheque - Account Number 4091943582	-	1 857 785
Nedbank Limited	Cheque - Account Number 1224797477	1 035 784	20 714
Nedbank Limited	Cheque - Account Number 1224797469	466 690 971	395 709 457
Total		**495 069 687**	**487 629 766**

Credit quality of cash at bank and short term deposits (excluding cash on hand)

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Figures in Rand	2023	2022

3. Cash and cash equivalents (continued)

3.3 Difference between cash book and bank statement

2023

	Cash book	Bank statement	Difference
ABSA Bank Limited	27 342 932	27 342 932	-
Nedbank Limited	1 035 784	1 035 784	-
Nedbank Limited	466 690 971	466 024 299	666 672
	495 069 687	**494 403 015**	**666 672**

2022

	Cash book	Bank statement	Difference
ABSA Bank Limited	90 041 810	90 041 810	-
ABSA Bank Limited	1 857 785	1 857 785	-
Nedbank Limited	20 714	20 714	-
Nedbank Limited	395 709 457	409 517 017	(13 807 560)
	487 629 766	**501 437 326**	**(13 807 560)**

A reconciling list is available for inspection of the difference between the cashbook balance and bank statement. These include undeposited receipts.

Guarantees held in lieu of electricity and water deposits

	2023	2022
Ontec Systems (Pty) Ltd	13 000 000	8 000 000
Heineken SA (Pty) Ltd	7 109 000	7 109 000
Bhawan Family Holdings	1 199 326	1 199 326
Nic Bris Vervoer (Pty) Ltd	-	120 000
	21 308 326	**16 428 326**

4. Receivables from exchange transactions

	Note	2023	2022
Consumer receivables from exchange transactions	4.1		
Electricity		37 893 656	28 037 333
Waste management		20 610 519	15 767 294
Waste water management		20 001 740	14 148 387
Water		95 532 811	80 660 842
Sundries		16 755 411	15 784 171
		190 794 137	**154 398 027**
Other receivables from exchange transactions	4.2		
Deposits held in trust		570 121	570 121
Sundry debtors		3 883 314	2 702 591
Prepayments and advances		10 734 135	9 914 272
		15 187 570	**13 186 984**
Total receivables from exchange transactions		**205 981 707**	**167 585 011**

Comparative figures have been restated, refer to note 47 for more detail information.

The amount disclosed in this note is net of impairment. Refer to note 4.1 & 4.2 for the amount before the provision (gross) and the actual value of the provision.

4. Receivables from exchange transactions (continued)

4.1 Consumer receivables

The average credit period for consumer receivables is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of consumer receivables.

The management of the municipality is of the opinion that the carrying value of consumer receivables approximate their fair values.

The fair value of consumer receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer receivables as well as the current payment ratio's of the municipality's consumer receivables.

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables from exchange transactions						
Electricity	44 373 067	(6 479 411)	37 893 656	43 256 143	(15 218 810)	28 037 333
Waste management	38 895 764	(18 285 245)	20 610 519	32 617 817	(16 850 523)	15 767 294
Waste water management	36 758 398	(16 756 658)	20 001 740	27 740 402	(13 592 015)	14 148 387
Water	149 157 943	(53 625 132)	95 532 811	137 358 147	(56 697 305)	80 660 842
Sundries	30 686 001	(13 930 590)	16 755 411	37 169 608	(21 385 437)	15 784 171
Total consumer receivables from exchange transactions	**299 871 173**	**(109 077 036)**	**190 794 137**	**278 142 117**	**(123 744 090)**	**154 398 027**

Notes to the Annual Financial Statements

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4. Receivables from exchange transactions (continued)

4.1.1 Ageing of consumer receivables

2023

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables from exchange transactions							
Total by debt type							
Electricity	37 893 656	27 550 446	3 235 436	414 702	249 752	1 645 258	4 798 062
Waste management	20 610 519	5 478 233	1 528 272	1 346 537	1 210 228	6 594 150	4 453 099
Waste water management	20 001 740	5 537 680	1 465 288	1 300 731	1 164 370	6 028 036	4 505 635
Water	95 532 811	32 927 201	4 408 308	3 476 154	3 757 310	21 321 883	29 641 955
Sundries	16 755 411	2 814 261	685 872	574 306	676 200	2 849 055	9 155 717
Total by debt type	**190 794 137**	**74 307 821**	**11 323 176**	**7 112 430**	**7 057 860**	**38 438 382**	**52 554 468**
Aging per customer group							
Organs of state	20 291 385	1 378 054	394 442	378 321	365 252	2 485 283	15 290 033
Commercial customers	27 362 099	19 077 838	3 087 103	238 258	146 021	3 498 223	1 314 656
Households	143 140 653	53 851 929	7 841 631	6 495 851	6 546 587	32 454 876	35 949 779
Total by customer group	**190 794 137**	**74 307 821**	**11 323 176**	**7 112 430**	**7 057 860**	**38 438 382**	**52 554 468**

4. Receivables from exchange transactions (continued)

2022

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables from exchange transactions							
Total by debt type							
Electricity	28 037 333	104 188	3 305 394	7 079 419	11 990 477	1 571 844	3 986 011
Waste management	15 767 294	3 599 525	703 357	583 921	548 759	3 373 346	6 958 386
Waste water management	14 148 387	3 873 650	690 759	575 730	501 013	3 135 637	5 371 598
Water	80 660 842	26 947 537	1 948 534	1 638 889	1 736 498	11 994 363	36 395 021
Sundries	15 784 171	1 372 744	462 236	442 828	449 505	2 339 576	10 717 282
Total by debt type	**154 398 027**	**35 897 644**	**7 110 280**	**10 320 787**	**15 226 252**	**22 414 766**	**63 428 298**
Aging per customer group							
Organs of state	16 494 281	1 026 968	218 224	241 692	263 186	2 777 449	11 966 762
Commercial customers	29 677 010	1 354 305	3 242 142	7 043 120	12 016 037	1 993 035	4 028 371
Households	108 226 736	33 516 371	3 649 914	3 035 975	2 947 029	17 644 282	47 433 165
Total by customer group	**154 398 027**	**35 897 644**	**7 110 280**	**10 320 787**	**15 226 252**	**22 414 766**	**63 428 298**

Notes to the Annual Financial Statements

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4. Receivables from exchange transactions (continued)

4.1.2 Impairment reconciliation of consumer receivables

	2023				2022			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables from exchange transactions								
Electricity	(15 218 811)	7 811 331	928 069	(6 479 411)	(8 477 478)	(7 142 970)	401 638	(15 218 810)
Waste management	(16 850 524)	(7 176 810)	5 742 089	(18 285 245)	(13 566 112)	(4 946 308)	1 661 897	(16 850 523)
Waste water management	(13 592 015)	(5 873 329)	2 708 686	(16 756 658)	(10 317 940)	(4 470 770)	1 196 695	(13 592 015)
Water	(56 697 305)	(30 372 790)	33 444 963	(53 625 132)	(52 527 342)	(27 675 466)	23 505 503	(56 697 305)
Sundries	(21 385 436)	2 771 800	4 683 046	(13 930 590)	(22 405 603)	355 082	665 084	(21 385 437)
Total consumer receivables	**(123 744 091)**	**(32 839 798)**	**47 506 853**	**(109 077 036)**	**(107 294 475)**	**(43 880 432)**	**27 430 817**	**(123 744 090)**

Notes to the Annual Financial Statements

Figures in Rand

4. Receivables from exchange transactions (continued)

4.1.3 Ageing of impaired consumer receivables

2023

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables from exchange transactions							
Aging by debt type							
Electricity	(6 479 411)	(572 580)	(1 208 600)	(161 317)	(153 058)	(721 860)	(3 661 996)
Waste management	(18 285 245)	(93 763)	(44 988)	(131 796)	(204 067)	(2 491 887)	(15 318 744)
Waste water management	(16 756 658)	(131 222)	(44 889)	(111 119)	(181 010)	(2 552 934)	(13 735 484)
Water	(53 625 132)	(1 577 043)	(541 268)	(546 601)	(637 083)	(6 912 388)	(43 410 749)
Sundries	(13 930 590)	(31 599)	(40 798)	(93 182)	(111 535)	(1 052 462)	(12 601 014)
Total by debt type	**(109 077 036)**	**(2 406 207)**	**(1 880 543)**	**(1 044 015)**	**(1 286 753)**	**(13 731 531)**	**(88 727 987)**

4. Receivables from exchange transactions (continued)

2022

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables from exchange transactions							
Aging by debt type							
Electricity	(15 218 810)	(2 531 067)	(870 593)	(1 880 320)	(3 107 306)	(1 531 447)	(5 298 077)
Waste management	(16 850 523)	(1 083 919)	(499 793)	(459 398)	(471 395)	(3 350 095)	(10 985 923)
Waste water management	(13 592 015)	(981 320)	(456 126)	(426 901)	(403 268)	(2 988 807)	(8 335 593)
Water	(56 697 305)	(3 027 818)	(1 394 262)	(1 287 867)	(1 455 403)	(10 004 573)	(39 527 382)
Sundries	(21 385 437)	(676 521)	(321 078)	(328 616)	(335 904)	(2 201 458)	(17 521 860)
Total by debt type	**(123 744 090)**	**(8 300 645)**	**(3 541 852)**	**(4 383 102)**	**(5 773 276)**	**(20 076 380)**	**(81 668 835)**

The impairment provision was calculated after individually assessing consumer receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of consumer debtors.

In determining the recoverability of a consumer receivables, the municipality considers any change in the credit quality of the consumer receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the debt impairment.

4. Receivables from exchange transactions (continued)

4.1.4 Consumer receivables pledged as security

No consumer receivables were pledged as security.

4.1.5 Credit quality of consumer receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

4.2 Other receivables from exchange transactions

	2023		2022	
	Gross	Total	Gross	Total
Other receivables from exchange transactions				
Deposits held in trust	570 121	570 121	570 121	570 121
Sundry debtors	3 883 314	3 883 314	2 702 591	2 702 591
Prepayments and advances	10 734 135	10 734 135	9 914 272	9 914 272
Total	**15 187 570**	**15 187 570**	**13 186 984**	**13 186 984**

4.2.1 Ageing of other receivables from exchange transactions

2023

		Not due
	Total	Current
Other receivables from exchange transactions		
Deposits held in trust	570 121	570 121
Sundry debtors	3 883 314	3 883 314
Prepayments and advances	10 734 135	10 734 135
Total	**15 187 570**	**15 187 570**

2022

		Not due
	Total	Current
Deposits held in trust	570 121	570 121
Sundry debtors	2 702 591	2 702 591
Prepayments and advances	9 914 272	9 914 272
Total	**13 186 984**	**13 186 984**

5. Receivables from non-exchange transactions

Consumer receivables			
	5.1		
Property Rates		109 068 196	88 817 254
Other receivables			
	5.1		
Fines		9 190 176	9 868 560
Provincial and district subsidies		12 092 039	7 429 058
		21 282 215	**17 297 618**
Total receivables		**130 350 411**	**106 114 872**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Receivables from non-exchange transactions (continued)

5.1 Receivables from non-exchange transactions

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables						
Property rates	201 450 736	(92 382 540)	109 068 196	176 145 100	(87 327 846)	88 817 254
Other receivables						
Fines	231 909 948	(222 719 772)	9 190 176	185 301 548	(175 432 988)	9 868 560
Provincial and district subsidies	12 092 039	-	12 092 039	7 429 058	-	7 429 058
	244 001 987	**(222 719 772)**	**21 282 215**	**192 730 606**	**(175 432 988)**	**17 297 618**
Total	**445 452 723**	**(315 102 312)**	**130 350 411**	**368 875 706**	**(262 760 834)**	**106 114 872**

Notes to the Annual Financial Statements

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5. Receivables from non-exchange transactions (continued)

5.1.1 Ageing of receivables from non-exchange transactions

2023

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables							
Property rates	109 068 196	28 569 060	7 785 703	5 804 196	5 308 498	27 403 376	34 197 363
Aging per customer group							
Organs of state	9 002 428	713 085	298 448	273 261	267 497	1 904 896	5 545 241
Commercial customers	10 749 390	4 562 357	1 427 700	471 854	285 366	1 608 433	2 393 680
Households	89 316 378	23 293 618	6 059 555	5 059 081	4 755 635	23 890 047	26 258 442
Total by customer group	**109 068 196**	**28 569 060**	**7 785 703**	**5 804 196**	**5 308 498**	**27 403 376**	**34 197 363**
Other receivables							
Fines	9 190 176	43 312	242 602	294 628	168 352	59 333	8 381 949
Provincial and district subsidies	12 092 039	874 871	671 932	719 256	638 750	639 278	8 547 952
	21 282 215	**918 183**	**914 534**	**1 013 884**	**807 102**	**698 611**	**16 929 901**
	130 350 411	**29 487 243**	**8 700 237**	**6 818 080**	**6 115 600**	**28 101 987**	**51 127 264**

Notes to the Annual Financial Statements

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5. Receivables from non-exchange transactions (continued)

2022

		Not due	Past due				
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables							
Property rates	88 817 254	20 556 962	7 127 602	2 931 613	2 681 600	16 191 980	39 327 497
Aging per customer group							
Organs of state	6 588 829	618 537	247 369	224 245	209 354	1 420 263	3 869 061
Commercial customers	8 074 457	3 749 268	322 113	264 674	213 486	963 682	2 561 234
Households	74 153 968	16 189 157	6 558 120	2 442 694	2 258 760	13 808 035	32 897 202
Total by customer group	**88 817 254**	**20 556 962**	**7 127 602**	**2 931 613**	**2 681 600**	**16 191 980**	**39 327 497**
Other receivables							
Traffic Fines	9 868 560	45 122	211 258	140 275	103 177	293 973	9 074 755
Provincial and district subsidies	7 429 058	7 429 058	-	-	-	-	-
	17 297 618	**7 474 180**	**211 258**	**140 275**	**103 177**	**293 973**	**9 074 755**
	106 114 872	**28 031 142**	**7 338 860**	**3 071 888**	**2 784 777**	**16 485 953**	**48 402 252**

Notes to the Annual Financial Statements

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5. Receivables from non-exchange transactions (continued)

5.1.2 Impairment reconciliation of receivables from non-exchange transactions

	2023				2022			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables								
Property Rates	(87 327 845)	(17 726 611)	12 671 916	(92 382 540)	(74 049 974)	(14 633 150)	1 355 278	(87 327 846)
Other receivables								
Fines	(175 432 988)	(62 114 561)	14 827 777	(222 719 772)	(117 116 859)	(61 767 531)	3 451 402	(175 432 988)
Total	**(262 760 833)**	**(79 841 172)**	**27 499 693**	**(315 102 312)**	**(191 166 833)**	**(76 400 681)**	**4 806 680**	**(262 760 834)**

5. Receivables from non-exchange transactions (continued)

5.1.3 Ageing of impaired receivables from non-exchange transactions

2023

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables							
Property Rates	(92 382 540)	(365 612)	(326 896)	(782 048)	(1 357 382)	(10 144 414)	(79 406 188)
Other receivables							
Fines	(222 719 772)	(943 288)	(5 283 648)	(6 416 722)	(3 666 548)	(1 292 217)	(205 117 349)
	(315 102 312)	**(1 308 900)**	**(5 610 544)**	**(7 198 770)**	**(5 023 930)**	**(11 436 631)**	**(284 523 537)**

2022

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Consumer receivables							
Property Rates	(87 327 846)	(4 909 759)	(2 476 412)	(1 997 415)	(1 987 723)	(15 053 705)	(60 902 832)
Other receivables							
Fines	(175 432 988)	(175 432 988)	-	-	-	-	-
	(262 760 834)	**(180 342 747)**	**(2 476 412)**	**(1 997 415)**	**(1 987 723)**	**(15 053 705)**	**(60 902 832)**

Property Rates

Property Rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Midvaal Local Municipality's Property Rates Policy. A general valuation is performed every 5 years, with supplementary valuations inbetween.

Figures in Rand	2023	2022

5. Receivables from non-exchange transactions (continued)

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables.

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in addition to the debt impairment.

Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements commited and fines issued as a result, in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996, as well as the Criminal Procedure Act, No 501 of 1977.

The Traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Traffic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing Traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

6. Inventories

Fuel		11 733	266 767
Water for distribution	6.1	927 331	891 519
Water maintenance stock		5 284 428	4 760 738
Electricity maintenance stock		17 542 940	8 414 138
Total Inventories		**23 766 432**	**14 333 162**

The amount of write-down of inventories recognised as an expense is R - (2022: R 232 184). Refer to note 40 .

R 23 422 previously written-down was reversed during the current year. Refer to note 40)

6.1 Water

Opening balance	891 519	846 890
System input volume	149 400 762	135 419 989
Authorised consumption	(99 032 963)	(86 360 275)
Revaluation adjustment	35 812	44 629
Unavoidable annual real losses	(50 367 799)	(49 059 714)
Closing balance	**927 331**	**891 519**

6.2 Inventory pledged as security

No portion of inventories have been pledged as securities.

7. VAT control

VAT receivable	17 885 407	17 690 177

VAT is received and paid as required by the Value Added Tax Act no. 89 of 1991 (VAT Act)

VAT is applied to all relevant goods and services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act.

VAT is submitted and paid on a monthly basis. Interest is charged on outstanding VAT amounts.

VAT receivable from SARS is not impaired as the SARS has sufficient funds to pay any outstanding amounts. VAT on output provision is assessed with the debtors impairment provision and included therein. Refer to note 5 for more detail on the impairment provision.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

8.1 Summary

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	116 531 564	-	116 531 564	116 531 564	-	116 531 564
Transport Assets	37 638 446	(21 417 877)	16 220 569	35 590 671	(22 379 471)	13 211 200
Machinery and Equipment	50 051 240	(26 175 676)	23 875 564	45 735 707	(23 967 380)	21 768 327
Furniture and Office Equipment	25 118 894	(11 691 234)	13 427 660	21 098 812	(9 812 315)	11 286 497
Computer Equipment	28 380 658	(15 669 360)	12 711 298	26 086 131	(12 463 813)	13 622 318
Infrastructure	3 322 438 868	(1 516 705 282)	1 805 733 586	3 200 371 879	(1 432 215 602)	1 768 156 277
Community Assets	181 151 723	(66 678 321)	114 473 402	167 162 579	(62 623 450)	104 539 129
Leased Assets	83 138 522	(46 106 050)	37 032 472	79 473 155	(40 272 007)	39 201 148
Other Assets	26 566 313	(23 199 883)	3 366 430	43 058 681	(33 539 755)	9 518 926
Total	**3 871 016 228**	**(1 727 643 683)**	**2 143 372 545**	**3 735 109 179**	**(1 637 273 793)**	**2 097 835 386**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	116 531 564	-	-	-	-	116 531 564
Transport Assets	13 211 200	4 816 295	(119 127)	-	(1 687 799)	16 220 569
Machinery and Equipment	21 768 327	6 366 058	(137 200)	-	(4 121 621)	23 875 564
Furniture and Office Equipment	11 286 497	4 522 484	(123 568)	-	(2 257 753)	13 427 660
Computer Equipment	13 622 318	2 688 304	(85 304)	-	(3 514 020)	12 711 298
Infrastructure	1 768 156 277	128 474 102	(3 986 528)	-	(86 910 265)	1 805 733 586
Community Assets	104 539 129	15 202 590	(300 848)	-	(4 967 469)	114 473 402
Leased Assets	39 201 148	3 910 366	(104 264)	-	(5 974 778)	37 032 472
Other Assets	9 518 926	-	-	(16 492 368)	10 339 872	3 366 430
	2 097 835 386	**165 980 199**	**(4 856 839)**	**(16 492 368)**	**(99 093 833)**	**2 143 372 545**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Revaluations	Other changes, movements	Depreciation	Total
Land	116 464 619	66 945	-	-	-	-	116 531 564
Transport Assets	9 608 320	4 807 888	(27 457)	-	157	(1 177 708)	13 211 200
Machinery and Equipment	17 558 663	7 860 745	(2 190)	-	-	(3 648 891)	21 768 327
Furniture and Office Equipment	7 934 555	5 078 874	(17 869)	-	-	(1 709 063)	11 286 497
Computer Equipment	10 219 560	6 197 249	(94 390)	-	-	(2 700 101)	13 622 318
Infrastructure	1 776 305 681	108 021 380	(7 214 036)	-	37 889	(108 994 637)	1 768 156 277
Community Assets	89 797 820	19 818 962	(383 277)	-	-	(4 694 376)	104 539 129
Leased Assets	33 093 831	11 478 989	-	-	-	(5 371 672)	39 201 148
Other Assets	13 823 798	-	-	(5 323 404)	-	1 018 532	9 518 926
	2 074 806 847	**163 331 032**	**(7 739 219)**	**(5 323 404)**	**38 046**	**(127 277 916)**	**2 097 835 386**

8.2 Property, plant and equipment under construction

Reconciliation of Work in Progress (WIP) 2023	Opening balance	Additions	Transferred to completed assets	Total
Community	30 464 956	13 864 299	(13 893 175)	30 436 080
Infrastructure	204 826 657	120 499 907	(95 695 493)	229 631 071
Intangible assets	303 631	-	-	303 631
Computer equipment	1 640 140	3 825	(1 640 140)	3 825
Transport assets	2 224 137	3 337 900	(1 155 575)	4 406 462
Machinery	248 750	374 197	-	622 947
Leased assets	-	2 112 575	-	2 112 575
Furniture and office equipment	-	1 452 452	-	1 452 452
	239 708 271	**141 645 155**	**(112 384 383)**	**268 969 043**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Property, plant and equipment (continued)

Reconciliation of Work in Progress 2022	Opening balance	Additions	Transferred to completed assets	Total
Community	21 493 963	19 679 912	(10 708 919)	30 464 956
Infrastructure	160 197 449	98 601 571	(53 972 363)	204 826 657
Intangible assets	303 631	-	-	303 631
IT equipment	1 883 237	3 037 254	(3 280 351)	1 640 140
Transport assets	2 224 137	-	-	2 224 137
Machinery	-	248 750	-	248 750
	186 102 417	**121 567 487**	**(67 961 633)**	**239 708 271**

8.3 Property, plant and equipment pledged as security

No portion of property, plant and equipment has been pledged as security for liabilities, other than obligations under finance leases that are secured by the lessor's right over the leased assets.

8.4 Maintenance of property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment	2023	2022
Employee related costs	86 034 588	78 788 163
Contracted services	67 270 383	52 907 390
Sales of goods / inventory	73 470	146 477
Hire charges	7 455 306	3 302 586
	160 833 747	**135 144 616**

8.5 Funding of property, plant and equipment acquisitions

	2023	2022
Land and buildings		
Accumulated surplus	-	66 945
Infrastructure assets		
Accumulated surplus	29 801 638	16 800 394
Annuity loans	13 594 310	24 578 067
DSCAR	105 000	-
Developers contribution	5 595 486	2 251 918
INEP	28 529 106	22 871 503
MIG	22 798 112	23 524 903
WSIG in kind	10 191 070	-
WSIG	17 859 380	17 994 594
	128 474 102	**108 021 379**
Community assets		
Accumulated surplus	4 397 004	3 241 081
Annuity loans	-	2 927 023
DSCAR	500 590	2 045 142
MIG	6 856 409	4 018 595
NDPG	3 448 587	7 587 121
	15 202 590	**19 818 962**
Leased assets		
Accumulated surplus	-	8 496 711
Finance leases	3 910 366	2 982 278
	3 910 366	**11 478 989**

8. Property, plant and equipment (continued)

Figures in Rand	2023	2022
Transport assets		
Accumulated surplus	1 478 395	3 895 462
Functional Fire and Rescue Grant	-	912 427
DSCAR	3 337 900	-
	4 816 295	**4 807 889**
Computer equipment		
Accumulated surplus	1 524 226	4 999 826
DSCAR	1 115 695	1 165 128
Functional Fire and Rescue Grant	-	32 294
MIG	48 383	-
	2 688 304	**6 197 248**
Furniture and equipment		
Accumulated surplus	3 763 774	3 450 805
DSCAR	696 800	1 628 070
Finance Leases	30 669	-
MIG	31 241	-
	4 522 484	**5 078 875**
Plant and machinery		
Accumulated surplus	3 732 112	3 849 447
DSCAR	2 623 146	2 488 995
Functional Fire and Rescue	-	1 380 163
Finance leases	-	142 142
Loans	10 800	-
	6 366 058	**7 860 747**
Total	**165 980 199**	**163 331 034**

Borrowing costs capitalised

There are no borrowing costs that have been capitalised to the property, plant and equipment value.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Property, plant and equipment (continued)

Assets held as inventory

In addition to the property, plant and equipment above, the municipality has land on which RDP houses have been built. The land is still registered in the deeds office in the name of the municipality. The municipality does not have control over these properties and it is therefore not recognised as assets as it does not comply with the definition of assets as per GRAP 17. Total value: R 4 310 000 (2022: R5 660 000)

9. Investment property

9.1 Reconciliation of carrying value

	2023	2022
Opening carrying value		
Cost	49 281 032	49 351 032
Carrying value of disposals / transfers		
Cost	(47 000)	(70 000)
Closing carrying value	**49 234 032**	**49 281 032**
Cost	49 234 032	49 281 032
Accumulated depreciation and impairment losses	-	-
	49 234 032	**49 281 032**

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

There are no restrictions on the realisability of investment property of the remittance of revenue and proceeds of disposal.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality

Council resolved that land amounting to R355 000 be transferred, however, the property has not yet been transferred as at 30 June 2023.

9.1.1 Investment property under construction

No investment property is in the process of being constructed or developed.

9.2 Investment property pledged as security

All of the municipality’s investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Intangible assets

10.1 Reconciliation of carrying value

2023

	Note	Computer software	Service, operating and land rights	Total
Opening carrying value as at 01 July 2022				
Cost		3 988 871	3 406 252	7 395 123
Accumulated depreciation and impairment		(958 728)	-	(958 728)
		3 030 143	**3 406 252**	**6 436 395**
Additions from acquisitions		2 785 619	-	2 785 619
Amortisation	32	(11 525)	-	(11 525)
		2 774 094	**-**	**2 774 094**
Closing carrying value as at 30 June 2023		**5 804 237**	**3 406 252**	**9 210 489**
Cost		6 774 490	3 406 252	10 180 742
Accumulated amortisation and impairment		(970 253)	-	(970 253)
		5 804 237	**3 406 252**	**9 210 489**

2022

	Note	Computer software	Service, operating and land rights	Total
Opening carrying value as at 01 July 2021				
Cost		3 016 771	3 082 207	6 098 978
Accumulated depreciation and impairment		(947 988)	-	(947 988)
		2 068 783	**3 082 207**	**5 150 990**
Additions from acquisitions		972 100	324 045	1 296 145
Amortisation	32	(10 740)	-	(10 740)
		961 360	**324 045**	**1 285 405**
Closing carrying value as at 30 June 2022		**3 030 143**	**3 406 252**	**6 436 395**

Carrying value

	Computer software	Service, operating and land rights	Total
Cost	3 988 871	3 406 252	7 395 123
Accumulated amortisation and impairment	(958 728)	-	(958 728)
	3 030 143	**3 406 252**	**6 436 395**

10.2 Intangible assets pledged as security

No portion of intangible assets has been pledged as security for liabilities.

A register containing information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

10.3 Funding of intangible asset additions

Additions to intangible assets were funded from the following sources:

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

10. Intangible assets (continued)

Computer software			
Accumulated surplus		2 785 619	972 100
Servitudes			
Accumulated surplus		-	297 217
Total		**2 785 619**	**1 269 317**

11. Heritage assets

11.1 Reconciliation of carrying value

2023

	Mayoral chain	Total
Opening carrying value as at 01 July 2022		
Cost	18 701	18 701
Cost	18 701	18 701

2022

	Mayoral chain	Total
Opening carrying value as at 01 July 2021		
Cost	18 701	18 701
Cost	18 701	18 701

11.2 Heritage assets pledged as security

No portion of heritage assets has been pledged as security for liabilities.

12. Trade and other payables from exchange transactions

Contractors	12.1	16 633 004	14 907 365
Employee benefits	12.2	19 980 783	18 050 052
Other payables	12.3	168 652 502	171 706 034
Total		**205 266 289**	**204 663 451**

12.1 Contractors

Retentions	16 633 004	14 907 365

12.2 Employee benefits

Leave accrual	19 980 783	18 050 052

12.3 Other payables

Payables and accruals	118 251 629	121 769 847
Unallocated deposits	5 414 480	3 073 531
Advance payments	44 986 393	46 862 656
Total	**168 652 502**	**171 706 034**

Figures in Rand	2023	2022

12. Trade and other payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

Payables are recognised net of trade discounts.

13. Consumer deposits

Electricity	22 304 612	21 083 839
Hire of facilities	70 165	69 334
Total	**22 374 777**	**21 153 173**

Deposits are released on termination of the contract or when the contractual services are delivered.

The carrying amount of consumer deposits approximates its fair value.

Guarantees held in lieu of electricity and water deposits are disclosed in note 3.

14. Borrowings

Total borrowings		
Annuity and Bullet Loans	127 414 244	147 764 002
Less: Current portion transferred to current liabilities		
Annuity and Bullet Loans	(17 315 599)	(35 069 761)
Non-current borrowings	**110 098 645**	**112 694 241**

14.1 Summary of arrangements

Annuity loans are repaid over periods varying from 10 to 30 (2022: 10 to 30) years and at interest rates varying from 6.75% to 13.54% (2022: 6.75% to 13.54%) per annum.

Annuity loans are not secured.

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

All loans were obtained in terms of section 45 and 46 of the MFMA.

Current Liabilities		
ABSA	1 373 064	1 242 291
First National Bank	1 243 816	1 112 198
Nedbank	697 688	-
Standard Bank	10 123 772	20 628 464
Development Bank of South Africa	3 877 259	12 086 808
	17 315 599	**35 069 761**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Borrowings (continued)

Non current liabilities	2023	2022
ABSA	4 554 366	5 927 429
First National Bank	16 243 986	18 600 000
Nedbank	14 022 312	-
Standard Bank	65 406 356	74 417 929
Development Bank of South Africa	9 871 625	13 748 883
	110 098 645	**112 694 241**

Details of loans	Redeemable	Balance at 30 June 2022	Received during the period	Redeemed during the period	Balance at 30 June 2023
ABSA - 0387231331	12 000 000	7 169 721	-	1 242 291	5 927 430
DBSA - L-025-M-103047/1	13 100 000	1 622 135	-	1 622 135	-
DBSA - L-026-M-103047/2	38 150 000	4 718 628	-	4 718 628	-
DBSA - L-027-M-103047/3	4 950 000	617 661	-	617 661	-
DBSA - L-028-M-103047/4	13 800 000	1 707 697	-	1 707 697	-
DBSA - L-029-M-103600/1	15 700 000	4 966 407	-	1 794 082	3 172 325
DBSA - L-030-M-103600/2	12 650 000	8 056 365	-	718 697	7 337 668
DBSA - L-031-M-103600/3	1 500 000	1 306 539	-	25 234	1 281 305
DBSA - L-032-M-103600/4	8 800 000	2 119 914	-	806 041	1 313 873
DBSA - L-033-M-103600/5	1 350 000	720 345	-	76 631	643 713
Standard Bank - 220545881	20 000 000	2 933 305	-	2 933 305	-
Standard Bank - 220545882	34 000 000	4 743 970	-	4 743 970	-
Standard Bank - 220545883	26 000 000	3 747 736	-	3 747 736	-
Standard Bank - 22044108	43 700 000	28 692 074	-	4 132 701	24 559 373
Standard Bank - 009733922	21 900 000	17 376 598	-	1 828 305	15 548 293
Standard Bank - 009733923	21 500 000	18 539 797	-	1 682 791	16 857 006
Standard Bank - 009733924	21 500 000	20 125 111	-	1 559 655	18 565 456
FNB	18 600 000	18 600 000	-	1 112 198	17 487 802
Nedbank	14 720 000	-	14 720 000	-	14 720 000
	343 920 000	**147 764 003**	**14 720 000**	**35 069 758**	**127 414 244**

Notes to the Annual Financial Statements

Figures in Rand

15. Trade and other payables from non-exchange transactions – Unspent transfers and subsidies

		2023				2022			
		Opening balance	Funds received	Funds utilised	Closing balance	Opening balance	Funds received	Funds utilised	Closing balance
Capital									
Monetary allocations	15.1	3 260 177	104 268 497	(95 764 262)	11 764 412	5 015 752	90 004 859	(91 760 434)	3 260 177
Total		**3 260 177**	**104 268 497**	**(95 764 262)**	**11 764 412**	**5 015 752**	**90 004 859**	**(91 760 434)**	**3 260 177**

15. Trade and other payables from non-exchange transactions – Unspent transfers and subsidies (continued)

15.1 Capital monetary allocations

	2023				2022			
	Opening balance	Funds received	Funds utilised	Closing balance	Opening balance	Funds received	Funds utilised	Closing balance
National government								
Integrated National Electrification Programme Gran	-	28 775 000	(28 775 000)	-	890 335	22 072 000	(22 962 335)	-
Municipal Infrastructure Grant	-	34 179 497	(34 179 497)	-	-	31 807 859	(31 807 859)	-
Neighbourhood Development Partnership Grant	2 412 879	10 000 000	(5 861 587)	6 551 292	-	10 000 000	(7 587 121)	2 412 879
Water Services Infrastructure Grant	-	17 864 000	(17 864 000)	-	-	18 000 000	(18 000 000)	-
Total	**2 412 879**	**90 818 497**	**(86 680 084)**	**6 551 292**	**890 335**	**81 879 859**	**(80 357 315)**	**2 412 879**
Provincial government								
Gauteng	847 298	13 450 000	(9 084 178)	5 213 120	4 125 417	8 125 000	(11 403 119)	847 298
Provincial government								
DSACR	119 118	5 650 000	(4 174 708)	1 594 410	3 052 238	6 125 000	(9 058 120)	119 118
Functional Fire Rescue Grant	728 180	7 800 000	(4 909 470)	3 618 710	1 073 179	2 000 000	(2 344 999)	728 180
Total	**847 298**	**13 450 000**	**(9 084 178)**	**5 213 120**	**4 125 417**	**8 125 000**	**(11 403 119)**	**847 298**
Total capital monetary allocations	**3 260 177**	**104 268 497**	**(95 764 262)**	**11 764 412**	**5 015 752**	**90 004 859**	**(91 760 434)**	**3 260 177**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

15. Trade and other payables from non-exchange transactions – Unspent transfers and subsidies (continued)

Department of sport, arts, culture and recreation - A roll over application was submitted to Provincial Treasury on the 31 August 2023.

Functional Fire Rescue Grant - A roll over application was submitted to Provincial Treasury on the 31 August 2023 and the funds are committed.

Neighbourhood Development Partnership Grant - Roll over application submitted on 31 August 2023 and the funds are committed.An amount of R2 413 000 for the 2021/22 financial year was returned in the 2022/23 financial year. This amount was offsetted from the current years equitable share allocation.

16. Lease liabilities

16.1 Carrying value of lease liabilities

2023

	Amortised cost	Total
Carrying value as at 30 June 2023		
Finance lease liability	14 528 370	14 528 370
Transferred to current liabilities	7 426 513	7 426 513
Total	**21 954 883**	**21 954 883**

2022

	Amortised cost	Total
Carrying value as at 30 June 2022		
Finance lease liability	17 859 555	17 859 555
Transferred to current liabilities	8 356 770	8 356 770
Total	**26 216 325**	**26 216 325**

16.2 Finance lease payable

The municipality as lessee

The obligations under finance leases are as follow:

Total future minimum lease payments		
Within 1 year	9 156 501	10 181 612
2 to 5 years	16 355 798	19 843 516
Total minimum lease payments	**25 512 299**	**30 025 128**
Less: Unearned finance revenue	(3 557 416)	(3 808 803)
	21 954 883	**26 216 325**
Present value of minimum lease payments		
Within 1 year	7 426 513	8 356 770
2 to 5 years	14 528 370	17 859 555
	21 954 883	**26 216 325**

It is the municipality's policy to lease certain motor vehicles and equipment under finance leases.

The average lease term is 5 years and the average effective borrowing rate is between 6.5% - 12.54% (2022: 6% - 10.75%). All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessors' charge over the leased assets. Refer to note 8.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Lease liabilities (continued)

Details of leases

16. Lease liabilities (continued)

Lease number	Redeemable	Balance at 30 June 2022	Received during the period	Redeemed during the period	Balance at 30 June 2023
Std Bank 19977492-0060	1 173 575	457 974	-	265 628	192 346
Std Bank 19977492-0061	1 173 575	457 974	-	265 628	192 346
Std Bank 19977492-0062	278 564	113 512	-	62 436	51 076
Std Bank 19977492-0063	146 116	59 638	-	32 803	26 835
Std Bank 19977492-0064	146 116	59 638	-	32 803	26 835
Std Bank 19977492-0065	146 116	59 638	-	32 803	26 835
Std Bank 19977492-0066	600 928	245 204	-	134 871	110 334
Std Bank 19977492-0067	600 928	245 204	-	134 871	110 334
Std Bank 19977492-0068	306 467	130 389	-	68 167	62 222
Std Bank 19977492-0069	306 467	130 389	-	68 167	62 222
Std Bank 19977492-0070	212 465	101 722	-	46 201	55 521
Std Bank 19977492-0071	202 024	96 723	-	43 931	52 792
Std Bank 19977492-0072	202 024	96 723	-	43 931	52 792
Std Bank 19977492-0073	652 042	334 904	-	139 640	195 263
Std Bank 19977492-0074	198 479	95 026	-	43 160	51 866
Std Bank 19977492-0076	316 222	151 275	-	68 707	82 567
Std Bank 19977492-0077	297 244	152 672	-	63 657	89 014
Std Bank 19977492-0080	1 309 645	696 007	-	278 640	417 367
Std Bank 19977492-0089	319 200	-	319 200	-	319 200
Nedbank 1727061-0006	162 950	106 320	-	31 389	74 931
Nedbank 1727061-0007	278 270	181 563	-	53 602	127 960
Nedbank 1727061-0008	278 270	181 563	-	53 602	127 960
Nedbank 1727061-0009	1 009 438	661 446	-	195 278	466 168
Nedbank 1727061-0011	373 652	243 797	-	71 976	171 821
Nedbank 1727061-0012	178 642	116 558	-	34 411	82 147
Nedbank 1727061-0013	162 950	106 320	-	31 389	74 931
Nedbank 1727061-0014	161 800	105 569	-	31 167	74 402
Nedbank 1727061-0015	162 950	106 320	-	31 389	74 931
Nedbank 1727061-0016	162 950	106 320	-	31 389	74 931
Nedbank 1727061-0017	162 950	106 320	-	31 389	74 931
Nedbank 1727061-0018	265 198	185 628	-	50 117	135 512
Nedbank 1727061-0019	265 198	185 628	-	50 117	135 512
Nedbank 1727061-0020	771 018	554 055	-	145 382	408 673
Nedbank 1727061-0021	265 198	190 572	-	50 005	140 566
Nedbank 1727061-0022	413 483	296 205	-	77 723	218 482
Nedbank 1727061-0023	1 848 738	1 324 373	-	347 511	976 862
Nedbank 1727061-0024	784 141	574 275	-	146 539	427 736
Nedbank 1727061-0025	232 366	191 594	-	41 806	149 788
Nedbank 1727061-0026	979 544	807 667	-	176 232	631 435
Nedbank 1727061-0027	232 519	191 594	-	41 806	149 788
Nedbank 1727061-0028	780 188	668 632	-	138 985	529 647
Nedbank 1727061-0029	705 512	604 634	-	125 682	478 952
Nedbank 1727061-0030	358 933	307 611	-	63 941	243 669
Nedbank 1727061-0031	334 407	286 592	-	59 573	227 019
Nedbank 1727061-0032	397 615	340 706	-	70 821	269 885
Nedbank 1727061-0033	325 636	279 029	-	58 000	221 028
Nedbank 1727061-0034	325 636	279 029	-	58 000	221 028
Nedbank 1727061-0035	170 038	147 930	-	30 031	117 899
Nedbank 1727061-0036	3 822 074	3 585 811	-	650 279	2 935 533
Nedbank 1727061-0037	315 033	315 033	-	54 567	260 467
Nedbank 1727061-0038	315 033	315 033	-	54 567	260 467
Nedbank 1727061-0039	434 303	434 303	-	68 201	366 102
Nedbank 1727061-0040	2 640 912	2 640 912	-	414 716	2 226 196
Nedbank 1727061-0041	417 482	417 482	-	66 433	351 049
Nedbank 1727061-0042	786 893	786 893	-	125 217	661 676
Nedbank 1727061-0043	1 510 208	1 510 208	-	212 253	1 297 955

Figures in Rand				2023	2022

16. Lease liabilities (continued)

Nedbank 1727061-0044	830 239	-	830 239	91 028	739 211
Nedbank 1727061-0045	2 583 075	-	2 583 075	283 209	2 299 866
Nedbank 1727061-0046	240 212	-	240 212	22 923	217 289
Nedbank 1727061-0047	240 212	-	240 212	22 923	217 289
Nedbank 1727061-0048	240 212	-	240 212	22 925	217 287
Absa 90361142	3 504 100	433 246	-	433 246	-
Absa 90360537	1 046 400	129 476	-	129 476	-
Absa 90716668	1 150 738	197 991	-	197 991	-
Absa 90720541	1 150 738	197 991	-	197 991	-
Absa 91008969	581 349	132 837	-	122 108	10 729
Absa 91009191	581 349	132 837	-	122 108	10 729
Absa 91052780	442 036	115 269	-	105 959	9 310
Absa 91053034	191 139	49 843	-	45 817	4 026
Absa 91053190	155 403	40 524	-	37 251	3 273
Absa 91053271	155 403	40 524	-	37 251	3 273
Absa 91053379	355 633	92 738	-	85 248	7 490
Absa 91053492	143 966	37 542	-	34 510	3 032
Absa 91692355	126 286	36 835	-	25 465	11 370
Absa 91694170	455 489	132 857	-	91 847	41 010
Absa 91693939	135 278	39 458	-	27 278	12 180
Absa 91694455	184 848	53 917	-	37 274	16 643
Absa 91710230	184 848	53 817	-	37 205	16 612
Absa 91693459	455 489	132 857	-	91 847	41 010
Absa 91693076	754 381	242 844	-	148 962	93 882
Absa 91952667	2 331 625	794 792	-	461 223	333 569
	49 600 773	**26 216 332**	**4 453 150**	**8 714 594**	**21 954 886**

17. Income received in advance from developer contribution

Unspent developer contribution	6 371 653	5 295 609

18. Provisions

Landfill sites	18.1	76 721 025	86 038 163
Non-current		76 721 025	86 038 163

18.1 Landfill sites

Opening Balance	86 038 163	77 758 465
Increases (Passage of Time/Discounted Rate)	7 175 229	13 603 101
Reversals -Adjustment for change in discount rate	(16 492 367)	(5 323 403)
Closing balance	**76 721 025**	**86 038 163**

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration are the Henley on Klip, Vaal Marina and Walkerville landfill sites. The valuation for the landfill sites was performed by Mr. Rofhiwa Khaukanani B Eng (Hons) Technology management employed by Infratec (Pty) Ltd. Mr. Khaukanani is a registered member of the Engineering Council of South Africa (ECSA), World Partner in Asset Management (WPiAM) as well as The Association of Energy Engineers (AEE).

Key financial assumptions used in this calculation were as follows:

	Henley on Klip landfill	Vaal Marina landfill	Walkerville landfill
CPI	5.4 %	5.4 %	5.4 %
Discount rate	10.3 %	10.3 %	10.3 %
Nett effective discount rate	4.9 %	4.9 %	4.9 %

Figures in Rand		2023	2022

18. Provisions (continued)

The 2023 amount of the discounted landfill closure provision of R76 721 025 (2022: R86 038 162) represents a decrease of R9 317 137 (2022: increase R8 279 698). Composition of this change relate to changes in the CPI, discount rate and unit costs. The interest charge relating to the assessment amounts to R7 175 229 (2022: R13 603 101). The 2023 amount is a discounted amount based on the expected remaining life of the landfill site and based on the size of the area that had been used for waste disposal as at 30 June 2023. The size of the landfill sites used up until now and estimated remaining useful lives are as follows:

	Henley on Klip landfill	Vaal Marina landfill	Walkerville landfill
Approximate size used until 30 June 2023	1 112 034 cubm	29 842 cubm	283 462 cubm
Remaining useful lives	1 year	4 years	5 years

19. Employee benefits

Non-current employee benefits			
Post employment health care benefits	19.1	4 539 106	5 738 074
Long-service awards benefits	19.2	14 778 679	14 885 116

19.1 Post employment health care benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member aged 55 or older on 1 January 2005 with atleast 25 years of service is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for 50% of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr DT Mureriwa of One Pangaea. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employee Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
Continuation members (Retirees)	11	14

The liability in respect of past service has been estimated as follow:

Continuation members (Retirees)	4 539 106	5 738 074
Non-current	4 539 106	5 738 074

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Figures in Rand		2023	2022

19. Employee benefits (continued)

Rates of interest

	2023	2022
Discount rate	11.38%	11.58%
Consumer Price Inflation (CPI)	6.58%	7.38%
Health care cost inflation rate	8.08%	8.88%
Net effective discount rate	3.47%	2.48%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Amounts recognised in the statement of financial position

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

	2023	2022
Opening balance	5 738 074	5 818 890
Interest cost	671 733	498 389
Actual employer benefit payments	(500 404)	(525 431)
Actuarial loss / (gain) recognised in the year	(1 370 297)	(53 774)
Total benefit liability	**4 539 106**	**5 738 074**

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

	Note	2023	2022
Interest cost		671 733	498 389
Actuarial loss/ (gain) recognised in the year		(1 370 297)	(53 774)
Total post-retirement benefit included in employee related costs	30	**(698 564)**	**444 615**

Movements in the present value of the defined benefit obligation

	2023	2022
Opening balance	5 738 074	5 818 890
Interest cost	671 733	498 389
Actual employer benefit payments	(500 404)	(525 431)
Actuarial loss/ (gain) recognised in the year	(1 370 297)	(53 774)
Present value of fund obligation at the end of the year	**4 539 106**	**5 738 074**

History of experienced adjustments

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	+1% Increase	-1% Decrease
Effect on the defined benefit obligation	4 907 777	4 208 925
Effect on the aggregate of the interest cost	537 136	466 748

Figures in Rand		2023	2022

19. Employee benefits (continued)

19.2 Long-service awards benefits

Provision for long-service awards	19.2.1	14 778 679	14 885 116
Non-current		14 778 679	14 885 116

Long-service awards

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr DT Mureriwa of One Pangaea. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 774 (2022: 758) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount rates used	10.86%	11.58%
Consumer price inflation	5.94%	7.38%
Salary increase rate	6.94%	8.38%
Net discount rate	3.67%	2.95%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

The Actuaries used the nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations.

Amounts recognised in the statement of financial position

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

Present value of unfunded obligations	14 778 679	14 885 116

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance are as follow:

Current service cost		1 581 855	1 457 291
Interest cost		1 599 087	1 087 750
Actuarial losses / (gains) recognised		(1 547 786)	127 596
Total expense included in employee related costs	30	**1 633 156**	**2 672 637**

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

19. Employee benefits (continued)

19.2.1 Provision for long service awards

Movements in the present value of the defined benefit obligation		
Opening Balance	14 885 116	13 514 986
Increases	1 581 855	1 457 291
Increases (Passage of Time/Discounted Rate)	(1 547 786)	127 596
Reductions (Payments, remeasurement etc.)	(1 739 593)	(1 302 507)
Interest cost	1 599 087	1 087 750
Closing balance	**14 778 679**	**14 885 116**

The effect of a 1% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	1% Decrease	1% Increase
Effect on the defined benefit obligation	13 885 285	15 761 492
Effect on the aggregate of the current service cost	1 405 382	1 644 153
Effect on the aggregate of the interest cost	1 410 503	1 613 528

20. Service charges

Electricity		
Other - Electricity	438 811 085	461 979 452
Waste management		
Other - Waste management	57 489 732	55 101 715
Waste water management		
Other - Waste water management	61 722 624	54 450 195
Water		
Other - Water	246 053 636	214 564 820
Total service charges	**804 077 077**	**786 096 182**

Comparative figures have been restated, refer to note 47 for more detail information.

21. Interests on investments

Short-term investments and call accounts	32 679 289	18 247 859

22. Interest earned from receivables

Exchange receivables	22.1	16 074 126	13 009 023
Non-exchange receivables	22.2	13 793 558	5 509 450
Total		**29 867 684**	**18 518 473**

22.1 Interest earned from exchange receivables

Consumer receivables		
Electricity	2 082 563	1 087 164
Service charges	(2 902 753)	2 096 563
Waste management	2 975 825	1 450 560
Waste water management	2 546 724	1 207 916
Water	11 371 767	7 166 820
	16 074 126	**13 009 023**
Total	**16 074 126**	**13 009 023**

Service charge interest reflects as negative due to the waiving of interest on developer contributions, to the amount of R4 495 823.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Interest earned from receivables (continued)

22.2 Interest earned from non-exchange receivables

Consumer receivables		
Property rates	13 793 558	5 509 450

23. Sales of goods and rendering of services

Advertisements	30 252	26 695
Building Plan Approval	364 655	352 422
Cemetery and Burial	791 877	1 062 307
Grass cutting income	598 875	-
Clearance Certificates	206 945	209 164
Entrance Fees	130 921	124 202
Fire Services	1 149 497	697 284
Photo copies, Faxes and Telephone charges	3 433	4 686
Sale of Goods	82 137	131 709
Auction proceeds	1 476 641	-
Town Planning and Servitudes	3 412 084	2 873 632
Total	**8 247 317**	**5 482 101**

24. Operational revenue

Administrative Handling Fees	1 094 876	435 139
Breakages and Losses Recovered	2 079	1 611
Collection Charges	-	(954)
Incidental Cash Surpluses	3 918	7 217
Insurance Refund	1 999 513	230 116
Wayleave fee	129 473	-
Request for information	2 666	4 940
Sale of Property	-	309 126
Skills Development Levy Refund	581 414	541 565
Staff and Councillors Recoveries	63 697	112 419
Total	**3 877 636**	**1 641 179**

25. Hire of facilities

Hiring fees	1 092 755	1 097 997

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

26. Property Rates

Agricultural Property	6 643 668	5 664 753
Business and Commercial Properties	21 184 607	19 111 837
Industrial Properties	55 065 786	51 302 552
Mining Properties	29 091	27 445
Public service purposes properties	11 157 171	9 874 000
Residential Properties	202 088 763	187 332 941
Total	**296 169 086**	**273 313 528**

Residential properties

The valuation roll was compiled in terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) which is used as a basis to levy property rates. The valuation came into effect on 1 July 2018. All objections were referred to the valuer for his comments and letters of outcome. Supplementary valuations are attended to in line with the MPRA. Reconciliations between the valuation roll and billing are completed on a monthly basis.

Valuations on buildings are performed every 5 years. The current valuation roll is effective until 30 June 2025. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis and interest is levied after due date.

Valuation '000 as at 30 June 2023

Business and commercial properties	3 953 590	3 946 052
Municipal properties	446 226	443 610
Other categories	3 132 652	3 395 670
Residential properties	20 250 781	20 015 581
Small Holdings	3 236 540	3 236 216
State-owned properties	553 978	544 564
Total property valuations	**31 573 767**	**31 581 693**

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 85% are applied to pensioners.

Rates are levied for property owners on a monthly basis for monthly rate payers and are payable on the 7th of each month.

27. Transfers and subsidies - Revenue

Operational			
Monetary allocations	27.1	172 218 720	150 862 456
Capital			
Allocations in-kind	27.2	10 191 070	-
Monetary allocations	27.3	98 946 748	96 480 749
Total transfers and subsidies: Capital		**109 137 818**	**96 480 749**
Total		**281 356 538**	**247 343 205**

27.1 Monetary allocations: Operational

District municipalities	8 372 217	7 878 315
National governments	6 832 503	4 710 141
National revenue fund	143 164 000	124 899 000
Provincial government	13 850 000	13 375 000
Total	**172 218 720**	**150 862 456**

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

27. Transfers and subsidies - Revenue (continued)

National government

Expanded Public Works Programme Integrated Grant		2 553 000	1 539 000
Local Government Financial Management Grant		1 550 000	1 550 000
Municipal Infrastructure Grant		1 729 503	1 621 141
Water Services Infrastructure Grant		1 000 000	-
		6 832 503	**4 710 141**

Provincial government

DSARC		13 850 000	13 375 000

27.2 Allocations in-kind: Capital

Provincial government		10 191 070	-

27.3 Monetary allocations: Capital

National government		84 267 084	80 357 316
Private enterprises		5 595 486	5 407 518
Provincial governments		9 084 178	10 715 915
Total		**98 946 748**	**96 480 749**

National government

Integrated National Electrification Programme		28 775 000	22 962 335
Municipal Infrastructure Grant		34 179 497	31 807 859
Neighbourhood Development Partnership Grant		3 448 587	7 587 121
Water Services Infrastructure Grant		17 864 000	18 000 001
		84 267 084	**80 357 316**

Provincial government

DSARC		4 174 708	8 370 916
Functional Fire Rescue Grant		4 909 470	2 344 999
		9 084 178	**10 715 915**

28. Fines, penalties and forfeits

Fines	28.1	73 359 634	68 386 649

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Fines, penalties and forfeits (continued)

28.1 Fines

	2023	2022
Traffic fines		
Municipal fines	73 168 650	68 245 900
Other fines		
Overdue books	146 265	117 286
Pound fees	44 719	23 463
	190 984	**140 749**
Total	**73 359 634**	**68 386 649**

29. Bulk Purchases

	2023	2022
Electricity: Eskom	378 127 658	387 269 980
Water	149 400 762	135 419 989
Total	**527 528 420**	**522 689 969**

29.1 Electricity losses

	2023		2022	
	KHW	Amount	KHW	Amount
Units purchased	234 497 707	378 127 658	270 826 171	387 269 980
Units sold	(197 240 330)	(318 050 122)	(242 060 074)	(346 135 677)
Total loss	**37 257 377**	**60 077 536**	**28 766 097**	**41 134 303**
Comprising of:				
Technical losses	16 195 782	26 115 705	15 821 353	22 623 867
Non-technical losses	21 061 595	33 961 831	12 944 744	18 510 437
Total	**37 257 377**	**60 077 536**	**28 766 097**	**41 134 304**
Percentage loss:				
Technical losses	- %	6.91 %	- %	6.00 %
Non-technical losses	- %	8.98 %	- %	5.00 %
Total	**- %**	**15.89 %**	**- %**	**11.00 %**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

29. Bulk Purchases (continued)

Water losses

	2023		2022	
	ML	Amount	ML	Amount
Opening balance of water stock	84 907	891 519	80 046	846 890
Units purchased	13 122 725	149 400 762	13 009 270	135 419 989
Units sold	(8 698 633)	(99 032 962)	(8 293 195)	(86 360 275)
Revaluation adjustment on unit price of stock on hand	-	35 812	-	44 629
Closing balance of water stock	(81 007)	(927 332)	(84 907)	(891 519)
Total loss	**4 427 992**	**50 367 799**	**4 711 214**	**49 059 714**
Comprising of:				
Technical losses	2 437 610	27 727 474	3 203 626	33 360 606
Non-technical losses	1 990 382	22 640 325	1 507 588	15 699 108
Total	**4 427 992**	**50 367 799**	**4 711 214**	**49 059 714**
Percentage loss:				
Technical losses	- %	19.00 %	- %	25.00 %
Non-technical losses	- %	15.00 %	- %	12.00 %
Total	**- %**	**34.00 %**	**- %**	**37.00 %**

	2023	2022
Percentage Loss:		
Technical losses	19 %	25 %
Non-technical losses	15 %	12 %
Total	**34 %**	**37 %**
Cost of free basic services		
Cost of free basic water	1 582 300	4 375 811
Cost of free basic electricity	3 802 183	2 957 439
	5 384 483	**7 333 250**
Electricity bulk purchases		
Cost of electricity billed	314 247 939	343 178 238
Electricity technical losses	26 115 705	22 623 867
Electricity non-technical losses	33 961 831	18 510 437
Free basic electricity	3 802 183	2 957 438
	378 127 658	**387 269 980**
Water bulk purchases		
Cost of water billed	97 450 662	81 984 464
Water technical losses	27 727 474	33 360 606
Water non-technical losses	22 640 325	15 699 109
Free basic water	1 582 301	4 375 810
	149 400 762	**135 419 989**

The Municipality is required to report on water losses in terms of MFMA Circular 71 issued by National Treasury, and has been reported accordingly.

The Municipality is of the view that the methodology outlined in MFMA Circular 71 is an over simplification and does not take into account various components in the calculation.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

29. Bulk Purchases (continued)

The Municipality has also disclosed the water loss calculation as outlined by the International Water Association (IWA) which is a more detailed and comphrehensive calculation. The calculations have been verified by experts in the field, in line with the IWA guideline which is a more reliable and accurate calculation:

Water Loss (Based on IWA guidelines)	30.34 %	34.00 %

Notes to the Annual Financial Statements

Figures in Rand

30. Employee related cost

Senior management	30.1	6 740 177	5 109 909
Municipal staff	30.2	338 891 448	317 037 944
Total		**345 631 625**	**322 147 853**

30.1 Senior management costs

2023

	Municipal manager	Chief financial officer	ED Corporate Services	ED Development & Planning	ED Community Services	ED Enineering Services	Total
Basic salary	1 544 485	704 487	664 487	517 298	1 115 802	930 893	5 477 452
Bonuses	-	-	-	171 898	-	112 490	284 388
Allowances	84 000	98 218	136 000	42 864	80 000	204 000	645 082
Bargaining council	130	86	86	43	43	130	518
Medical	22 318	-	-	15 012	8 395	-	45 725
Pension	-	-	-	32 400	108 240	137 340	277 980
Unemployment insurance	2 125	1 417	1 417	1 240	708	2 125	9 032
	1 653 058	**804 208**	**801 990**	**780 755**	**1 313 188**	**1 386 978**	**6 740 177**

30. Employee related cost (continued)

2022

	Municipal manager	Chief financial officer	ED Development & Planning	ED Community Services	ED Engineering Services	Total
Basic salary	130 117	231 817	803 949	1 423 231	793 190	3 382 304
Bonuses	7 739	-	87 538	71 797	-	167 074
Service-related benefits	124 350	-	-	-	-	124 350
Allowances	45 000	64 230	168 000	240 000	204 000	721 230
Bargaining council	21	52	124	124	124	445
Medical	-	12 492	57 277	24 631	-	94 400
Pension	23 040	47 700	100 800	307 736	132 840	612 116
Unemployment insurance	552	1 063	2 125	2 125	2 125	7 990
	330 819	**357 354**	**1 219 813**	**2 069 644**	**1 132 279**	**5 109 909**

30.2 Municipal staff costs

Basic salary	211 649 040	200 951 644
Service-related benefits	51 294 984	42 658 946
Pension	39 058 983	37 428 664
Medical	17 437 708	17 624 152
Allowances	17 650 270	16 615 875
Unemployment insurance	1 644 897	1 600 249
Group life insurance	141 773	147 614
Bargaining council	97 383	91 758
Post-retirement benefit: Medical	(83 590)	(80 958)
Total	**338 891 448**	**317 037 944**

Acting allowances for Sec 56 appointments		
Chief Financial Officer	24 267	10 011
Executive Director Corporate Services	24 017	11 815
Executive Director Development and Planning	47 983	-
Executive Director Roads and Public Safety	70 094	-
Executive Directors Comminity Services	65 332	-

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

30. Employee related cost (continued)

		231 693	**21 826**

31. Contracted services

Consultants and professional services	31.1	14 601 719	17 330 021
Contractors	31.2	69 201 151	55 466 991
Outsourced services	31.3	61 845 527	55 097 865
Total		**145 648 397**	**127 894 877**

31.1 Consultants and professional services

Business advisory services		
Accounting and auditing	964 255	313 051
Business and financial management	6 827 859	8 874 629
Communications	16 050	-
Forensic investigators	484 443	-
Human resources	2 607 711	2 383 508
Project management	339 883	63 750
Research and advisory	1 147 103	2 008 054
Total business advisory services	**12 387 304**	**13 642 992**
Legal services		
Collection	56 563	453 786
Legal advice and litigation	1 734 145	2 605 943
Total legal services	**1 790 708**	**3 059 729**
Engineering services		
Electrical engineering	122 457	-
Infrastructure and planning services		
Geoinformatic services infrastructure and planning	-	607 500
Town planner infrastructure and planning	301 250	19 800
Total infrastructure and planning services	**301 250**	**627 300**
Total consultants and professional services	**14 601 719**	**17 330 021**

31.2 Contractors

General services		
Artists and performers	46 073	1 950
Catering services	337 909	145 801
Employee wellness	28 210	13 900
Fire services	9 110	4 998
Medical services	23 467	14 600
Pest control and fumigation	181 438	82 037
Plants, flowers and other decorations	99 960	48 851
Safeguard and security	26 571	19 137
Sports and recreation	206 736	71 490
Stage and sound crew	16 750	21 441
Tracing agents and debt collectors	873 544	2 074 359
Transportation	81 000	-
Total general services	**1 930 768**	**2 498 564**
Maintenance services		
Maintenance of buildings and facilities	9 832 505	11 872 191
Maintenance of equipment	1 431 632	1 777 205
Maintenance of unspecified assets	56 006 246	39 319 031
Total maintenance service	**67 270 383**	**52 968 427**

Notes to the Annual Financial Statements

Figures in Rand		2023	2022
31. Contracted services (continued)			
Total contractor		**69 201 151**	**55 466 991**

31.3 Outsourced services

Business and advisory services			
Occupational Health and Safety		154 366	340 234
Research and Advisory		145 287	-
Valuer		362 544	295 566
Total business and advisory services		**662 197**	**635 800**
General services			
Burial Services		1 134 976	1 291 451
Call Centre		2 574 875	1 262 621
Catering Services		562 944	302 115
Clearing and Grass Cutting Services		4 368 146	4 037 753
Hygiene Services		1 347 319	1 387 278
Litter Picking and Street Cleaning		518 700	414 523
Meter Management		1 075 778	967 927
Personnel and Labour		8 299 437	8 340 336
Refuse Removal		3 276 758	1 917 275
Removal of Structures and Illegal Signs		2 582 045	2 398 671
Traffic Fines Management		420 907	218 009
Transport Services		21 100	30 000
Total general services		**26 182 985**	**22 567 959**
Trading services			
Connection/Dis-connection: Electricity		2 748 510	3 225 714
Connection/Dis-connection: Restricted water flow		998 535	-
Connection/Dis-connection: Water		7 383 071	7 539 600
Security Services		23 870 229	21 128 792
Total trading services		**35 000 345**	**31 894 106**
Total outsourced services		**61 845 527**	**55 097 865**

32. Depreciation and amortisation

Amortisation			
Intangible assets	10.1	11 525	10 740
Depreciation			
Property, plant and equipment	8	99 093 835	127 277 916
Total		**99 105 360**	**127 288 656**

33. Debt Impairment

Impairment provision		117 670 080	123 245 010

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

34. Operating expenses

Achievements and Awards		25 506	21 800
Advertising, Publicity and Marketing		6 247 303	6 646 112
Assets less than the Capitalisation Threshold		557	-
Bank Charges, Facility and Card Fees		1 137 018	1 112 877
Bargaining Council		3 701 229	3 300 001
Bursaries (Employees)		1 682 880	999 025
Cleaning Services		8 099	11 918
Commission		3 236 554	4 432 474
Communication		2 631 627	1 406 180
Courier and Delivery Services		325 604	276 912
Entertainment		24 839	22 115
External Audit Fees		3 491 046	3 777 817
External Computer Service		15 232 228	9 859 001
Hire Charges		12 882 087	8 303 805
Indigent Relief		-	323 393
Insurance Underwriting		6 993 010	6 646 169
Licences		1 142 958	1 076 187
Printing, Publications and Books		821 060	1 265 243
Professional Bodies, Membership and Subscription		142 879	96 450
Registration Fees		283 682	240 865
Remuneration to Ward Committees		841 000	611 000
Skills Development Fund Levy		2 983 228	2 755 330
Toll Gate Fees		15 361	46 503
Travel and Subsistence		582 369	122 941
Uniform and Protective Clothing		4 484 687	3 177 794
Vehicle Tracking		712 737	819 204
Workmen's Compensation Fund		1 582 733	1 440 116
Total		**71 212 281**	**58 791 232**

35. Interest, dividends and rent on land

Interest	35.1	22 946 244	30 122 765

35.1 Interest cost

Financial liabilities			
• Annuity loans		13 619 349	14 918 332
Finance leases		2 151 666	1 601 332
Interest costs non-current provisions	18	7 175 229	13 603 101
Total		**22 946 244**	**30 122 765**

36. Inventory consumed

Consumables		20 757 523	15 144 864
Materials and supplies		7 723 247	9 376 846
Total		**28 480 770**	**24 521 710**

37. Remuneration of councillors

Executive mayor	37.1	996 840	923 841
Chief whip	37.2	440 737	415 350
Speaker	37.3	803 361	740 937
Mayoral committee	37.4	4 501 513	3 416 535
Section 79 committee members	37.5	1 716 148	1 815 808
All other councillors	37.6	5 905 629	5 655 103
Total		**14 364 228**	**12 967 574**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Remuneration of councillors (continued)

37.1 Executive mayor

Allowances and service related benefits		
Basic salary	952 440	879 071
Cell phone allowance	44 400	44 770
	996 840	**923 841**

37.2 Chief whip

Allowances and service related benefits		
Travelling allowance	99 014	90 380
Basic salary	297 323	280 570
Cell phone allowance	44 400	44 400
	440 737	**415 350**

37.3 Speaker

Allowances and service related benefits		
Basic salary	758 961	697 737
Cell phone allowance	44 400	43 200
	803 361	**740 937**

37.4 Mayoral committee

Allowances and service related benefits		
Basic salary	4 029 060	2 873 090
Cell phone allowance	291 545	211 640
Travelling allowance	180 908	331 805
	4 501 513	**3 416 535**

37.5 Section 79 committee members

Allowances and service related benefits		
Basic salary	1 250 221	1 295 902
Cell phone allowance	177 600	200 170
Travelling allowance	288 327	319 736
	1 716 148	**1 815 808**

37.6 All other councillors

Allowances and service related benefits		
Basic salary	4 114 056	4 173 514
Cell phone allowance	754 800	765 069
Travelling allowance	1 036 773	716 520
	5 905 629	**5 655 103**

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

37. Remuneration of councillors (continued)

Name of the councillor which at any time during the relevant financial year was in arears for more than 90 days	Amount outstanding for more than 90 days	
Councillor PM Lehloka	29 179	49 777
Councillor CM Mboweni	7 575	16 006
Councillor JG Viljoen	-	28 502
Councillor FW Peters	1 720	-
	38 474	**94 285**

38. Gain/(Loss) on disposal of fixed and intangible assets

Gains/(losses) on disposals	38.1	(4 903 834)	(7 809 213)

38.1 Gains/(losses) on disposals

Investment property	(47 000)	(70 000)
Property, plant and equipment	(4 856 834)	(7 739 213)
Total	**(4 903 834)**	**(7 809 213)**

39. Transfers and subsidies - Expenditure

Operational			
Monetary allocations	39.2	1 465 277	1 533 588

39.1 Allocations in-kind: Operational

39.2 Monetary allocations: Operational

Mayoral donations	1 465 277	1 533 588

40. Inventory (write down)

Inventory	23 422	(232 184)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

41. Net cash from/(used) operating activities

	2023	2022
Surplus after capital transfers and contributions	151 793 922	60 882 542
Adjustments for:		
Depreciation and amortisation	99 105 360	127 288 656
Bad debts written off	50 570 124	109 375 032
(Gains) / Losses on disposal of assets	3 427 193	7 809 213
Donations	-	(2 000)
Movement in provisions	(9 317 138)	(8 279 698)
Movement in empoyee benefits	2 291 278	1 289 314
Inventory losses	(23 422)	232 184
Movement in working capital		
(Increase) / Decrease in receivables from non-exchange transactions	(76 577 017)	(80 890 719)
(Increase) / Decrease in inventory	(9 409 849)	(252 806)
(Increase) / Decrease in receivables from exchange transactions	(23 729 642)	(37 970 302)
VAT receivable	(195 230)	(1 885 238)
Increase / (Decrease) in trade and other payables	602 838	35 119 432
Increase / (Decrease) in unspent conditional grants and receipts trade and other payable non-exchange transactions	8 504 235	(1 755 575)
Increase / (Decrease) in consumer deposits	1 221 604	1 290 686
Increase / (Decrease) in income in advance	1 076 044	(2 139 913)
Net cash flows from operating activities	**199 340 300**	**210 110 808**

42. Financial instruments

42.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

		2023		2022	
		Carrying amount	Amortised cost	Carrying amount	Amortised cost
Financial assets					
Amortised cost					
Trade and other receivables from exchange transactions	4	205 981 707	205 981 707	167 585 011	167 585 011
Trade and other receivables from non-exchange transactions	5	12 092 039	12 092 039	7 429 058	7 429 058
Cash and cash equivalents	3	495 402 407	495 402 407	487 962 486	487 962 486
		713 476 153	**713 476 153**	**662 976 555**	**662 976 555**
Financial liabilities					
Amortised cost					
Unsecured bank facilities:					
Financial liabilities		124 627 015	124 627 015	130 553 797	130 553 797
Trade and other payables:					
Consumer deposits	13	22 374 777	22 374 777	21 153 173	21 153 173
Trade and other payables from exchange transactions	12	205 266 289	205 266 289	204 663 446	204 663 446
Current portion of financial liabilities		24 742 112	24 742 112	43 426 531	43 426 531
		252 383 178	**252 383 178**	**269 243 150**	**269 243 150**
Total financial liabilities		**377 010 193**	**377 010 193**	**399 796 947**	**399 796 947**
Total financial instruments		**336 465 960**	**336 465 960**	**263 179 608**	**263 179 608**

42. Financial instruments (continued)

42.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

30 June 2023

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
Trade and other payables from exchange transactions	205 266 288	-	-	205 266 288
Borrowing	17 315 599	66 153 933	43 944 712	127 414 244
Consumer deposits	22 374 777	-	-	22 374 777
Finance lease obligation	7 426 513	14 528 370	-	21 954 883
	252 383 177	**80 682 303**	**43 944 712**	**377 010 192**

30 June 2022

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
Trade and other payables from exchange transactions	204 663 446	-	-	204 663 446
Borrowing	35 069 761	67 342 015	45 352 228	147 764 004
Consumer deposits	21 153 173	-	-	21 153 173
Finance lease obligations	8 356 770	17 859 555	-	26 216 325
	269 243 150	**85 201 570**	**45 352 228**	**399 796 948**

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

42.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 5 to the annual financial statements.

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.

The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

42. Financial instruments (continued)

Trade and other receivables from non-exchange transactions		12 092 039	7 429 058
Trade and other receivables from exchange transactions	4	205 981 707	167 585 011
Bank and cash balances	3	495 402 407	487 962 486
Maximum credit and interest risk exposure		**713 476 153**	**662 976 555**

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	46 342 117	27 731 498

Total capital commitments		
Already contracted for but not provided for	46 342 117	27 731 498

Authorised operational expenditure

Already contracted for but not provided for		
• Expenditure	32 301 778	24 649 317

Total operational commitments		
Already contracted for but not provided for	32 301 778	24 649 317

Total commitments

Total commitments		
Authorised capital expenditure	46 342 117	27 731 498
Authorised operational expenditure	32 301 778	24 649 317
	78 643 895	**52 380 815**

This committed expenditure relates to property, plant and equipment and will be financed by retained surpluses backed by existing cash resources, funds internally generated, grant funding and borrowings..

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

44. Contingent liabilities

PL Khadebe / Ncube Case # 29665/15	525 000	525 000
Applied for rescission of judgement regarding a transfer of property back into her name.The matter is currently dormant.		
Mr and Mrs Fereira Erf 702 Golf park Case # 158465 - 842641	9 250 917	9 250 917
Property damages by a abroken sewer pipe. Insurer awaiting further updates from attorney.		
Outsurance / C Bosschieter Case # 857/2021	40 000	40 000
Car damaged as a result of a ditch / pothole. Plaintiff submitted incomplete discovery affidavit		
King Price Insurance / MA Makhananise Case # 166791 - 850230	122 494	122 494
An employee applied for default judgment against Stellenbosch Municipality for alleged unfair labour practice in relation to failure to promote and/or demotion and alleged that he/she is being unfairly discriminated against.		
Outsurance / L Bodemer Case # 168680 - 851884	247 647	247 647
Car damaged by ditch. Awaiting trial date.		
King Price Insurance / Wynand Bezuidenhout Case # 711/2020	20 000	20 000
Claim for damage as a result of alleged pothole. Order rescinded and awaiting cost for the aaplication.		
A Tsukudu Case # 144656	-	26 000 000
Defamation case - claim closed as no further developments.		
Luigi Giacomozzi Case # 158465 - 842641	9 470 000	9 470 000
Property damaged as a result of leaking sewer pipes and sinkholes. .		
Nkewu Transport CC Case # 171601 - 854231	288 291	288 291
Vehicle damaged by potholes. Insurer advised a a non return was received on third party notice and they are trying to trace the plaintiff's driver.		
M Gomba Case # 174717 - 856349	-	2 000 000
Incorrect municipal account and reputational damage. Case closed - matter settled as per court order		
Toptrack Thirty Five (Pty) Ltd Case # 158465 - 842641	11 730 000	11 730 000
Property damages as a result of leaking sewer pipes / sinkholes. Awaiting attorneys further updates.		
DV Brussouw and JMM Brussouw Case # 158465 - 842641	2 000 000	2 000 000
Property damages as a result of leaking sewer pipe / .		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

44. Contingent liabilities (continued)

C Khan Case # AON001-000055356	25 012	25 012
Vehicle damaged on gravel road. No feedback received from third party		
Alarn Concrete (Pty) Ltd Case # 144234 - 829808	165 851	165 851
Municipal vehicle collided with the third party vehicle. Final negotiations.		
IP Barber Case # 869499	139 336	-
Vehicle damaged by a pothole. Awaiting third party to respond.		
Wesizwe Risk Solutions (Pty) Ltd Case # AIP322075	119 308	-
Municipal vehicle collided with the third party's vehicle.		
Dimakatso Letanta	5 032	-
Grass-cutting tractor drove into the wall and damaged ity.		
Raymond Symington	3 744	-
Vehicle damaged by potholes.		
GDARD	5 000 000	-
Fine issued for Walkerville Landfill site. Matter at appeal stage.		
	-	-
	39 152 632	**61 885 212**

45. Related party disclosures

45.1 Nature of related party relationships

Related party	Nature of relationship
Accounting Officer	Refer to accounting officer's report note
Councillors	Refer to General information page for Councillor names The remuneration to Councillrs have been included in note 37
Close family member of key management	There were no transactions between close family members of key management
Joint venture of key management	None
Associate of close family member of key management	None
Post employment benefit plan for employees of entity and/or other related parties	Refer to note 19
Members of key management	No other payments were made outside the contractual employment payments from employment. Refer to note 30 for remuneration

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

46. Deviations from SCM regulations - SCM Regulation 36

Emergency	8 921 526	3 192 529
Sole providers / accredited agents	628 956	411 352
Impractical or impossible to follow process	420 178	2 627 116
Arts and historical objects	20 000	-
Total amount approved by the accounting officer and noted by council	**9 990 660**	**6 230 997**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the audited annual financial statements.

The majority of items mentioned had to be addressed to emergency circumstances. The balance of items were due to circumstances where it was impractical or impossible to follow a competetive bidding process.

47. Prior year error and reclassification

The electricity revenue for year-ended 30 June 2022 was restated due to an incorrect billing totalling R13 842 245 which was corrected in the current year.

The following restatements and adjustments occurred which are set out below:

Notes to the Annual Financial Statements

47. Prior year error and reclassification (continued)

47.1 Adjustments of Statement of financial position items

	Note	As previously reported	Correction of error	
			5	5
Assets				
Current assets				
Cash and cash equivalents	3	487 962 486	-	487 962 486
Receivables from exchange transactions	4	181 427 256	(13 842 245)	167 585 011
Receivables from non-exchange transactions	5	106 114 872	-	106 114 872
VAT control	7	17 690 177	-	17 690 177
Inventories	6	14 333 162	-	14 333 162
		807 527 953	**(13 842 245)**	**793 685 708**
Non-current assets				
Investment property	9	49 281 032	-	49 281 032
Property, plant and equipment	8	2 097 835 386	-	2 097 835 386
Intangible assets	10	6 436 395	-	6 436 395
Heritage assets	11	18 701	-	18 701
		2 153 571 514	**-**	**2 153 571 514**
Total assets		**2 961 099 467**	**(13 842 245)**	**2 947 257 222**
Net assets and liabilities				
Current liabilities				
Consumer deposits	13	21 153 173	-	21 153 173
Payables from exchange transactions	12	204 663 451	-	204 663 451
Unspent conditional grants	15	3 260 177	-	3 260 177
Borrowings	14	35 069 761	-	35 069 761
Lease liabilities	16	8 356 770	-	8 356 770
Income received in advance from developer contribution	17	5 295 609	-	5 295 609
		277 798 941	**-**	**277 798 941**
Non-current liabilities				
Borrowings	14	112 694 241	-	112 694 241
Lease liabilities	16	17 859 555	-	17 859 555
Employee benefits	19	20 623 190	-	20 623 190
Provisions	18	86 038 163	-	86 038 163
		237 215 149	**-**	**237 215 149**
Total net assets				
Accumulated surplus		2 446 085 377	(13 842 245)	2 432 243 132
Total net assets and liabilities		**2 961 099 467**	**(13 842 245)**	**2 947 257 222**

Notes to the Annual Financial Statements

47. Prior year error and reclassification (continued)

47.2 Adjustments of Statement of financial performance items

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue					
Non-exchange revenue					
Property Rates	26	273 313 528	-	-	273 313 528
Transfers and subsidies	27	247 343 205	-	-	247 343 205
Fines, penalties and forfeits	28	68 386 649	-	-	68 386 649
Interest on receivables	22	5 509 450	-	-	5 509 450
		594 552 832	**-**	**-**	**594 552 832**
Exchange revenue					
Services charges - Electricity	20	475 821 696	(13 842 244)	-	461 979 452
Services charges - Water	20	214 564 820	-	-	214 564 820
Services charges - Waste water management	20	54 450 195	-	-	54 450 195
Services charges - Waste management	20	55 101 715	-	-	55 101 715
Hire of facilities	25	1 097 997	-	-	1 097 997
Interest on investments	21	18 247 859	-	-	18 247 859
Interest earned from receivables	22	13 009 023	-	-	13 009 023
Operational revenue	24	1 641 179	-	-	1 641 179
Sales of goods and rendering of services	23	5 482 101	-	-	5 482 101
		839 416 585	**(13 842 244)**	**-**	**825 574 341**
Total revenue		**1 433 969 417**	**(13 842 244)**	**-**	**1 420 127 173**
Expenditure					
Employee related cost	30	(322 147 853)	-	-	(322 147 853)
Remuneration of councillors	37	(12 967 574)	-	-	(12 967 574)
Contracted services	31	(127 894 877)	-	-	(127 894 877)
Depreciation, amortisation and impairment	32	(127 288 656)	-	-	(127 288 656)
Debt impairment	33	(123 245 010)	-	-	(123 245 010)
Bulk Purchases	29	(522 689 969)	-	-	(522 689 969)
Inventory consumed	36	(24 521 710)	-	-	(24 521 710)
Finance costs	35	(30 122 765)	-	-	(30 122 765)
Inventory consumed	39	(1 533 588)	-	-	(1 533 588)
Operational cost	34	(58 791 232)	-	-	(58 791 232)
Loss on disposal of assets	38	(7 809 213)	-	-	(7 809 213)
Inventories (write-down)	40	(232 184)	-	-	(232 184)
Total expenditure		**(1 359 244 631)**	**-**	**-**	**(1 359 244 631)**

48. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 2 584 037 063 and that the municipality's total assets exceed its liabilities by R 2 584 037 063.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

49. Events after the reporting date

No events after the reporting date were identified by management that will affect the operations of the municipality or the results of those operations significantly.

Notes to the Annual Financial Statements

50. Unauthorised, irregular, fruitless and wasteful expenditure

50.1 Irregular expenditure

Opening balance as previously reported	513 521	-
Add: Irregular expenditure - current	-	139 079
Add: Irregular expenditure – prior period	2 584 646	513 521
Less: Amounts written-off – current	-	(139 079)
Closing balance	**3 098 167**	**513 521**

Incident	Disciplinary steps/criminal proceedings		
Rental of Bulldozer at Henley on Klip landfill site - reasons for deviation was not adequate - R505 137 to be recovered from the then Asst. Dir: Roads, Stormwater & Landfill who has resigned		942 770	-
Supplier was appointed and the tender was not evaluated according to the specifications		1 641 876	513 521
Supplier appointed to provide training, however the contract ended 30 June 2021, and the services were still used for the months of July and August 2021		-	139 079
Total		**2 584 646**	**652 600**

50.2 Fruitless and wasteful expenditure

Opening balance as previously reported	1 315 873	1 315 873
Add: Fruitless and wasteful expenditure expenditure – prior period	723 262	-
Less: Amounts written-off – prior period	(723 262)	-
Closing balance	**1 315 873**	**1 315 873**

Incident	Disciplinary steps/criminal proceedings		
Relates to pump repairs and a missing asset. Disciplinary process underway.		-	1 315 873
The amount was erroneously paid to a supplier. Some of the monies were recovered. Council resolved to write off the unrecoverable amount		723 262	-
Total		**723 262**	**1 315 873**

There are investigations which are still pending finalisation as at the date of audit submission. These matters will be reported on as part of the submission of the next audit, pending the completion during the financial year ending 30 June 2024.

51. In kind donations and assistance

2022/2023

None

2021/2022

None.

Figures in Rand	2023	2022

52. Additional disclosure in terms of Municipal Finance Management Act

Figures in Rand	2023	2022

Contributions to SALGA

Current year subscription / fee	3 701 229	3 300 001
Amount paid - current year	(3 701 229)	(3 300 001)
	-	-

Audit fees

Current year subscription / fee	3 491 046	3 777 817
Amount paid - current year	(3 491 046)	(3 777 817)
	-	-

PAYE and UIF

Amount paid - current year	52 825 551	50 752 069

Pension and Medical Aid Deductions

Amount paid - current year - pension	55 105 749	52 828 599
Amount paid - current year - medical	31 286 061	29 881 471
	86 391 810	**82 710 070**

53. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Midvaal Local Municipality as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

54. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

55. Segment information

General information

55. Segment information (continued)

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: Community and public safety, Economic and environmental services, Trading services and Governance and administration.. The segments were organised around the type of service delivered and the target market.

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.

Reportable segments are identified based on activities performed of the municipality that generates economic benefits or service potential including internal services that contribute to achieving the municipality's objectives without necessarily generating net cash inflows.

Segmental reporting was based and identified on the MFMA s71 monthly budget statements/reports that are reviewed by senior management and Council to make strategic decisions andin monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format namely the C2 schedule. This is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18..

Separate financial and other relevant information on geographical areas in which the municipality operates is not available as the municipality only operates in the Gauteng Province, and within its demarcated boundaries.

Aggregated segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Community and public safety	Primary services providing community safety, crime prevention and law enforcement
Economic and environmental services	Urban and developmental planning in accordance with the relevant laws and regulations. Environmental planning and protection for long term sustainability.
Trading services	Primary basic service provision including water, electricity, sanitation and refuse.
Governance and administration	Support services in relation to financial management and financial and governance decision making.

2023

	Community and public safety	Economic and environmental services	Trading services	Governance and administration	Total
Segment revenue					
External revenue from non-exchange transactions	104 213 779	4 355 027	162 143 340	380 173 112	650 885 258
External revenue from exchange transactions	2 804 047	3 809 716	804 148 263	6 532 759	817 294 785
Interests on investments	-	-	-	32 679 289	32 679 289
Interest earned from receivables	-	-	-	29 867 684	29 867 684
Total	**107 017 826**	**8 164 743**	**966 291 603**	**449 252 844**	**1 530 727 016**

55. Segment information (continued)

Segment expenses					
Total segment expenses	189 044 108	80 407 389	732 988 829	212 806 270	1 215 246 596
Depreciation and amortisation	11 112 821	28 030 138	54 686 774	5 275 627	99 105 360
Loss on disposal of assets	969 809	644 560	39 735 036	285 489	41 634 894
Interest expense	547 159	2 241 688	18 241 462	1 915 935	22 946 244
Total	**201 673 897**	**111 323 775**	**845 652 101**	**220 283 321**	**1 378 933 094**
Surplus for the year	**(94 656 071)**	**(103 159 032)**	**120 639 502**	**228 969 523**	**151 793 922**
Other information					
Segment assets	115 724 615	536 669 301	1 418 077 747	1 006 425 652	3 076 897 315
Segment liabilities	3 618 710	25 513 272	66 658 713	397 069 564	492 860 259
Total capital expenditure	21 985 627	37 462 649	99 940 451	9 377 091	168 765 818

2022

	Community and public safety	Economic and environmental services	Trading services	Governance and administration	Total
Segment revenue					
External revenue from non-exchange transactions	106 957 387	10 809 569	129 258 256	342 018 170	589 043 382
External revenue from exchange transactions	1 935 194	3 257 689	786 015 580	3 108 996	794 317 459
Interests on investments	-	-	-	18 247 859	18 247 859
Interest earned from receivables	-	-	-	18 518 473	18 518 473
Total	**108 892 581**	**14 067 258**	**915 273 836**	**381 893 498**	**1 420 127 173**
Segment expenses					
Total segment expenses	175 368 027	70 591 154	718 750 745	198 273 601	1 162 983 527
Depreciation and amortisation	9 594 197	32 174 090	80 799 929	4 720 440	127 288 656
Loss on disposal of assets	198 337	2 948	38 023 172	625 206	38 849 663
Impairment losses on financial assets	-	-	20	-	20
Interest expense	225 568	4 094 000	21 268 893	4 534 304	30 122 765
Total	**185 386 129**	**106 862 192**	**858 842 759**	**208 153 551**	**1 359 244 631**
Surplus for the year	**(76 493 548)**	**(92 794 934)**	**56 431 077**	**173 739 947**	**60 882 542**
Other information					
Segment assets	101 704 417	528 109 103	1 432 208 664	886 951 068	2 948 973 252
Segment liabilities	728 180	18 024 769	101 876 976	396 100 182	516 730 107
Total capital expenditure	22 271 014	23 543 152	111 208 984	7 604 030	164 627 180