



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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality
Grading of local authority	Grade 1
Nature of business and principal activities	Provision of services including refuse removal to communities within the jurisdiction of the local municipality
Mayoral committee Executive Mayor	SZ Mfeka (Mayor and Ward Councillor 8) ZS Thoolsi (Deputy Mayor)
Councillors	RM Cele (Speaker and Ward Councillor 3) NN Ntetha (Ward Councillor 7 Executive Committee Member) GK Ngidi (Executive Committee Member) M Makhanya (Party Representative and Executive Committee Member) RT Nkwanyana (Party Representative and Executive Committee) PS Shezi (Ward Councillor 15 and Executive Committee Member) NDC Maphumulo (Ward Councillor 2) MM Khuzwayo (Ward Councillor 4 and Whip) TP Nkwakha (Ward Councillor 5) SE Dlala (Ward Councillor 6) S Mhlongo (Ward Councillor 1) NC Chamane (Ward Councillor 9) ZW Khoza (Ward Councillor 10 and MPAC Chairperson) M Mthethwa (Ward Councillor 11) LM Ndlovu (Ward Councillor 12) CS Mbele (Ward Councillor 13) ZP Ngwane (Ward Councillor 14) ES Khuzwayo (Ward Councillor 16) SS Bhengu (Ward Councillor 17) LS Moahloli (Ward Councillor 18) RS Hlophe (Ward Councillor 19) NP Simelane (Party Representative) ML Sibiya (Party Representative) NF Makhanya (Party Representative) M Shangase (Party Representative) T Khuzwayo (Party Representative) J Luthuli (Party Representative) SB Sibiya (Party Representative) ZP Magwaza (Party Representative) VC Shangase (Party Representative) SM Sishi (Party Representative) NY Mlotshwa (Party Representative) MV Phewa (Party Representative) PH Ngobese (Party Representative) EB Ntuli (Party Representative)

Ndwedwe Local Municipality

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General Information

Accounting Officer

Mr SDG Khuzwayo

Chief Financial Officer (CFO)

Mr XNE Hlekwane

Auditors

Auditor General (AGSA)
Registered Auditors

Bankers

Nedbank Verulam Branch

Registered office

Ndwedwe Local Municipality
P100

Ndwedwe
4342

Postal address

Private Bag X 503
Ndwedwe
4342

Legal representatives

K Gcolotela and Peter
Hughes Madondo Inc
Bhekisisa Goqo
Zuma and Partners Associates
Qomazitha Zikode Attorney
Mohale Incorporated
Mkhize Miya Attorneys Inc
Mazibuko and Associates
Nompumelelo Hadebe Inc

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Abbreviations used:

COVID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
VAT	Value Added Tax
SDL	Skills Development Levy
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
CoGTA	Cooperative Governance and Traditional Affairs
INEP	Integrated National Electrification Programme

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Accounting Officer's Responsibilities and Approval

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

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

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

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

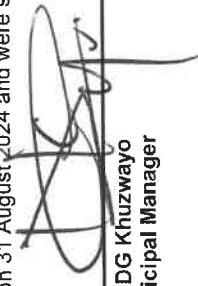
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

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

As an Accounting Officer I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 83, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 29 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the on 31 August 2024 and were signed on its behalf by:


Mr SDG Khuzwayo
Municipal Manager

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

	Notes	2024	2023 Restated*
Assets			
Current Assets			
Inventory	3	219 920	330 345
Receivables from exchange transactions	4&6	4 825 845	2 448 025
Receivables from non-exchange transactions	5&6	13 507 136	10 164 127
Cash and cash equivalents	7	71 396 653	80 357 289
		89 949 554	93 299 786
Non-Current Assets			
Property, plant and equipment	8	506 856 710	482 929 197
Intangible assets	9	15 621	25 836
Heritage assets	10	21 053	21 053
		506 893 384	482 976 086
Total Assets		596 842 938	576 275 872
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	20 483 220	16 788 861
Payables from non-exchange transactions	12	2 711 887	120 474
VAT payable	13	8 528 610	8 178 008
Consumer deposits	14	2 000	3 000
Unspent conditional grants and receipts	15	1 755 261	575
Employee benefit obligation	16	376 000	349 000
		33 856 978	25 439 918
Non-Current Liabilities			
Employee benefit obligation	16	3 734 000	3 365 000
Payables from non-exchange transactions	17	324	324
		3 734 324	3 365 324
Total Liabilities		37 591 302	28 805 242
Net Assets		559 251 636	547 470 630
Accumulated surplus		559 251 636	547 470 634
Total Net Assets		559 251 636	547 470 634

* See Note 53

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	597 911	579 998
Construction contracts	19	10 299 024	8 639 385
Rental of facilities and equipment	20	622 384	682 124
Agency services	21	185 450	157 363
Licences and permits	22	19 043	30 906
Other income	23	5 448 008	1 575 844
Interest received - investment	24	9 767 404	8 254 288
Total revenue from exchange transactions		26 939 224	19 919 908
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	18 987 935	18 533 200
Interest received (trading)	26	1 149 664	1 023 938
Transfer revenue			
Government grants & subsidies	27	245 328 544	231 620 523
Public contributions and donations	28	7 100	53 241
Total revenue from non-exchange transactions		265 473 243	251 230 902
Total revenue		292 412 467	271 150 810
Expenditure			
Employee related costs	29	(77 695 020)	(68 135 383)
Remuneration of councillors	30	(15 973 246)	(15 411 408)
Depreciation and amortisation	31	(33 962 321)	(29 957 343)
Debt Impairment	32	(1 781 479)	(399 002)
Lease rentals on operating lease	33	(1 076 655)	(1 290 786)
Finance costs	34	(414 000)	(376 000)
Contracted services	35	(71 058 724)	(67 338 153)
Transfers and subsidies	36	(4 497 901)	(4 368 398)
Increase in leave accrued	37	(1 241 069)	(75 012)
General expenses	38	(44 559 253)	(41 390 868)
Total expenditure		(252 259 668)	(228 742 353)
Operating surplus/(deficit)		40 152 799	42 408 457
Loss on disposal of assets		(5 740 364)	(124 824)
Actuarial gains/losses		91 190	50 944
Impairment loss	39	(22 722 620)	(9 991 227)
Inventories (losses)/gains		-	(24 224)
Surplus /(deficit) for the year		(28 371 794)	(10 089 331)
		11 781 005	32 319 126

* See Note 53

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Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	516 388 185	516 388 185
Adjustments		
Prior year adjustments 53	(1 236 677)	(1 236 677)
Balance at 01 July 2022 as restated*	515 151 508	515 151 508
Changes in net assets		
Surplus for the year	32 319 126	32 319 126
Total changes	32 319 126	32 319 126
Restated* Balance at 01 July 2023	547 470 631	547 470 631
Changes in net assets		
Surplus for the year	11 781 005	11 781 005
Total changes	11 781 005	11 781 005
Balance at 30 June 2024	559 251 636	559 251 636

* See Note 53

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		247 019 000	231 620 045
Interest income		9 284 361	8 086 497
Receipts from customers		34 601 555	28 385 234
		290 904 916	268 091 776
Payments			
Compensation to employees		(93 272 266)	(83 596 791)
Payments made to suppliers		(119 083 288)	(127 129 614)
		(212 355 554)	(210 726 405)
Net cash flows from operating activities	40	78 549 362	57 365 371
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(87 514 003)	(79 717 041)
Proceeds from sale of property, plant and equipment	8	1 178 525	320 941
Retention		(1 174 522)	(1 278 224)
Net cash flows from investing activities		(87 510 000)	(80 674 324)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		(8 960 638)	(23 308 953)
		80 357 289	103 666 241
Cash and cash equivalents at the end of the year	7	71 396 651	80 357 288

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments and Virement	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance in % and Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	623 000	5 944 183	6 567 183	5 448 008	(1 119 175)	-17%-(1)
Service charges	685 440	(90 660)	594 780	597 911	3 131	1%
Construction contracts	-	-	-	10 299 024	10 299 024	
Rental of facilities and equipment	707 354	(69 483)	637 871	622 384	(15 487)	-2%
Agency services	160 000	20 000	180 000	185 450	5 450	3%
Licences and permits	2 000	8 000	10 000	19 043	9 043	90%-(3)
Interest received - investment	8 417 682	1 868 757	10 286 439	9 767 404	(519 035)	-5%
Total revenue from exchange transactions	10 595 476	7 680 797	18 276 273	26 939 224	8 662 951	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	19 470 843	(1 423 401)	18 047 442	18 987 935	940 493	5%
Interest received (trading)	1 030 000	-	1 030 000	1 149 664	119 664	12%-(4)
Transfer revenue						
Government grants & subsidies	235 975 000	11 109 000	247 084 000	245 328 544	(1 755 456)	-1%
Public contributions and donations	-	-	-	7 100	7 100	100%-(5)
Construction contracts revenue	-	14 450 000	14 450 000	-	(14 450 000)	-29%-(2)
Total revenue from non-exchange transactions	256 475 843	24 135 599	280 611 442	265 473 243	(15 138 199)	
Total revenue	267 071 319	31 816 396	298 887 715	292 412 467	(6 475 248)	
Expenditure						
Employee related costs	(82 580 982)	4 344 020	(78 236 962)	(77 695 020)	541 942	1%
Remuneration of councillors	(16 366 974)	385 047	(15 981 927)	(15 973 246)	8 681	0%
Depreciation and amortisation	(25 268 720)	(3 740 110)	(29 008 830)	(33 962 321)	(4 953 491)	-17%-(6)
Impairment loss/ Reversal	-	-	-	(22 722 620)	(22 722 620)	-100%-(7)
Increase in leave accrued	-	-	-	(1 241 069)	(1 241 069)	-100%-(8)
Operating lease rentals	(1 400 000)	315 131	(1 084 869)	(1 076 655)	8 214	0%
Debt Impairment	(1 000 000)	900 000	(100 000)	(1 781 479)	(1 681 479)	-1681%-(9)
Finance costs	-	-	-	(414 000)	(414 000)	
Contracted Services	(57 795 321)	(21 060 610)	(78 855 931)	(71 058 724)	7 797 207	10%-(10)
Transfers and Subsidies	(4 200 000)	(450 000)	(4 650 000)	(4 497 901)	152 099	3%
General Expenses	(43 396 042)	(1 400 812)	(44 796 854)	(44 559 253)	237 601	-1%
Total expenditure	(232 008 039)	(20 707 334)	(252 715 373)	(274 982 288)	(22 266 915)	
Operating surplus/(deficit)	35 063 280	11 109 062	46 172 342	17 430 179	(28 742 163)	
Loss on disposal of assets	-	-	-	(5 740 364)	(5 740 364)	-100%-(11)
Actuarial gains/losses	-	-	-	91 190	91 190	
Operating surplus/(deficit)	35 063 280	11 109 062	46 172 342	11 781 005	(34 391 337)	
Capital expenditure	(74 854 351)	(28 855 444)	(103 709 795)	(87 514 003)	16 195 792	16%-(13)

Ndwedwe Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments and Virement	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance in % and Reference
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Methodology for determination of material variances

The municipality considers that a variance of 10% more the final budget is material and requires an explanation to identify a reason for such variance.

Where the municipality collected more revenue than initially planned, we do not investigate such variance provided if it does not exceed 25%, expenditure items 10% is applicable for both over or under utilisation of budget

The municipality also considers that an employee cost is a material item, and therefore any variance that is above 5% requires an explanation.

The following were identified as items with material variances:

Revenue

- 1. Other income** - The anticipated revenue declined due to the low turnout of services providers to purchase tender documents.
- 2. Construction contracts** - The contract revenue variance is due to the INEP grant that is not fully spent.
- 3. Licences and permits** - The municipality infrastructure developments are underway and have resulted in more permits being issued to businesses that want to operate.
- 4. Property rates and penalties** - The municipality charges interest on customers that have outstanding balances on their property rates accounts. The variance due to customer that are not settling their accounts on time.
- 5. Donation received** - This variance is due to the donation received from the department of Art and Culture.

Expenditure

- 6. Depreciation and amortisation** - Depreciation increased due to capitalisation of projects that were completed and available for use during the financial year.. Depreciation was under budgeted due to delayed of capital project and it was impractical to set accurate projections for capitalisation.
- 7. Impairment loss/ Reversal of impairments** - The variance is due to the annual conditional assessment of assets.
- 8. Increase in leave provision** - The variance is due to an increase in leave provision as per the internal generated report after a change in the leave policy was implemented.
- 9. Debt Impairment** - This refers to long outstanding debtors. This variance is due to the review of credit control policy during the year and it included debtors that were previously excluded.
- 10. Contracted services** - The variance is due to the INEP grant that is not fully spent and savings from projects that were implemented.
- 11. Loss on disposal of assets** - The variance is due to the disposal of assets below their book value as well as market value during the auction during an auction that was held during the year.
- 12. Inventory consumed** - The variance is due to the overstatement of inventory quantities and it had to be adjusted to reflect correct amounts.
- 13. Capital Expenditure** - The municipality received additional funding to construct two additional capital projects and these projects are not completed hence we have a variance.

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

	Note(s)	2024	2023
1. Presentation of Annual Financial Statements The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. Assets, liabilities, revenues and expenses 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. 1.1 Presentation currency These annual financial statements are presented in South African currency, and figures are rounded to the nearest Rand. 1.2 Going concern assumption Management considers key financial metrics and approved medium-term budgets, MFMA Section 71 reports together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate. These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. 1.3 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. Materiality has been considered in determining whether information is required to be recognised, measured, presented and disclosed in accordance with the requirements in the Standards of GRAP as well as assessing the effect of omissions, misstatements and errors on the financial statements. Budget information Variances between budget and actual amounts are regarded as material when there is a variance of 10% or greater in the statement of financial position, the statement of financial performance and the cash flow statement. 1.4 Comparative figures Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the financial statements is amended, prior period/comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors 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 correct year, the adjustment is made retrospectively as far as is practicable, and the prior year/comparatives are restated accordingly. Current year comparative Budgeted amounts have been included in the annual financial statements for the current financial year only.			

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated lives of the asset. The depreciation amount is determined after taking into account an asset's residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the estimated average asset useful lives.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	5-50 years
Infrastructure	Straight-line	3-100 years
Community	Straight-line	10-100 years
Other property, plant and equipment	Straight-line	2-15 years
Transport	Straight-line	4-15 years

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

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

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

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Subsequent measurement

- Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.
- Subsequent expenditure incurred on an asset is only capitalised when it increases capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it de-recognises the part of the asset being replaced and capitalises the new component.
- Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial. Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flow on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality discloses relevant information relating to assets that are work in progress, in the notes to the financial statements.

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.6 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.

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.6 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash generating assets are as follows:

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.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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 recently approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructurings 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.

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Significant Accounting Policies

1.6 Impairment of cash-generating assets (continued)

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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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.

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.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

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Significant Accounting Policies

1.7 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

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

Useful life is either:

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

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.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

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Significant Accounting Policies

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

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.

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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

Significant Accounting Policies

1.8 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses and development costs.

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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale
- the Municipality has the ability to use or sell the asset.
- the Municipality can reliably measure expenditure during development
- it is technically feasible to complete the intangible assets.
- the Municipality has the resources to complete the project, and
- it is probable that the Municipality will receive future economic benefits or service potential.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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 included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Significant Accounting Policies

1.9 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 10).

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Significant Accounting Policies

1.10 Financial instruments

Classification

The Municipality has types of financial instruments, and these can be broadly categorised as either Financial Assets or Financial Liabilities.

Subsequent measure of financial assets and financial liabilities.

Financial assets are categorised according to their nature as financial assets at amortised costs and financial liabilities are categorized as financial liabilities carried at amortised cost in accordance with GRAP 104.

Financial assets

The classification of financial assets depends on their nature and purpose and is determined at the time of initial recognition.

Trade and other receivables

- Trade and other receivables are categorised as financial assets: loans and receivables including statutory receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. The fair value of Debtors is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.
- An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectable, it is written off.
- Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Cash and cash equivalents

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: loans and receivables. The closing balance on the bank account is representative of its fair value of the monies held.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Financial liabilities

Trade and other payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost, which is the initial carrying amount, less repayments, plus interest. The fair value of creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net transaction costs incurred. Borrowings are subsequently stated at amortised cost. Long-term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long-term borrowings are utilised. Other financial liabilities are carried at amortised cost.

Significant Accounting Policies

The interbank rate or prime lending rate is not the risk-free interest rate, however it has been used as a benchmark for determining the market related rate of interest which is not significantly different to the current rates on long-term loans, hence the fair value of these loans equates their amortised cost.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value (if subsequently measured at fair value).

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

1.11 Statutory receivables

Identification

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

The carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

The nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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Significant Accounting Policies

1.11 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.

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

1.12 Taxation

Value added Taxation (VAT)

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not yet been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1. The expenditure that relates to irregular expenditure is vat inclusive as per treasury guidelines.

No provision has been made for Income tax as the municipality is exempt from taxation in terms of section 10 (1) (A) of the Income Tax Act.

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Significant Accounting Policies

1.13 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 entity assesses the classification of each element separately.

Municipality as Lessor

Rental income from operating leases is recognised over the term of the relevant lease.

Municipality as a lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Assets subject to finance lease agreements are initially recognised at the lower of the assets' fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease 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 over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

The lease is straight lined for the financial year.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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); Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases, approved and contracted commitments.
- 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.
- An additional disclosure has been made for future commitments which are mainly informed by the approved budget for capital projects to be implemented in the next financial year and are disclosed as approved and not yet contracted for.

Provisions are recognised when the municipality has a present 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. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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. The present obligation under an onerous contract is recognised and measured as a provision.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

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

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.

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003),

- (a) the Municipal Systems Act (Act No.32 of 2000),
- (b) and the Public Office Bearers Act (Act No. 20 of 1998) or
- (c) is in contravention of the economic entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure.

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

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

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

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

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases. Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP. Refer to Note 41.

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); ; Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases, approved and contracted commitments.
- 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.
An additional disclosure has been made for future commitments which are mainly informed by the approved budgeted and not yet contracted for.

An Operational commitment is where the contract period is beyond 12 months and the municipality has an obligation to that contract hence they are included in the commitments.

Ndwedwe Local Municipality

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Significant Accounting Policies

1.19 Revenue from exchange transactions

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 exchange transactions is only recognised once all of the following criteria have been satisfied:

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; and 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 from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. The stage of completion is determined by surveys of work performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.20 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another municipality without directly giving approximately equal value in exchange.

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

Interest revenue is recognised on a time proportion basis.

Conditional grants

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 that the criteria, conditions or obligations have not been met, a liability is recognised.

The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Recognition

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

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

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Taxation revenue is not grossed up for the amount of tax expenditure.

Gifts and donations, including goods in-kind

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.21 Budget information

The annual budget figures have been presented in accordance with the GRAP 24 reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same municipality and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or municipality have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

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 has been included in the Statement of comparison of budget and actual amounts.

1.22 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
 - the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.
- Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

- (a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

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

Provident fund contribution

The municipality and its employees contribute to one provident fund that caters for the majority of the staff. The KZN Joint Municipal Provident Fund is a defined contribution fund.

Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service. Termination benefits are employee benefits payable as a result of either: an municipality's decision to terminate an employee's employment before normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

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

1.24 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:

At year-end management makes an estimate of the amount of total outstanding customer debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over and based on prior experience and trends. A provision for impairment is raised based on these estimates.

The preparation of the Municipality's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant Judgements

In the process of applying the Municipality's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Operating lease - Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Trade receivables

At year-end management makes an estimate of the amount of total outstanding customer debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over and based on prior experience and trends. A provision for impairment is raised based on these estimates.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Significant Accounting Policies

1.24 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors 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 debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.25 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost-based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially based contract, an additional percentage of these costs or a fixed fee, if any.

The fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of subcontractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.26 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.26 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP 109.

1.27 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.28 Inventory

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

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

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

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

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

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

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.28 Inventory (continued)

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

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

When inventory are sold, the carrying amounts of those inventory 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 inventory to net realisable value or current replacement cost and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

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).

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.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items affect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The municipality has adopted the interpretation for the first time in the 2023/2024.

The impact of the interpretation is not material.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. .

The municipality has adopted the revisions for the first time in the 2023/2024 annual financial statements.

The impact of the revisions is not material.

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The municipality has adopted the revisions for the first time in the 2023/2024 .

The impact of the revisions is not material.

GRAP 1 (amended): Presentation of Financial Statements (Materiality)

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations issued, but not yet effective

The ASB has issued the following GRAP pronouncements, with effective dates as indicated: GRAP pronouncement		Effective date
GRAP 1 - Presentation of Financial Statements (Going Concern)		To be determined
GRAP 103 (as revised): Heritage Assets		To be determined
GRAP 104 (as revised): Financial Instruments		01 April 2025

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The requirement of this standard is that the municipality must prepare its financial statements on a going concern basis unless there is an intention to liquidate the municipality, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

Applicability of going concern in the public sector

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Disclosure on going concern

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
3. Inventory		
Consumable stores	219 920	330 345
4. Receivables from exchange transactions		
Other debtors	723 198	723 198
Rentals	434 042	415 799
Unallocated receipt and deposit	16 656	11 818
Accrued revenue	1 000 839	838 736
Over-payment to suppliers	2 388 741	275 214
Motor licensing fees	12 272	12 662
Consumer debtors - Refuse	250 097	170 598
	4 825 845	2 448 025

Other debtors for 2023/2024 amounts to R723 198, (2022/2023 R723 198) and this relates to take on balances.

Accrued revenue for 2023/2024 financial year amounts to R1 000 839 which is made up of interest on short term investment. Accrued revenue for 2022/2023 financial year an amount of R838 736 is made up of R517 796 of interest on short term investment and R320 940 for the proceeds on vehicle insurance claim.

The over-payment balance of R2 388 741, (2023/2024) and R275 214, (2022/2023) are duplicate payments that occurred during financial years respectively.

5. Receivables from non-exchange transactions

Consumer debtors – Rates

13 507 136	10 164 127
------------	------------

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due, not impaired at 30 June 2024, R 18 255 155 (2023: R 1 394 769).

The ageing of amounts past due but not impaired is as follows:

1 month past due	168 426	96 581
2 months past due	328 507	156 174
3 months past due	17 758 222	1 142 014

Statutory receivables from non-exchange transaction

Statutory receivables in the receivables from non-exchange transactions on a

gross basis is:

Property Rates

31 762 021	26 637 533
------------	------------

Transaction(s) arising from statute

Property rates is levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council Approved rates randages against the valuation of individual properties within the municipality jurisdiction. The council approved rebates and exemptions are further applied to reduce the receivable.

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

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
--	------	------

5. Receivables from non-exchange transactions (continued)

- 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.

Subsequent measurement

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

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

Accrued Interest

The Municipality charges interest on all outstanding rates debtors balances older than 30 days in respect of rate accounts at a nominal interest rate.

Basis used to assess and test whether a statutory receivable is impaired

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.

If there is an indication that a statutory receivable, or 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. The amount of the loss is recognised in the surplus or deficit.

6. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates
Consumer debtors - Refuse

31 762 021	26 637 533
250 097	170 598
32 012 118	26 808 131

Less: Allowance for impairment

Consumer debtors - Rates

(18 254 885)	(16 473 406)
--------------	--------------

Net balance

Consumer debtors - Rates
Consumer debtors - Refuse

13 507 136	10 164 127
250 097	170 598
13 757 233	10 334 725

Rates

Current (0 -30 days)

31 - 60 days

61 - 120 days

121 - 365 days

> 365 days

Less: Impairment

388 749	364 128
700 613	710 837
674 897	690 022
334 931	339 719
29 662 831	24 532 827
(18 254 885)	(16 473 406)
13 507 136	10 164 127

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
6. Consumer debtors disclosure (continued)		
Refuse		
Current (0 -30 days)	28 400	26 000
31 - 60 days	23 200	47 800
61 - 90 days	21 000	19 800
91 - 120 days	10 200	9 800
121 - 365 days	167 297	67 198
	250 097	170 598
Reconciliation of allowance for impairment		
Balance at beginning of the year	(16 473 406)	(16 074 404)
Contributions to allowance	(1 781 479)	(399 002)
	(18 254 885)	(16 473 406)
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	10 907	19 930
Bank balances	3 500 543	6 836 730
Short-term deposits	67 885 203	73 500 629
	71 396 653	80 357 289
The municipality does not keep physical cash on its premises, it deposited on main bank account for the security reasons.		
Cash and cash equivalents pledged as collateral		
None of the municipal cash and cash equivalents are pledged as collateral.		
The municipality had the following bank accounts		
Account number / description	Bank statement balances 30 June 2024 30 June 2023	Cash book balances 30 June 2024 30 June 2023
ABSA CALL ACCOUNT- 912-394-583-3	257 224	895 290
CALL ACCOUNT - 934-458-926-94	711 431	662 436
ABSA FIXED DEPOSIT - 206-813-014-2	-	8 517 376
ABSA FIXED DEPOSIT- 207-363-368-0	9 760 323	8 926 213
ABSA FIXED DEPOSIT - 207-538-343-7	-	7 981 377
FIRST NATIONAL BANK CALL ACCOUNT - 620-879-206-35	530 237	286 249
STANDARD BANK CALL ACCOUNT - 058-681-019-001	280 674	408 773
STANDARD BANK RETAIL CALL ACCOUNT-058-681-019-011	505 000	468 190
STANDARD BANK FIXED DEPOSIT-0586-810-190-46	8 763 308	8 037 315
STANDARD BANK RETAIL CALL ACCOUNT-058-681-019-030	403 402	373 997
STANDARD BANK CALL ACCOUNT-058-681-019-033	3 925 554	3 640 419
INVESTEC BANK CALL ACCOUNT-110-0 463-139-502	240 556	32 264 200
INVESTEC BANK CALL ACCOUNT-110-0 463-139-452	15 978 951	-
INVESTEC BANK CALL ACCOUNT-110-0 463-139-453	16 847 328	15 978 951
NED BANK CALL ACCOUNT-0378-811-499-22-000001	108 618	-
NED BANK FIXED DEPOSIT-0378-811-499-22-000003	9 572 600	970 631
NEDBANK-MAIN BANK-119-744-108-5	4 781 225	68 217
ABSA MAIN BANK- 407-929-419-1	1 540 371	6 298 541
CASH ON HAND	-	2 632 414
	74 206 802	82 431 638
Total	71 396 655	80 357 289
Restricted cash balances		

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

8. Property, plant and equipment

	2024		2023	
	Cost /	Accumulated depreciation and impairment	Carrying value	Cost /
	Valuation	Valuation	Valuation	Accumulated depreciation and impairment
Buildings	28 437 269	(11 708 955)	16 728 314	28 437 269
Motor vehicles	26 639 327	(8 606 843)	18 032 484	24 383 643
Infrastructure	332 415 603	(149 192 365)	183 223 238	329 675 819
Community	228 486 496	(73 648 831)	154 837 665	226 466 136
Other property, plant and equipment	49 548 716	(23 626 531)	25 922 185	48 042 821
Work in progress	108 112 824	-	108 112 824	45 660 015
Total	773 640 235	(266 783 525)	506 856 710	702 665 703
				(219 736 506)
				482 929 197

Reconciliation of property, plant and equipment - 2024

Buildings	17 962 673	-	-	-	(1 234 359)	-	-	16 728 314
Motor vehicles	15 501 559	9 928 800	(4 124 581)	-	-	-	-	18 032 484
Infrastructure	211 266 951	-	(2 013 242)	9 003 857	2 555 732	-	-	183 223 238
Community	164 708 075	333 734	(119 139)	-	-	-	-	154 837 665
Other property, plant and equipment	27 829 924	3 239 069	(661 927)	-	-	7 100	-	25 922 185
Work in progress	45 660 015	74 012 400	-	(11 559 591)	-	-	-	108 112 824
Opening balance	482 929 197	87 514 003	(6 918 889)	(2)	7 100	(33 952 079)	(22 722 620)	506 856 710
Additions								
Disposals								
Transfers received								
Donations received								
Depreciation								
Impairment loss								
Total								

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Prior Period Adjustment	Depreciation	Impairment loss	Total
Buildings	19 331 987	-	(1 039)	259 051	(513 594)	(1 113 733)	-	17 962 673
Motor vehicles	15 458 472	3 040 896	(208 208)	-	-	(2 789 601)	-	15 501 559
Infrastructure	163 171 917	-	-	65 906 338	146 468	(14 420 057)	(3 537 715)	211 266 951
Community	117 296 117	128 796	-	58 553 265	2 061 103	(6 934 580)	(6 396 626)	164 708 075
Other property, plant and equipment	28 687 169	4 102 410	(236 518)	-	94 462	(4 760 710)	(56 889)	27 829 924
Work in progress	100 187 250	72 444 939	-	(124 718 654)	(2 253 520)	-	-	45 560 015
	444 132 912	79 717 041	(445 765)	-	(465 081)	(30 018 681)	(9 991 230)	482 929 197

Pledged as security

None of the municipal assets are pledged as securities for liabilities.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
8. Property, plant and equipment (continued)		
Other information		
Property, plant and equipment fully depreciated and still in use at cost		
Community Assets. Number of assets is 32	2 971 181	3 527 160
Machinery and plant equipment, number of assets is 2	14 319	15 634
Road infrastructure, number of assets is 41	11 813 327	11 836 705
Other asset, number of assets is 2	274 024	274 024
	15 072 851	15 653 523

Delayed capital projects

Included in property, plant and equipment are projects that have been identified as taking a significantly longer period of time to complete than expected, due to the following.

Ndwedwe Water and Reticulation

The project is currently on hold due to the issue of funding.

Testing Centre and Fire Department

The project has been halted as a result of land disputes that came about after the Municipality had commenced with construction at the established site. As a result of the land disputes, the Municipality has identified a new site on which the project has been implemented.

Buy Back Centre

The project delayed due to budget constraints where the allocated budget could not cover the entire project. The Municipality decided to do the project in phases, the first phase being site clearing and fencing which has been completed in 2022/23. The project will continue upon allocating more budget for the project.

Msengeni CDC, eMakhawula CDC and Hlalakahle CDC

These above-mentioned projects were delayed due to a reduced MIG allocation from Cogta, which resulted in the projects becoming multi-year projects to be completed in the 2024/2025 financial year. The value per project are R10 088 748, R7 531 508 and R10 110 044 respectively.

23 272 586	23 272 586	23 272 586
9 336 134	9 336 134	9 336 134
2 741 180	2 741 180	2 741 180
27 730 301		-
63 080 201	35 349 900	

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	4 799 785	35 175 799	5 684 519	45 660 103
Additions/capital expenditure	12 611 631	45 800 928	15 599 751	74 012 310
Transferred to completed items	(9 003 857)	(2 555 732)	-	(11 559 589)
	8 407 559	78 420 995	21 284 270	108 112 824

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	28 093 339	71 748 899	345 017	100 187 255
Additions/capital expenditure	35 312 328	31 793 193	5 339 502	72 445 023
Other movements-Prior year adjustments	-	(2 253 520)	-	(2 253 520)
Transferred to completed items	(58 605 882)	(66 112 773)	-	(124 718 655)
	4 799 785	35 175 799	5 684 519	45 660 103

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

Notes to the Annual Financial Statements

	2024	2023
8. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain the property, plant and equipment included in Statement of Financial Performance		
Contracted services: Maintenance of Furniture and Office Equipment	36 824	257 278
Contracted services: Buildings and Facilities	2 108 562	1 261 490
Contracted services: Maintenance of Other Assets	686 884	1 598 600
Contracted services: Maintenance of Vehicles	3 039 490	2 701 639
Contracted services: Maintenance of Roads	1 262 065	687 008
	7 133 825	6 506 015

The expenditure incurred to repair and maintain the property, plant and equipment for the period ended 30 June 2024.

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

Notes to the Annual Financial Statements

9. Intangible assets

		2024		2023			
	Computer software, other	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
		Valuation	amortisation and impairment		Valuation	amortisation and impairment	
		820 878	(805 257)	15 621	820 878	(795 042)	25 836

Reconciliation of intangible assets - 2024

Computer software, other

Opening balance	25 836
Amortisation	(10 215)
Total	15 621

Reconciliation of intangible assets - 2023

Computer software, other

Opening balance	36 731
Amortisation	(10 895)
Total	25 836

Notes to the Annual Financial Statements

10. Heritage assets

		2024		2023	
		Cost /	Accumulated	Carrying value	Cost /
		Valuation	impairment	losses	Accumulated
			losses		impairment
					Carrying value
Art Collections, antiquities and exhibits	Reconciliation of heritage assets 2024	21 053	-	21 053	21 053
	Art Collections, antiquities and exhibits				-
					21 053
Reconciliation of heritage assets 2023	Art Collections, antiquities and exhibits				21 053
	Art Collections, antiquities and exhibits				-
					21 053
					21 053

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
11. Payables from exchange transactions		
Trade payables	5 597 058	1 416 778
Payments received in advanced - debtors with credit balances	255 052	378 851
Retentions	5 094 368	6 268 890
Other payables	474 290	1 236 903
Accrued leave	6 901 064	5 659 995
Salary (13th cheque)	2 161 388	1 827 444
	20 483 220	16 788 861

12. Payables from non-exchange transactions

Massification grant	55 766	55 766
Integrated national electrification programme grant	2 656 121	64 708
	2 711 887	120 474

Movements during the year

Balance at the beginning of the year	120 474	5 000 000
Additions during the year	14 500 000	10 000 000
Expenditure during the year	(11 843 879)	(14 879 526)
Refunded	(64 708)	-
	2 711 887	120 474

Grant register June 2024

	Opening Balance	Received	Expenditure	Refunded	Total
Massification grant	55 766	-	-	-	55 766
Integrated national electrification programme grant (INEP)	64 708	14 500 000	(11 843 879)	(64 708)	2 656 121
	120 474	14 500 000	(11 843 879)	(64 708)	2 711 887

Grant register June 2023

	Opening Balance	Received	Expenditure	Total
Massification grant	5 000 000	-	(4 944 234)	55 766
Integrated national electrification programme grant (INEP)	-	10 000 000	(9 935 292)	64 708
	5 000 000	10 000 000	(14 879 526)	120 474

The municipality received this R5 million from the KZN Department of COGTA for electrification. The municipality acts as an agent in this regard. The amount was received towards the end of the financial year and KZN Department of COGTA applied for blanket roll-over of this amount to the 2023/2024 financial year end.

The massification grant has a balance of R55 766 for 2023/2024 financial year.

The municipality received a grant from the National Department of Mineral Resources and Energy for electrification and has a balance of R2 656 121 for 2023/2024 financial year.

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

Notes to the Annual Financial Statements

	2024	2023
13. VAT payable		
Tax refunds payables	8 528 610	8 178 008
Opening Balance	(8 178 008)	(4 686 021)
Movements	350 601	(3 495 821)
VAT Control	179 926	(3 088 265)
Input VAT	(530 525)	(431 162)
Output Vat	-	23 606
	(8 528 610)	(8 178 008)
Reconciling Balances		
VAT Receivable - SARS (Actual) / VAT Control	1 562 328	1 382 402
Other reconciling balances	(10 090 938)	(9 560 410)
	(8 528 610)	(8 178 008)
The actual VAT payable / receivable from SARS as at reporting date is R1 562 328 as supported by the VAT Statement of Account (VATSA). The reconciling balances are caused by accrual transactions that are not due or claimable from SARS as at reporting date. These balances include VAT transactions on Integrated National Electrification Programme (INEP) that were historically claimed from SARS.		
14. Consumer deposits		
Hall hire deposits	2 000	3 000

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal initiative	-	478
KwaLoshe Tourism Project grant	97	97
Municipal Disaster Response Grant	1 755 164	-
	1 755 261	575

Movement during the year
 Balance at the beginning of the year
 Additions during the year
 Income recognition during the year
 Refunded

	575	97
	52 968 000	50 008 000
	(51 212 836)	(50 007 522)
	(478)	-
	1 755 261	575

Grant register June 2024

	Opening Balance	Received	Expenditure	Refunded	Balance
KwaLoshe Tourism	97	-	-	-	97
Municipal initiative	478	-	-	(478)	-
Local Government Financial Management Grant (FMG)	-	3 100 000	(3 100 000)	-	-
Provincialisation of Library Grant	-	981 000	(981 000)	-	-
Community Library Service Grant	-	1 023 000	(1 023 000)	-	-
Municipal Infrastructure Grant (MIG)	-	32 654 000	(32 654 000)	-	-
Expanded Public Works Programme Integrated Grant	-	1 760 000	(1 760 000)	-	-
Disaster Management Grant	-	3 000 000	(3 000 000)	-	-
Municipal Disaster Relief Grant	-	10 450 000	(8 694 836)	-	1 755 164
	575	52 968 000	(51 212 836)	(478)	1 755 261

Grant register June 2023

	Opening Balance	Received	Expenditure	Balance
Local Government Financial Management Grant (FMG)	-	3 100 000	(3 100 000)	-
KwaLoshe Tourism	97	-	-	97
Municipal Infrastructure Grant (MIG)	-	41 627 000	(41 627 000)	-
Expanded Public Works Programme Integrated Grant	-	2 277 000	(2 277 000)	-
Municipal Employment Initiative	-	1 000 000	(999 522)	478
Provincialisation of Library Grant	-	981 000	(981 000)	-
Community Library Service Grant	-	1 023 000	(1 023 000)	-
	97	50 008 000	(50 007 522)	575

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

2024 2023

16. Employee benefit obligation

Reconciliation of employee benefit obligation - 2024

	Opening Balance	Additions	Utilised during the year	Total
Long service award	3 365 000	369 000	-	3 734 000
Long service award - short term	349 000	375 596	(348 596)	376 000
	3 714 000	744 596	(348 596)	4 110 000

Reconciliation of employee benefit obligation - 2023

	Opening Balance	Additions	Utilised during the year	Total
Long service award	2 946 000	419 000	-	3 365 000
Long service award - short term	818 000	301 056	(770 056)	349 000
	3 764 000	720 056	(770 056)	3 714 000

Non-current liabilities
Current liabilities

3 734 000	3 365 000
376 000	349 000
4 110 000	3 714 000

Employee benefit cost provision

Definition

Long service awards are the amounts paid to employees who have more than five years of continuous services and complete every five years. The provision is an estimate of the long service award based on historical staff turnover, taking into account management estimates of the likelihood that staff may leave before long service become due. No other benefits are provided to employees.

The key financial and demographic assumptions are summarised below.

The summary of the key financial assumption used for the liability at the Valuation Date and the expense figures for the ensuing year.

Assumptions	Value p.a
Discount rate	11.48%
CPI inflation rate	5.58%
General earnings inflation rate (long term)	6.58%
Net effective discount rate	4.60%

Key demographics assumptions

Assumption	Value	
Average retirement age	62	
Mortality during employment	SA 85-90	
Termination of service (resignation and retrenchment rates per annum)	Age	Female
	20	9%
	30	6%
	40	5%
	50	3%
	55	0%
		Male
		9%
		6%
		5%
		3%
		0%

Accrued Liability

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

2024 2023

16. Employee benefit obligation (continued)

The summarises the Unfunded Accrued Liability as at 30 June 2024

	30/06/2024	30/06/2023
Defined benefit obligation	4 110 000	3 714 000
Value of plan asset	0	0
Net defined benefit liability	4 110 000	3 714 000
Expected current portion of DBO (due within 12 months)	376 000	349 000
Expected non-current portion of DBO (due thereafter)	3 734 000	3 365 000

Reconciliation of unfunded accrued liability

Opening accrued liability	3 714 000	3 764 000
Current-service cost	422 000	395 000
Interest cost	414 000	376 000
Benefits vesting	(348 810)	(770 056)
Actuarial loss/(gain)	(91 190)	(50 944)
	4 110 000	3 714 000

Current-Service, Interest Costs and Actuarial Loss / (Gains)

The summary of the Current-service Cost and the Interest Cost for the current and next financial years, is reflected below. The actuarial loss/(gains) arises from three components: the effects of changes in net discount rates, membership and salaries.

Current - Service and Interest Cost

Current -service cost	422 000	395 000
Interest cost	414 000	376 000

Reconciliation of liability - Statement of Financial Position

	30/06/2024	30/06/2023
Opening balance	3 714 000	3 764 000
Current -service cost	422 000	395 000
Interest cost	414 000	376 000
Actuarial (Gain)/Loss	(91 190)	(50 944)
Subtotal	4 458 810	4 484 056
Benefits vesting	(348 810)	(770 056)
	4 110 000	3 714 000

Closing Balance Reconciliation

Non-Current portion of liability	3 734 000	3 365 000
Current portion of liability	376 000	349 000
	4 110 000	3 714 000

History of liabilities and assets

	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Liability History					
Accrued liability	2 794 000	3 300 000	3 764 000	3 714 000	4 110 000
Fair value of plan asset	0	0	0	0	0
Surplus/(Deficit)	(2 794 000)	(3 300 000)	(3 764 000)	(3 714 000)	(4 110 000)

History of experience of adjustment: (Gains) and Losses

	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Experience adjustments					
Liabilities: (Gains)/Loss	131 327	207 093	(106 000)	189 056	(91 190)
Assets: Gain/(Loss)	0	0	0	0	0

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
17. Payables from non-exchange transactions		
This relates to unpaid unspent INEP grant. The municipality acts as an agent for the Department of Energy for the electrification projects that are within its jurisdictions. The conditions of the grant were fully met.		
The grant is intended to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.		
Unspent INEP Grant	324	324
18. Service charges		
Refuse removal	597 911	579 998
19. Construction contracts revenue		
Movements during the year		
Opening balance	64 708	-
Current year receipts	14 500 000	10 000 000
Conditions met - transferred to revenue	(11 843 879)	(9 935 292)
Refunded	(64 708)	-
	2 656 121	64 708
20. Rental of facilities and equipment		
Facilities and equipment		
Rental of equipment	622 384	682 124
21. Agency services		
Agency fee-vehicle license renewal	185 450	157 363
The municipality act as an agent of the department of Transport for the renewal of vehicle licences and an agreement is in place. Revenue recognised only related to the commission that the municipality is entitled to as per the agreement.		
22. Licences and permits		
Licences and permits	19 043	30 906
23. Other income		
Municipal refunds		
Administrative and handling fee	362 341	165 380
Sale of tender documents	3 875 352	1 065 724
Skills development levy refund	396 834	207 747
Rates clearance	787 917	128 117
Library income	24 600	7 000
	964	1 876
	5 448 008	1 575 844

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

Notes to the Annual Financial Statements

	2024	2023
24. Interest received - investment		
Interest revenue		
Call account - Bank interest	9 767 404	8 254 288

The amount included in call accounts arising from exchange transactions amounted to R9 767 404 for 2023/2024 and R8 254 288 for 2022/23 financial years.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
25. Property rates		
Rates received		
Residential	254 512	254 993
Commercial	2 401 415	2 286 317
State	15 467 787	15 072 807
Agriculture	1 901 287	1 932 418
Public Benefit Organisations	5 620	5 500
Vacant Land	16 075	15 210
Industrial Properties	41 940	41 120
Less: Income forgone	(1 100 701)	(1 075 165)
	18 987 935	18 533 200

Valuations		
Residential	32 826 000	32 826 000
Commercial	75 725 000	75 725 000
State	712 535 000	712 535 000
Place of Worship	2 380 000	2 380 000
Agriculture	1 421 569 000	1 421 569 000
Vacant Land	2 625 000	2 625 000
Public Benefit Organisation	3 000 000	3 000 000
Industrial	3 000 000	3 000 000
Public Service Infrastructure	2 034 000	2 034 000
	2 255 694 000	2 255 694 000

Rates reconciliation:

Billing	18 987 935	18 555 817
Rates Received	(14 907 449)	(14 283 819)
	4 080 486	4 271 998

Rate Reconciliation	Market value	Exempt	After Exemption	Tariff	Amount	Income forgone
Residential	32 826 000	10 122 011	22 703 989	0,01121	254 512	62 309
Commercial	75 725 000	18 466 665	57 258 335	0,04194	2 401 415	24 325
State	712 535 000	20 484 000	692 071 000	0,02235	15 467 787	-
Place of Worship	2 380 000	2 380 000	2 380 000	-	-	-
Agriculture	1 421 569 000	744 954 402	676 614 598	0,00281	1 901 287	1 010 086
Vacant Land	2 625 000	1 191 008	1 433 992	0,01121	16 075	3 980
Public Benefit Organisation	3 000 000	1 000 015	1 999 985	0,00281	5 620	-
Industrial	3 000 000	2 010 729	989 271	0,04194	41 940	-
Public Service Infrastructure	2 034 000	2 034 000	2 034 000	-	-	-
Subtotal	2 255 694 000	802 622 830	1 457 485 170	-	20 088 636	1 100 700
	2 255 694 000	802 622 830	1 457 485 170		20 088 636	1 100 700

The municipality valuations and property rate were firstly implemented with effect on 01 July 2009, second valuation was effective on 01 July 2014 and the third (current) valuation roll was effective on 01 July 2019 in terms of Municipal Rates Act.

Valuations on land and buildings are valid for five years.

Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations, consolidations, subdivisions and new township development. Various rates in the rand were applied in accordance with categories determined in terms of the Municipal Property Rates Act.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
25. Property rates (continued)		
Rebates applicable were applied in line with the municipal property rates policy. Rebates are levied on a monthly basis in terms of Municipal Rates Policy and interest is charged on outstanding amounts as determined by the municipality in terms of rates policy and approved tariffs.		
26. Interest received (trading)		
Interest from outstanding debtors	1 149 664	1 023 938
27. Government grants & subsidies		
Operating grants		
Equitable share	194 115 708	181 613 000
Expanded Public Works Programme (EPWP)	1 760 000	2 277 000
Financial Management Grant (FMG)	3 100 000	3 100 000
Library Computer Assistant	1 023 000	1 023 000
Provincialization of Library Grant	981 000	981 000
Municipal Employment Initiative Grant	-	999 523
Municipal Disaster Relief Grant	8 694 836	-
	209 674 544	189 993 523
Capital grants		
Municipal Infrastructure Grant (MIG)	32 654 000	41 627 000
Municipal Disaster Management Grant	3 000 000	-
	35 654 000	41 627 000
	245 328 544	231 620 523
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	51 212 836	50 007 523
Unconditional grants received	194 115 708	181 613 000
	245 328 544	231 620 523
Equitable Share		
Current-year receipts	194 051 000	181 613 000
Conditions met - transferred to revenue	(194 115 708)	(181 613 000)
With-held by National Treasury	64 708	-
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
The amount R64 708 was with-held against the amount that the municipality could not spend and was due to be refunded back to the National Treasury. The grant that was unspent was Integrated National Electrification Programme Grant (INEP) for 2022/2023 financial year.		
Municipal Employment Initiative Grant		
Balance unspent at beginning of year	478	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(999 522)
Other - Refunded	(478)	-
	-	478

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
27. Government grants & subsidies (continued)		
Kwaloshe Tourism		
Balance unspent at beginning of year	97	97
Conditions still to be met - remain liabilities (see note 15).		
Expanded Public Works Programme		
Current-year receipts	1 760 000	2 277 000
Conditions met - transferred to revenue	(1 760 000)	(2 277 000)
	-	-
The grant is used to fund job creation initiatives in the specific focus areas where labour intensive delivery methods can be measured. The conditions of the grant were fully met for the period under review.		
Financial Management Grant		
Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(3 100 000)	(3 100 000)
	-	-
The grant is used to assist the municipality to implement financial reforms as required by the MFMA. The conditions have been met for the period under review.		
Community Library Service Grant		
Current-year receipts	1 023 000	1 023 000
Conditions met - transferred to revenue	(1 023 000)	(1 023 000)
	-	-
The grant is used for cyber cadet for the library.		
Provincialisation of library Grant		
Current-year receipts	981 000	981 000
Conditions met - transferred to revenue	(981 000)	(981 000)
	-	-
Municipal Disaster Relief Grant		
Current-year receipts	10 450 000	-
Conditions met - transferred to revenue	(8 694 836)	-
	1 755 164	-
Conditions still to be met - remain liabilities (see note 15).		
Municipal Infrastructure Grant		
Current-year receipts	32 654 000	41 627 000
Conditions met - transferred to revenue	(32 654 000)	(41 627 000)
	-	-

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

Notes to the Annual Financial Statements

	2024	2023
27. Government grants & subsidies (continued)		
Municipal Disaster Management Grant		
Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(3 000 000)	-
	-	-
Massification		
Balance unspent at beginning of year	55 766	5 000 000
Conditions met - transferred to revenue	-	(4 944 234)
	55 766	55 766
28. Public contributions and donations		
Donations received	7 100	53 241

The donation for the current year relates to library book trollies that were donated by the Department of Arts and Culture.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
29. Employee related costs		
Basic	51 589 718	46 212 723
Bonus	3 592 776	2 855 365
Medical aid - company contributions	3 568 234	3 061 871
UIF	331 975	302 644
Other payroll levies	465 625	601 702
Leave pay provision charge	782 981	841 592
Defined contribution plans	9 462 683	7 842 135
Overtime payments	620 439	478 389
Long-service awards	421 785	395 000
Car allowance	1 832 744	1 878 665
Housing benefits and allowances	261 939	236 754
Uniform allowance	510 000	510 000
Bargaining council	18 983	17 242
	73 459 882	65 234 082

Included within the employee related costs are the acting allowances of managers that acted as directors in their departments. The following managers acted as directors in their departments.

Mr. XNE Hlekwane (Finance Manager) acted as CFO and received acting allowance of R7 456 and R47 603 during 2022/2023 financial year.

Miss. ZP Khuluse (Manager Local Economic Development) acted as Local Economic Development Director and received acting allowance of R88 823 and R35 659 during 2022/2023 financial year.

Mr. NB Mkhwanazi (Manager Community Services) acted as Director Community Services and received acting allowance of R74 560 during the current financial year.

Miss Mhlatu (Manager Administrations) acted as Director Corporate Services and received acting allowance of R68 998 during the 2022/2023 financial year.

Remuneration of Municipal Manager - Mr SDG Khuzwayo

Annual Remuneration	686 979	347 764
Car Allowance	248 176	124 088
Medical Aid Allowance	36 000	-
Contributions to UIF, Medical and Pension Funds	59 675	25 563
Skills Development Levy	11 595	4 628
Telephone Allowance	36 000	-
Rural Allowance	60 000	-
Back Pay	84 316	-
	1 222 741	502 043

Remuneration of Chief Finance Officer - Mr S Majola

Annual Remuneration	-	254 707
Car Allowance	-	84 902
Contributions to UIF, Medical and Pension Funds	-	1 063
Skills Development Levy	-	3 947
Back Pay	47 488	-
	47 488	344 619

Remuneration of Chief Financial Officer - Mr XNE Hlekwane

Annual Remuneration	497 773	-
Car Allowance	195 275	-
Medical Aid Allowance	36 000	-

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
29. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds		-
Telephone Allowance	60 000	-
Rural Allowance	27 000	-
Skills Development Levy	42 000	-
Back Pay	11 450	-
	56 160	-
	925 658	-

Remuneration of Director Corporate Services - Miss TP Motaung

Annual Remuneration	485 528	-
Car Allowance	177 523	-
Telephone Allowance	27 000	-
Contributions to UIF, Medical and Pension Funds	54 088	-
Medical Allowances	36 000	-
Rural Allowance	42 000	-
Back Pay	11 807	-
Skills Development Levy	8 440	-
	842 386	-

Remuneration of Director Community Services - Mrs PP Mbonambi

Annual Remuneration	101 883	611 297
Car Allowance	33 960	203 766
Contributions to UIF, Medical and Pension Funds	354	2 125
Skills and Development Levy	1 291	7 744
Back Pay	41 182	-
	178 670	824 932

Remuneration of Director Technical Services - Mr DH Mzolo

Annual Remuneration	574 272	553 381
Car Allowance	211 993	213 173
Telephone Allowance	27 000	-
Contributions to UIF, Medical and Pension Funds	65 455	62 191
Skills and Development Levy	10 606	7 832
Medical Allowances	36 000	-
Rural Allowance	42 000	-
Back Pay	94 252	-
	1 061 578	836 577

Remuneration of Director Economic Development and Planning - Mr SDG Khuzwayo

Annual Remuneration	-	293 644
Car Allowance	-	101 883
Contributions to UIF, Medical and Pension Funds	-	21 754
Skills and Development Levy	-	4 307
	-	421 588

Total employees cost is made up of staff cost plus managers and it equate to R73 459 882 plus directors remuneration of R4 278 521 and it equate to R77 738 403.

The difference of R43 383 between the statement of financial performance and the note is as a result of SDL which is disclosed separately under general expenditure in line with MSCOA Chart.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
30. Remuneration of councillors		
Executive Major	994 873	956 416
Deputy Executive Mayor	809 450	774 167
Mayoral Committee Members	3 418 306	3 304 162
Speaker	810 174	770 127
Councillors	9 711 349	9 446 185
Councillors' medical aid contribution	229 094	160 351
	15 973 246	15 411 408
Mayor from July 2021 till November 2021:NV Chili		
Back Pay	-	9 127
Mayor : SZ Mfeka		
Salary	862 588	842 424
Back Pay	44 925	21 765
Cellphone Allowance	40 800	40 800
Medical Aid	46 558	42 300
	994 871	947 289
Deputy Mayor: ZS Thoolsi		
Salary	603 921	617 416
Cellphone Allowance	40 800	40 800
Back Pay	35 940	-
Pension Fund	95 979	92 612
Medical Aid	32 810	23 339
	809 450	774 167
Speaker from July 2021 till November 2022: GK Ngidi		
Back Pay	-	16 627
Speaker : RM Cele		
Salary	614 971	598 555
Back Pay	35 940	18 809
Cellphone Allowance	40 800	40 800
Medical Aid	20 826	19 357
Pension Fund	97 637	92 605
	810 174	770 126
Executive Committee Members and Other Councillors		
Salaries	10 970 891	10 715 263
Travel and subsistence	71 928	69 681
Telephone allowance	1 387 200	1 387 200
Backpay	543 795	419 816
Pension	155 840	129 133
Medical aid	229 094	172 978
SDL	152 485	147 544
	13 511 233	13 041 615

The difference of R152 485 between the statement of financial performance and the note above is as a result of SDL which is disclosed separately under general expenditure in line with MSCOA Chart.

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

Notes to the Annual Financial Statements

	2024	2023
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30. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay in the mayoral residence owned by Council at no cost. The Executive Mayor has a right of use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has two full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

31. Depreciation and amortisation

Property, plant and equipment
Intangible assets

33 952 106	29 947 300
10 215	10 043
33 962 321	29 957 343

32. Debt impairment

Debt impairment

1 781 479	399 002
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33. Lease rentals on operating lease

Equipment
Contractual amounts

1 076 655	1 290 786
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Operating lease as a lessee

Minimum lease payments within one year

-	1 349 450
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The operational lease contract expired during the current financial year, the municipality currently acquiring services on ad-hoc basis using quotations from services providers until an agreement is been entered into with the service provider that will be appointed in the beginning of the new financial year. In certain instances the municipality has been assisted by other neighbouring government departments.

34. Finance cost

Interest cost

414 000	376 000
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The finance costs relates to the interest on employee benefits obligations that are disclosed on the actuarial report as per the GRAP 25 requirements.

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

Notes to the Annual Financial Statements

	2024	2023
35. Contracted services		
Outsourced Services		
Administrative and Support Staff	-	1 964 204
Hire Charges	2 572 975	5 370 176
Business and Advisory	-	130 435
Sound System	850 950	1 138 045
Hygiene Services	1 569 582	1 530 350
Internal Auditors	1 305 197	934 381
Medical Services	5 500	-
Personnel and Labour	75 565	90 087
Professional Staff	877 727	909 739
Refuse Removal	1 331 182	971 533
Researcher	199 250	145 335
Security Services	12 438 963	9 721 805
Sewerage Services	-	2 609
Transport Services	2 964 680	3 771 390
Drivers Licence Cards	221 300	397 800
	20 894 340	16 545 383
Consultants and Professional Services		
Business and Advisory		
Contractors		
Artists and Performers	471 400	273 000
Audio-visual Services	339 750	233 250
Bore Waterhole Drilling	148 751	-
Catering Services	3 740 636	4 132 997
Electrical	10 299 025	8 769 820
Event Promoters	2 443 660	1 840 232
Gardening Services	297 850	738 073
Graphic Designers	365 563	538 155
Maintenance of Buildings and Facilities	2 108 562	1 083 530
Maintenance of Equipment	36 824	257 278
Maintenance of Unspecified Assets	686 884	1 598 600
Maintenance of Roads	1 262 065	687 008
Medical Services	29 213	2 609
Maintenance of Vehicles	3 039 490	2 701 639
Transportation	287 300	134 900
Safeguard and Security	149 590	723 790
Sports and Recreation	44 950	-
	71 058 724	67 338 153
36. Transfer and subsidies		
Other subsidies		
Study Bursaries	1 699 994	1 644 113
Free basic services	349 816	490 949
Social relief	1 194 383	1 606 836
Indigent burial	1 253 708	626 500
	4 497 901	4 368 398
37.		
Increase in leave accrued	1 241 069	75 012

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
38. General expenses		
Advertising	984 853	894 017
Auditor remuneration	2 001 735	1 892 777
Bank charges	253 320	212 674
Council committee	3 453 550	3 480 350
Consulting and professional fees	24 469	10 600
Consumables	1 882 727	1 684 869
Entertainment	1 842 414	2 277 273
Fines and penalties	5 518	10 133
Gifts	2 539 566	2 588 454
Insurance	1 913 090	1 730 446
Conferences and seminars	154 661	193 631
Operational lease (extra copies)	361 890	251 623
Marketing	2 369 052	2 710 856
Motor vehicle expenses	355 774	320 427
Fuel and oil	6 010 364	6 050 859
Postage and courier	2 710	3 595
Printing and stationery	593 220	595 372
Repairs and maintenance	38 200	62 320
Software expenses	2 917 100	2 351 850
Subscriptions and membership fees	2 088 442	887 950
Telephone and fax	2 780 910	2 576 637
Skills development levy	745 333	672 147
Travel - local	6 309 957	5 467 058
Electricity	2 457 259	2 087 824
Uniforms	1 523 139	1 512 350
Tourism development	-	138 995
Workmen's compensation fund	450 000	355 850
Study assistance	500 000	369 931
	44 559 253	41 390 868

39. Impairment loss

Property, plant and equipment

22 722 620	9 991 227
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Reconciliation of Impairment loss recognised

Impairment loss recognise per class

Community Assets	4 344 616	6 396 626
Infrastructure	18 378 004	3 537 715
Other property, plant and equipment	-	56 889

The impairment of these assets are as a result of vandalism especially for community assets and infrastructure assets its due to natural distasters.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
40. Cash generated from operations		
Surplus	11 781 005	32 319 126
Adjustments for:		
Depreciation and amortisation	33 962 321	29 957 343
Gain on sale of assets and liabilities	5 740 364	124 824
Impairment deficit	22 722 620	9 991 227
Debt impairment	1 781 479	399 002
Finance costs (Actuarial)	414 000	376 000
Movements in employee obligations provisions	396 000	(50 000)
Inventory losses or write-downs	-	(24 224)
Actuarial gains/loss	(91 190)	(50 944)
Increase in leave provision	1 241 069	75 012
Donations	(7 100)	(53 241)
Other non-cash items	(26)	(7 431)
Changes in working capital:		
Inventory	110 425	(330 345)
Receivables from exchange transactions	(1 894 777)	1 836 972
Debt impairment	(1 781 479)	(399 002)
Other receivables from non-exchange transactions	(3 343 009)	(5 282 018)
Finance costs (Actuarial)	(414 000)	-
Acuarial gains/loss	91 190	-
Payables from exchange transactions	4 868 881	(10 004 544)
VAT	350 602	3 495 821
Payables from non-exchange transactions	2 591 413	(4 879 526)
Unspent conditional grants and receipts	1 754 686	478
Consumer deposits	(1 000)	14 500
Inventory losses or write-downs	-	24 224
Accrued interest	(483 043)	(167 883)
Increase in leave provision	(1 241 069)	-
	78 549 362	57 365 371
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	33 719 539	21 746 897
	33 719 539	21 746 897
Total capital commitments		
Already contracted for but not provided for		
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational Commitments	57 314 239	22 098 825
	57 314 239	22 098 825
Total operational commitments		
Already contracted for but not provided for		
Total commitments		
Total commitments		
Authorised capital expenditure	33 719 539	21 746 897
Authorised operational expenditure	57 314 239	22 098 825
	91 033 778	43 845 722

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
11. Payables from exchange transactions		
Trade payables	5 597 058	1 416 778
Payments received in advanced - debtors with credit balances	255 052	378 851
Retentions	5 094 368	6 268 890
Other payables	474 290	1 236 903
Accrued leave	6 901 064	5 659 995
Salary (13th cheque)	2 161 388	1 827 444
	20 483 220	16 788 861

12. Payables from non-exchange transactions

Massification grant	55 766	55 766
Integrated national electrification programme grant	2 656 121	64 708
	2 711 887	120 474

Movements during the year

Balance at the beginning of the year
Additions during the year
Expenditure during the year
Refunded

	120 474	5 000 000
	14 500 000	10 000 000
	(11 843 879)	(14 879 526)
	(64 708)	-
	2 711 887	120 474

Grant register June 2024

	Opening Balance	Received	Expenditure	Refunded	Total
Massification grant	55 766	-	-	-	55 766
Integrated national electrification programme grant (INEP)	64 708	14 500 000	(11 843 879)	(64 708)	2 656 121
	120 474	14 500 000	(11 843 879)	(64 708)	2 711 887

Grant register June 2023

	Opening Balance	Received	Expenditure	Total
Massification grant	5 000 000	-	(4 944 234)	55 766
Integrated national electrification programme grant (INEP)	-	10 000 000	(9 935 292)	64 708
	5 000 000	10 000 000	(14 879 526)	120 474

The municipality received this R5 million from the KZN Department of COGTA for electrification. The municipality acts as an agent in this regard. The amount was received towards the end of the financial year and KZN Department of COGTA applied for blanket roll-over of this amount to the 2023/2024 financial year end.

The massification grant has a balance of R55 766 for 2023/2024 financial year.

The municipality received a grant from the National Department of Mineral Resources and Energy for electrification and has a balance of R2 656 121 for 2023/2024 financial year.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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13. VAT payable

Tax refunds payables

	8 528 610	8 178 008
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Opening Balance

Movements

VAT Control

Input VAT

Output Vat

(8 178 008)	(4 686 021)
350 601	(3 495 821)
179 926	(3 088 265)
(530 525)	(431 162)
-	23 606
(8 528 610)	(8 178 008)

Reconciling Balances

VAT Receivable - SARS (Actual) / VAT Control

Other reconciling balances

1 562 328	1 382 402
(10 090 938)	(9 560 410)
(8 528 610)	(8 178 008)

The actual VAT payable / receivable from SARS as at reporting date is R1 562 328 as supported by the VAT Statement of Account (VATSA). The reconciling balances are caused by accrual transactions that are not due or claimable from SARS as at reporting date. These balances include VAT transactions on Integrated National Electrification Programme (INEP) that were historically claimed from SARS.

14. Consumer deposits

Hall hire deposits

2 000	3 000
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Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal initiative	-	478
KwaLoshe Tourism Project grant	97	97
Municipal Disaster Response Grant	1 755 164	-
	1 755 261	575

Movement during the year
 Balance at the beginning of the year
 Additions during the year
 Income recognition during the year
 Refunded

	575	97
	52 968 000	50 008 000
	(51 212 836)	(50 007 522)
	(478)	-
	1 755 261	575

Grant register June 2024

	Opening Balance	Received	Expenditure	Refunded	Balance
KwaLoshe Tourism	97	-	-	-	97
Municipal initiative	478	-	-	(478)	-
Local Government Financial Management Grant (FMG)	-	3 100 000	(3 100 000)	-	-
Provincialisation of Library Grant	-	981 000	(981 000)	-	-
Community Library Service Grant	-	1 023 000	(1 023 000)	-	-
Municipal Infrastructure Grant (MIG)	-	32 654 000	(32 654 000)	-	-
Expanded Public Works Programme Integrated Grant	-	1 760 000	(1 760 000)	-	-
Disaster Management Grant	-	3 000 000	(3 000 000)	-	-
Municipal Disaster Relief Grant	-	10 450 000	(8 694 836)	-	1 755 164
	575	52 968 000	(51 212 836)	(478)	1 755 261

Grant register June 2023

	Opening Balance	Received	Expenditure	Balance
Local Government Financial Management Grant (FMG)	-	3 100 000	(3 100 000)	-
KwaLoshe Tourism	97	-	-	97
Municipal Infrastructure Grant (MIG)	-	41 627 000	(41 627 000)	-
Expanded Public Works Programme Integrated Grant	-	2 277 000	(2 277 000)	-
Municipal Employment Initiative	-	1 000 000	(999 522)	478
Provincialisation of Library Grant	-	981 000	(981 000)	-
Community Library Service Grant	-	1 023 000	(1 023 000)	-
	97	50 008 000	(50 007 522)	575

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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16. Employee benefit obligation

Reconciliation of employee benefit obligation - 2024

	Opening Balance	Additions	Utilised during the year	Total
Long service award	3 365 000	369 000	-	3 734 000
Long service award - short term	349 000	375 596	(348 596)	376 000
	3 714 000	744 596	(348 596)	4 110 000

Reconciliation of employee benefit obligation - 2023

	Opening Balance	Additions	Utilised during the year	Total
Long service award	2 946 000	419 000	-	3 365 000
Long service award - short term	818 000	301 056	(770 056)	349 000
	3 764 000	720 056	(770 056)	3 714 000

Non-current liabilities
Current liabilities

	3 734 000	3 365 000
	376 000	349 000
	4 110 000	3 714 000

Employee benefit cost provision

Definition

Long service awards are the amounts paid to employees who have more than five years of continuous services and complete every five years. The provision is an estimate of the long service award based on historical staff turnover, taking into account management estimates of the likelihood that staff may leave before long service become due. No other benefits are provided to employees.

The key financial and demographic assumptions are summarised below.

The summary of the key financial assumption used for the liability at the Valuation Date and the expense figures for the ensuing year.

Assumptions	Value p.a
Discount rate	11.48%
CPI inflation rate	5.58%
General earnings inflation rate (long term)	6.58%
Net effective discount rate	4.60%

Key demographics assumptions

Assumption	Value	
Average retirement age	62	
Mortality during employment	SA 85-90	
Termination of service (resignation and retrenchment rates per annum)	Age	Male
	20	9%
	30	6%
	40	5%
	50	3%
	55	0%

Accrued Liability

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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16. Employee benefit obligation (continued)

The summarises the Unfunded Accrued Liability as at 30 June 2024

	30/06/2024	30/06/2023
Defined benefit obligation	4 110 000	3 714 000
Value of plan asset	0	0
Net defined benefit liability	4 110 000	3 714 000
Expected current portion of DBO (due within 12 months)	376 000	349 000
Expected non-current portion of DBO (due thereafter)	3 734 000	3 365 000

Reconciliation of unfunded accrued liability

Opening accrued liability	3 714 000	3 764 000
Current-service cost	422 000	395 000
Interest cost	414 000	376 000
Benefits vesting	(348 810)	(770 056)
Actuarial loss/(gain)	(91 190)	(50 944)
	4 110 000	3 714 000

Current-Service, Interest Costs and Actuarial Loss / (Gains)

The summary of the Current-service Cost and the Interest Cost for the current and next financial years, is reflected below. The actuarial loss/(gains) arises from three components: the effects of changes in net discount rates, membership and salaries.

Current - Service and Interest Cost

Current -service cost	422 000	395 000
Interest cost	414 000	376 000

Reconciliation of liability - Statement of Financial Position

	30/06/2024	30/06/2023
Opening balance	3 714 000	3 764 000
Current -service cost	422 000	395 000
Interest cost	414 000	376 000
Actuarial (Gain)/Loss	(91 190)	(50 944)
Subtotal	4 458 810	4 484 056
Benefits vesting	(348 810)	(770 056)
	4 110 000	3 714 000

Closing Balance Reconciliation

Non-Current portion of liability	3 734 000	3 365 000
Current portion of liability	376 000	349 000
	4 110 000	3 714 000

History of liabilities and assets

Liability History	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Accrued liability	2 794 000	3 300 000	3 764 000	3 714 000	4 110 000
Fair value of plan asset	0	0	0	0	0
Surplus/(Deficit)	(2 794 000)	(3 300 000)	(3 764 000)	(3 714 000)	(4 110 000)

History of experience of adjustment: (Gains) and Losses

Experience adjustments	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Liabilities: (Gains)/Loss	131 327	207 093	(106 000)	189 056	(91 190)
Assets: Gain/(Loss)	0	0	0	0	0

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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17. Payables from non-exchange transactions

This relates to unpaid unspent INEP grant. The municipality acts as an agent for the Department of Energy for the electrification projects that are within its jurisdictions. The conditions of the grant were fully met.

The grant is intended to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Unspent INEP Grant	324	324
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18. Service charges

Refuse removal

597 911	579 998
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19. Construction contracts revenue

Movements during the year

Opening balance
Current year receipts
Conditions met - transferred to revenue
Refunded

64 708	-
14 500 000	10 000 000
(11 843 879)	(9 935 292)
(64 708)	-
2 656 121	64 708

20. Rental of facilities and equipment

Facilities and equipment

Rental of equipment

622 384	682 124
---------	---------

21. Agency services

Agency fee-vehicle license renewal

185 450	157 363
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The municipality act as an agent of the department of Transport for the renewal of vehicle licences and an agreement is in place. Revenue recognised only related to the commission that the municipality is entitled to as per the agreement.

22. Licences and permits

Licences and permits

19 043	30 906
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23. Other income

Municipal refunds
Administrative and handling fee
Sale of tender documents
Skills development levy refund
Rates clearance
Library income

362 341	165 380
3 875 352	1 065 724
396 834	207 747
787 917	128 117
24 600	7 000
964	1 876
5 448 008	1 575 844

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

Notes to the Annual Financial Statements

	2024	2023
24. Interest received - investment		
Interest revenue		
Call account - Bank interest	9 767 404	8 254 288

The amount included in call accounts arising from exchange transactions amounted to R9 767 404 for 2023/2024 and R8 254 288 for 2022/23 financial years.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
25. Property rates		
Rates received		
Residential	254 512	254 993
Commercial	2 401 415	2 286 317
State	15 467 787	15 072 807
Agriculture	1 901 287	1 932 418
Public Benefit Organisations	5 620	5 500
Vacant Land	16 075	15 210
Industrial Properties	41 940	41 120
Less: Income forgone	(1 100 701)	(1 075 165)
	18 987 935	18 533 200

Valuations		
Residential	32 826 000	32 826 000
Commercial	75 725 000	75 725 000
State	712 535 000	712 535 000
Place of Worship	2 380 000	2 380 000
Agriculture	1 421 569 000	1 421 569 000
Vacant Land	2 625 000	2 625 000
Public Benefit Organisation	3 000 000	3 000 000
Industrial	3 000 000	3 000 000
Public Service Infrastructure	2 034 000	2 034 000
	2 255 694 000	2 255 694 000

Rates reconciliation:

Billing

Rates Received

18 987 935	18 555 817
(14 907 449)	(14 283 819)
4 080 486	4 271 998

Rate Reconciliation	Market value	Exempt	After Exemption	Tariff	Amount	Income forgone
Residential	32 826 000	10 122 011	22 703 989	0,01121	254 512	62 309
Commercial	75 725 000	18 466 665	57 258 335	0,04194	2 401 415	24 325
State	712 535 000	20 464 000	692 071 000	0,02235	15 467 787	-
Place of Worship	2 380 000	2 380 000	2 380 000	-	-	-
Agriculture	1 421 569 000	744 954 402	676 614 598	0,00281	1 901 287	1 010 086
Vacant Land	2 625 000	1 191 008	1 433 992	0,01121	16 075	3 980
Public Benefit Organisation	3 000 000	1 000 015	1 999 985	0,00281	5 620	-
Industrial	3 000 000	2 010 729	989 271	0,04194	41 940	-
Public Service Infrastructure	2 034 000	2 034 000	2 034 000	-	-	-
Subtotal	2 255 694 000	802 622 830	1 457 485 170	-	20 088 636	1 100 700
	2 255 694 000	802 622 830	1 457 485 170		20 088 636	1 100 700

The municipality valuations and property rate were firstly implemented with effect on 01 July 2009, second valuation was effective on 01 July 2014 and the third (current) valuation roll was effective on 01 July 2019 in terms of Municipal Rates Act.

Valuations on land and buildings are valid for five years.

Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations, consolidations, subdivisions and new township development. Various rates in the rand were applied in accordance with categories determined in terms of the Municipal Property Rates Act.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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25. Property rates (continued)

Rebates applicable were applied in line with the municipal property rates policy. Rebates are levied on a monthly basis in terms of Municipal Rates Policy and interest is charged on outstanding amounts as determined by the municipality in terms of rates policy and approved tariffs.

26. Interest received (trading)

Interest from outstanding debtors

	1 149 664	1 023 938
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27. Government grants & subsidies

Operating grants

Equitable share
Expanded Public Works Programme (EPWP)
Financial Management Grant (FMG)
Library Computer Assistant
Provincialization of Library Grant
Municipal Employment Initiative Grant
Municipal Disaster Relief Grant

194 115 708	181 613 000
1 760 000	2 277 000
3 100 000	3 100 000
1 023 000	1 023 000
981 000	981 000
8 694 836	999 523
209 674 544	189 993 523

Capital grants

Municipal Infrastructure Grant (MIG)
Municipal Disaster Management Grant

32 654 000	41 627 000
3 000 000	-
35 654 000	41 627 000
245 328 544	231 620 523

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received

Unconditional grants received

51 212 836	50 007 523
194 115 708	181 613 000
245 328 544	231 620 523

Equitable Share

Current-year receipts

Conditions met - transferred to revenue

With-held by National Treasury

194 051 000	181 613 000
(194 115 708)	(181 613 000)
64 708	-
-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The amount R64 708 was with-held against the amount that the municipality could not spend and was due to be refunded back to the National Treasury. The grant that was unspent was Integrated National Electrification Programme Grant (INEP) for 2022/2023 financial year.

Municipal Employment Initiative Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Other - Refunded

478	-
-	1 000 000
-	(999 522)
(478)	-
-	478

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
27. Government grants & subsidies (continued)		
KwalosheTourism		
Balance unspent at beginning of year	97	97
Conditions still to be met - remain liabilities (see note 15).		
Expanded Public Works Programme		
Current-year receipts	1 760 000	2 277 000
Conditions met - transferred to revenue	(1 760 000)	(2 277 000)
	-	-
The grant is used to fund job creation initiatives in the specific focus areas where labour intensive delivery methods can be measured. The conditions of the grant were fully met for the period under review.		
Financial Management Grant		
Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(3 100 000)	(3 100 000)
	-	-
The grant is used to assist the municipality to implement financial reforms as required by the MFMA. The conditions have been met for the period under review.		
Community Library Service Grant		
Current-year receipts	1 023 000	1 023 000
Conditions met - transferred to revenue	(1 023 000)	(1 023 000)
	-	-
The grant is used for cyber cadet for the library.		
Provincialisation of library Grant		
Current-year receipts	981 000	981 000
Conditions met - transferred to revenue	(981 000)	(981 000)
	-	-
Municipal Disaster Relief Grant		
Current-year receipts	10 450 000	-
Conditions met - transferred to revenue	(8 694 836)	-
	1 755 164	-
Conditions still to be met - remain liabilities (see note 15).		
Municipal Infrastructure Grant		
Current-year receipts	32 654 000	41 627 000
Conditions met - transferred to revenue	(32 654 000)	(41 627 000)
	-	-

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

Notes to the Annual Financial Statements

	2024	2023
27. Government grants & subsidies (continued)		
Municipal Disaster Management Grant		
Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(3 000 000)	-
	-	-
Massification		
Balance unspent at beginning of year	55 766	5 000 000
Conditions met - transferred to revenue	-	(4 944 234)
	55 766	55 766
Conditions still to be met - remain liabilities see note 12.		
28. Public contributions and donations		
Donations received	7 100	53 241

The donation for the current year relates to library book trollies that were donated by the Department of Arts and Culture.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
29. Employee related costs		
Basic	51 589 718	46 212 723
Bonus	3 592 776	2 855 365
Medical aid - company contributions	3 568 234	3 061 871
UIF	331 975	302 644
Other payroll levies	465 625	601 702
Leave pay provision charge	782 981	841 592
Defined contribution plans	9 462 683	7 842 135
Overtime payments	620 439	478 389
Long-service awards	421 785	395 000
Car allowance	1 832 744	1 878 665
Housing benefits and allowances	261 939	236 754
Uniform allowance	510 000	510 000
Bargaining council	18 983	17 242
	73 459 882	65 234 082

Included within the employee related costs are the acting allowances of managers that acted as directors in their departments. The following managers acted as directors in their departments.

Mr. XNE Hlekwane (Finance Manager) acted as CFO and received acting allowance of R7 456 and R47 603 during 2022/2023 financial year.

Miss. ZP Khuluse (Manager Local Economic Development) acted as Local Economic Development Director and received acting allowance of R88 823 and R35 659 during 2022/2023 financial year.

Mr. NB Mkhwanazi (Manager Community Services) acted as Director Community Services and received acting allowance of R74 560 during the current financial year.

Miss Mhatu (Manager Administrations) acted as Director Corporate Services and received acting allowance of R68 998 during the 2022/2023 financial year.

Remuneration of Municipal Manager - Mr SDG Khuzwayo

Annual Remuneration	686 979	347 764
Car Allowance	248 176	124 088
Medical Aid Allowance	36 000	-
Contributions to UIF, Medical and Pension Funds	59 675	25 563
Skills Development Levy	11 595	4 628
Telephone Allowance	36 000	-
Rural Allowance	60 000	-
Back Pay	84 316	-
	1 222 741	502 043

Remuneration of Chief Finance Officer - Mr S Majola

Annual Remuneration	-	254 707
Car Allowance	-	84 902
Contributions to UIF, Medical and Pension Funds	-	1 063
Skills Development Levy	-	3 947
Back Pay	47 488	-
	47 488	344 619

Remuneration of Chief Financial Officer - Mr XNE Hlekwane

Annual Remuneration	497 773	-
Car Allowance	195 275	-
Medical Aid Allowance	36 000	-

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
29. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	60 000	-
Telephone Allowance	27 000	-
Rural Allowance	42 000	-
Skills Development Levy	11 450	-
Back Pay	56 160	-
	925 658	-

Remuneration of Director Corporate Services - Miss TP Motaung

Annual Remuneration	485 528	-
Car Allowance	177 523	-
Telephone Allowance	27 000	-
Contributions to UIF, Medical and Pension Funds	54 088	-
Medical Allowances	36 000	-
Rural Allowance	42 000	-
Back Pay	11 807	-
Skills Development Levy	8 440	-
	842 386	-

Remuneration of Director Community Services - Mrs PP Mbonambi

Annual Remuneration	101 883	611 297
Car Allowance	33 960	203 766
Contributions to UIF, Medical and Pension Funds	354	2 125
Skills and Development Levy	1 291	7 744
Back Pay	41 182	-
	178 670	824 932

Remuneration of Director Technical Services - Mr DH Mzolo

Annual Remuneration	574 272	553 381
Car Allowance	211 993	213 173
Telephone Allowance	27 000	-
Contributions to UIF, Medical and Pension Funds	65 455	62 191
Skills and Development Levy	10 606	7 832
Medical Allowances	36 000	-
Rural Allowance	42 000	-
Back Pay	94 252	-
	1 061 578	836 577

Remuneration of Director Economic Development and Planning - Mr SDG Khuzwayo

Annual Remuneration	-	293 644
Car Allowance	-	101 883
Contributions to UIF, Medical and Pension Funds	-	21 754
Skills and Development Levy	-	4 307
	-	421 588

Total employees cost is made up of staff cost plus managers and it equate to R73 459 882 plus directors remuneration of R4 278 521 and it equate to R77 738 403.

The difference of R43 383 between the statement of financial performance and the note is as a result of SDL which is disclosed separately under general expenditure in line with MSCOA Chart.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
30. Remuneration of councillors		
Executive Major	994 873	956 416
Deputy Executive Mayor	809 450	774 167
Mayoral Committee Members	3 418 306	3 304 162
Speaker	810 174	770 127
Councillors	9 711 349	9 446 185
Councillors' medical aid contribution	229 094	160 351
	15 973 246	15 411 408
Mayor from July 2021 till November 2021: NV Chili		
Back Pay	-	9 127
Mayor : SZ Mfeka		
Salary	862 588	842 424
Back Pay	44 925	21 765
Cellphone Allowance	40 800	40 800
Medical Aid	46 558	42 300
	994 871	947 289
Deputy Mayor: ZS Thoolsi		
Salary	603 921	617 416
Cellphone Allowance	40 800	40 800
Back Pay	35 940	-
Pension Fund	95 979	92 612
Medical Aid	32 810	23 339
	809 450	774 167
Speaker from July 2021 till November 2022: GK Ngidi		
Back Pay	-	16 627
Speaker : RM Cele		
Salary	614 971	598 555
Back Pay	35 940	18 809
Cellphone Allowance	40 800	40 800
Medical Aid	20 826	19 357
Pension Fund	97 637	92 605
	810 174	770 126
Executive Committee Members and Other Councillors		
Salaries	10 970 891	10 715 263
Travel and subsistence	71 928	69 681
Telephone allowance	1 387 200	1 387 200
Backpay	543 795	419 816
Pension	155 840	129 133
Medical aid	229 094	172 978
SDL	152 485	147 544
	13 511 233	13 041 615

The difference of R152 485 between the statement of financial performance and the note above is as a result of SDL which is disclosed separately under general expenditure in line with MSCOA Chart.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
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30. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay in the mayoral residence owned by Council at no cost. The Executive Mayor has a right of use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has two full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

31. Depreciation and amortisation

Property, plant and equipment
Intangible assets

33 952 106	29 947 300
10 215	10 043
33 962 321	29 957 343

32. Debt impairment

Debt impairment

1 781 479	399 002
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33. Lease rentals on operating lease

Equipment
Contractual amounts

1 076 655	1 290 786
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Operating lease as a lessee

Minimum lease payments within one year

-	1 349 450
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The operational lease contract expired during the current financial year, the municipality currently acquiring services on ad-hoc basis using quotations from services providers until an agreement is been entered into with the service provider that will be appointed in the beginning of the new financial year. In certain instances the municipality has been assisted by other neighbouring government departments.

34. Finance cost

Interest cost

414 000	376 000
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The finance costs relates to the interest on employee benefits obligations that are disclosed on the actuarial report as per the GRAP 25 requirements.

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
35. Contracted services		
Outsourced Services		
Administrative and Support Staff		1 964 204
Hire Charges	2 572 975	5 370 176
Business and Advisory	-	130 435
Sound System	850 950	1 138 045
Hygiene Services	1 569 582	1 530 350
Internal Auditors	1 305 197	934 381
Medical Services	5 500	-
Personnel and Labour	75 565	90 087
Professional Staff	877 727	909 739
Refuse Removal	1 331 182	971 533
Researcher	199 250	145 335
Security Services	12 438 963	9 721 805
Sewerage Services	-	2 609
Transport Services	2 964 680	3 771 390
Drivers Licence Cards	221 300	397 800
Consultants and Professional Services		
Business and Advisory	20 894 340	16 545 383
Contractors		
Artists and Performers	471 400	273 000
Audio-visual Services	339 750	233 250
Bore Waterhole Drilling	148 751	-
Catering Services	3 740 636	4 132 997
Electrical	10 299 025	8 769 820
Event Promoters	2 443 660	1 840 232
Gardening Services	297 850	738 073
Graphic Designers	365 563	538 155
Maintenance of Buildings and Facilities	2 108 562	1 083 530
Maintenance of Equipment	36 824	257 278
Maintenance of Unspecified Assets	686 884	1 598 600
Maintenance of Roads	1 262 065	687 008
Medical Services	29 213	2 609
Maintenance of Vehicles	3 039 490	2 701 639
Transportation	287 300	134 900
Safeguard and Security	149 590	723 790
Sports and Recreation	44 950	-
	71 058 724	67 338 153
36. Transfer and subsidies		
Other subsidies		
Study Bursaries	1 699 994	1 644 113
Free basic services	349 816	490 949
Social relief	1 194 383	1 606 836
Indigent burial	1 253 708	626 500
	4 497 901	4 368 398
37.		
Increase in leave accrued	1 241 069	75 012

Ndwedwe Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
38. General expenses		
Advertising	984 853	894 017
Auditor remuneration	2 001 735	1 892 777
Bank charges	253 320	212 674
Council committee	3 453 550	3 480 350
Consulting and professional fees	24 469	10 600
Consumables	1 882 727	1 684 869
Entertainment	1 842 414	2 277 273
Fines and penalties	5 518	10 133
Gifts	2 539 566	2 588 454
Insurance	1 913 090	1 730 446
Conferences and seminars	154 661	193 631
Operational lease (extra copies)	361 890	251 623
Marketing	2 369 052	2 710 856
Motor vehicle expenses	355 774	320 427
Fuel and oil	6 010 364	6 050 859
Postage and courier	2 710	3 595
Printing and stationery	593 220	595 372
Repairs and maintenance	38 200	62 320
Software expenses	2 917 100	2 351 850
Subscriptions and membership fees	2 088 442	887 950
Telephone and fax	2 780 910	2 576 637
Skills development levy	745 333	672 147
Travel - local	6 309 957	5 467 058
Electricity	2 457 259	2 087 824
Uniforms	1 523 139	1 512 350
Tourism development	-	138 995
Workmen's compensation fund	450 000	355 850
Study assistance	500 000	369 931
	44 559 253	41 390 868

39. Impairment loss

Property, plant and equipment

22 722 620	9 991 227
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Reconciliation of Impairment loss recognised

Impairment loss recognise per class

Community Assets	4 344 616	6 396 626
Infrastructure	18 378 004	3 537 715
Other property, plant and equipment	-	56 889

The impairment of these assets are as a result of vandalism especially for community assets and infrastructure assets its due to natural disasters.

Ndwedwe Local Municipality

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Notes to the Annual Financial Statements

	2024	2023
40. Cash generated from operations		
Surplus	11 781 005	32 319 126
Adjustments for:		
Depreciation and amortisation	33 962 321	29 957 343
Gain on sale of assets and liabilities	5 740 364	124 824
Impairment deficit	22 722 620	9 991 227
Debt impairment	1 781 479	399 002
Finance costs (Actuarial)	414 000	376 000
Movements in employee obligations provisions	396 000	(50 000)
Inventory losses or write-downs	-	(24 224)
Actuarial gains/loss	(91 190)	(50 944)
Increase in leave provision	1 241 069	75 012
Donations	(7 100)	(53 241)
Other non-cash items	(26)	(7 431)
Changes in working capital:		
Inventory	110 425	(330 345)
Receivables from exchange transactions	(1 894 777)	1 836 972
Debt impairment	(1 781 479)	(399 002)
Other receivables from non-exchange transactions	(3 343 009)	(5 282 018)
Finance costs (Actuarial)	(414 000)	-
Acuarial gains/loss	91 190	-
Payables from exchange transactions	4 868 881	(10 004 544)
VAT	350 602	3 495 821
Payables from non-exchange transactions	2 591 413	(4 879 526)
Unspent conditional grants and receipts	1 754 686	478
Consumer deposits	(1 000)	14 500
Inventory losses or write-downs	-	24 224
Accrued interest	(483 043)	(167 883)
Increase in leave provision	(1 241 069)	-
	78 549 362	57 365 371
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	33 719 539	21 746 897
	33 719 539	21 746 897
Total capital commitments		
Already contracted for but not provided for		
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational Commitments	57 314 239	22 098 825
	57 314 239	22 098 825
Total operational commitments		
Already contracted for but not provided for		
Total commitments		
Total commitments		
Authorised capital expenditure	33 719 539	21 746 897
Authorised operational expenditure	57 314 239	22 098 825
	91 033 778	43 845 722

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

Notes to the Annual Financial Statements

	2024	2023
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42. Related parties

The two related party transactions in the current year are for the municipality's councillors and section 57 employees as per GRAP 20.

Management class: Councillors

2024

Name
Councillors

Basic salary	Total
15 973 246	15 973 246

2023

Name
Councillors

Basic salary	Total
15 411 408	15 411 408

Management class: Executive management

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42. Related parties (continued)

2024									
Name	Municipal Manager- SDG Khuzwayo	Chief Financial Officer- GS Majola	Chief Financial Officer- XNE Hlekwane	Director Corporate Services - Miss TP Motauang	Director Community Services-PP Mbonambi	Director Technical Services -DH Mzolo	2 346 435	866 927	239 572
Annual Remuneration	686 979	248 176	59 675	11 595	36 000	60 000	11 595	36 000	60 000
Car Allowance									
Contributions to UIF, Medical and Pension Funds									
Skills Development Allowance									
Telephone Allowance									
Rural Allowance									
Back Pay									
Medical Aid Allowance									
Total	1 222 741	36 000	47 488	925 658	842 386	178 670	1 061 578	4 278 521	2 346 435
2023									
Name	Municipal Manager- SDG Khuzwayo	Chief Financial Officer-S Majola	Director Technical Services -DH Mzolo	Director Community Services-PP Mbonambi	Director Local Economic Development and Planning-SDG Khuzwayo	Director Community Services-PP Mbonambi	2 060 793	727 812	112 696
Annual Remuneration	347 764	124 088	25 563	4 628	502 043	344 619	347 764	124 088	25 563
Car Allowance									
Contributions to UIF, Medical and Pension Funds									
Skills Development Allowance									
Total	2 929 759	28 458	824 932	421 588	824 932	421 588	2 929 759	28 458	824 932

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	2024	2023
43. Contingencies		
Contingent Liabilities		
Contingent Liabilities (Litigations)		
Africa Directory Service	-	83 784
Mntungakhohlwa Mngadi	-	30 000
Ngonyama Trust Board	-	1
Esicogweni	-	1
SAMWU	-	1 200 000
DlaminDlovu Consulting Engineers CC	1 260 141	2 500 000
AIANA Consulting Engineers (Pty)Ltd	2 478 922	3 000 000
Phumelelo Shezi and Another	2 123 446	1 500 000
Lindiwe Jele	100 892	200 000
Clives Transport CC t/a JCR Transport	376 770	700 000
Thabani Timothy Mbambo	-	500 000
Arron Phembokwakhe Ngidi	22 560	-
	6 362 731	9 713 786

Dlaminini Dlovu Consulting Engineers CC matter is in court regarding a civil claim for non-payment for work done, we are awaiting discovery to be finalized at Durban High Court with case No: D3271/2022 for an estimated amount of R1 260 141.

AIANA Consulting Engineers (Pty)Ltd matter is in court regarding a civil claim for non-payment for work done, we are awaiting discovery to be finalized at Durban High Court with case No: D3015/2023 for an estimated amount of R2 478 922.

Phumelele Shezi and other, matter is in court regarding a civil claim for executive Council Member remuneration waiting discovery to be finalized at High Court, Durban with case No: D10383/2021 for an estimated amount of R2 123 446.

Lindiwe Jele matter is in court civil claim for damages to a motor vehicle, currently in a pre-trial stage at High Court, Durban with case No: D10383/2021 for an estimated amount of R100 892.

Clives Transport CC t/a JCR Transport matter is in court regarding civil claim for non-payment of work done, awaiting discovery to be finalized at Regional Court, Durban case No: D5749/2020 for an estimated amount of R376 770.

Arron Phembokwakhe Ngidi has instituted a claim relating to the accident that involved the municipal vehicle. The case is in magistrate court, iLembe with case No: 103/2022. The municipality has received the warrant of execution.

African Directory Services, Mntungakhohlwa Mngadi and Thabani Thimothy Mbambo are previous years litigation cases, and they have been removed as contingency liabilities as per the legal advice from the lawyers in the current financial year.

Contingent assets

Contingent Assets (Litigations)

Dr MG Ntuli
Esethu Sipho Construction

-	122 054
411 893	-
411 893	122 054

Dr M.G Ntuli was ordered to pay the municipality an estimated amount of R122 053.50, currently waiting for the sheriff to execute. The debtor has been raised hence the contingency asset has been removed in the current year.

Esethu Sipho Construction is a matter relating to debt collection for an amount of R411 893, Sheriff has served the Esethu Sipho Construction and awaiting return of service.

Ndwedwe Local Municipality

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	2024	2023
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44. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	4 825 845	4 825 845
Cash and cash equivalents	71 396 654	71 396 654
	76 222 499	76 222 499

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	20 483 220	20 483 220

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2 448 025	2 448 025
Cash and cash equivalents	80 357 289	80 357 289
	82 805 314	82 805 314

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	16 788 861	16 788 861

45. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Ndwedwe Local Municipality

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	2024	2023
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45. Risk management (continued)

Credit risk

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

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

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

Financial instruments		
Consumer Debtors	13 507 136	10 164 127
Cash and cash equivalents	71 396 654	80 357 289
Trade and other receivables from exchange transactions	4 825 845	2 448 025

Market risk

Interest rate risk

The municipality's exposure to interest rate risk results from changes in investments as a result of changes in interest rate.

46. Going concern

We draw attention to the fact that on 30 June 2024, the municipality had an accumulated surplus (deficit) of R 559 251 636 and that the municipality's total assets exceed its liabilities by R 559 251 636.

The table below shows that the municipality is liquid and will meet all its financial liabilities with the cash and cash equivalents on hand.

Cash to settle total liabilities

Total Non-Current Liabilities	(3 734 324)	(3 365 324)
Total Current Liabilities	(33 856 978)	(25 439 918)
Cash and Cash Equivalent	71 396 653	80 357 289
	33 805 351	51 552 047

Add: Grants to be received in 2024/2025 financial year

Equitable share	204 167 000	194 116 000
Financial Management Grant	3 000 000	3 100 000
Municipal Infrastructure Grant	34 473 000	34 995 000
Provincialisation of libraries grant	1 024 000	1 023 000
Community library service grant	1 069 000	981 000
Expanded Public Works Programme	2 067 000	1 760 000
	245 800 000	235 975 000

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Notes to the Annual Financial Statements

	2024	2023
46. Going concern (continued)		
Revenue expected to be generated by the municipality in 2024/2025		
Property rates	21 989 610	19 470 843
Refuse collection	714 600	685 440
Other Income	833 000	1 815 000
Construction contracts revenue	14 000 000	10 000 000
Rent Income	764 757	707 354
Investment Income	12 000 000	8 417 682
	50 301 967	41 096 319
Total cash and cash equivalent available for 2024/2025		
Total revenue (grants to be received and revenue generated)	296 101 967	277 071 319
Add: Cash at the beginning of the year	71 396 653	80 357 289
	367 498 620	357 428 608
Total Budgeted Cost 2024/2025		
Budgeted operating expenditure 2024/2025	261 560 909	232 008 039
Budgeted capital expenditure 2024/2025	41 193 915	74 984 786
	302 754 824	306 992 825
Commitment for 2024/2025 financial year		
Total cash and cash equivalent available for 2024/2025	367 498 620	357 428 608
Cash and cash equivalent available after settling all commitments for 2024/2025	(302 754 824)	(306 992 825)
	64 743 796	50 435 783
According to the assessment above, the municipality will have R33 805 351 in the cash and cash equivalents after settling its total liabilities as at the end of 30 June 2024. For 2024/2025 financial year, the municipality will have R296 101 967 total revenue, made up by R245 800 000 (total grants) and R50 301 000 total (Internal revenue). It must be noted that this own revenue is the amount expected to be collected and not the amount billed. The assumption of the amount to be collected is based on historical information.		
The total commitments for 2024/2025 financial year are R302 754 824, made up by R261 560 909 for operational expenditure budget and R41 193 915 for capital expenditure budget as shown above.		
Total cash and cash equivalent to be received for 2024/2025 financial year is R328 463 673 when you subtract 2024/2025 commitments R302 754 825, the municipality will remain with R64 743 796 in its cash and cash equivalents. This therefore means that the municipality is liquid and it will continue exist for at least for the next 12 months.		
47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	369 244	-
Current year subscription / fee	913 497	996 126
Amount paid - current year	(913 497)	(626 882)
Amount paid - previous years	(369 244)	-
	-	369 244
Audit fees		
Current year subscription / fee	2 001 735	1 892 777
Amount paid - current year	(2 001 735)	(1 892 777)
	-	-

Ndwedwe Local Municipality

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Notes to the Annual Financial Statements

	2024	2023
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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Current year subscription / fee	15 192 292	13 779 846
Amount paid - current year	(15 192 292)	(13 779 846)
	-	-

The amount for the prior year was incorrectly disclosed as R22 779 846 due to an error what was made when capturing the figures on the reconciliation spreadsheet. The error has been identified in the current year when a huge decline was noted then the prior year investigations revealed that error.

Pension and Medical Aid Deductions

Current year subscription / fee	19 386 717	16 605 250
Amount paid - current year	(19 386 717)	(16 605 250)
	-	-

VAT

VAT payable	8 528 610	8 178 008
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VAT output payables and VAT input receivables are shown in note.

All VAT returns have been submitted by the due date throughout the year.

48. Irregular expenditure

Opening balance as previously reported	60 170 398	57 065 613
Add: Irregular expenditure - current	2 595 390	3 104 785
Less: Amount recovered - prior period	(435 998)	-
Less: Amount written off - current	(51 678 360)	-
Closing balance	10 651 430	60 170 398

After the council committee investigations, the council adopted the council committee recommendation to write off an amount of R51 678 360 from the total of irregular expenditure. It was proven without reasonable doubt that the amount was not recoverable.

Incidents/cases identified/reported in the current year include those listed below:

Contract management - contract value exceeded	-	2 292 038
Tax clearances not obtained	279 950	812 747
Non-compliance with SCM processes	2 315 440	-
	2 595 390	3 104 785

The opening balance of irregular expenditures is made up of tenders that were awarded without following the requirement of the SCM regulations and MFMA. Amongst them is regulation 44, MBD 4 (declaration of interest), regulations 16 & 17 and section 116 of the MFMA. The MPAC is still investigating these cases.

The Non-compliance with SCM processes is made up of Suppliers in the same panel with the same directors, Panel procedure/policy and listing for rotation not specified, Rotation of work to panel suppliers is not visible and Selection of service providers from panel without following quotation process.

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	2024	2023
49. Unauthorised expenditure		
Opening balance as previously reported	27 833 947	19 064 460
Written off of unauthorised expenditure	(27 833 947)	(7 271 267)
Add: Unauthorised expenditure - current period	36 753 023	16 040 754
Closing balance	36 753 023	27 833 947

After the council committee investigations, the council adopted the council committee recommendation to write off an amount of R27 833 947 from the total of unauthorised expenditure. It was proven without reasonable doubt that the amount was not recoverable.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	36 753 023	15 932 948
Cash	-	107 806
	36 753 023	16 040 754

Analysed as follows: non-cash

Depreciation and amortisation
 Impairment loss
 Loss on disposal of property, plant and equipment
 Inventory Losses/Gains
 Increase in leave provision
 Debt impairment
 Finance costs

4 953 491	5 718 490
22 722 619	9 991 227
5 740 364	124 824
-	23 395
1 241 069	75 012
1 681 479	-
414 000	-
36 753 022	15 932 948

Analysed as follows: cash

Contracted services

-	107 806
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50. Fruitless and wasteful expenditure

Opening balance as previously reported
 Less: Amount written off - current
 Add: Current year addition

3 297 478	3 287 345
(2 096 233)	-
5 972	10 133
1 207 217	3 297 478

Closing balance

After the council committee investigations, the council adopted the council committee recommendation to write off an amount of R2 096 233 from the total of fruitless and wasteful expenditure. It was proven without reasonable doubt that the amount was not recoverable.

The above figure has been re-stated, a correction of error has been explained in the correction of error note 53.

The fruitless and wasteful expenditure transaction balance of R1 204 709 relates to double payments that took place in the previous years and its still under investigation by MPAC. It also relates to the penalties charged on late Eskom payment for the amount of R3 464 however discussion between the Eskom and Municipality is ongoing to resolve this matter. The balance of R2 508 relates to interest on late payment of study fees for a busary beneficiary.

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Notes to the Annual Financial Statements

	2024	2023
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51. Change in estimates

A change in the estimated remaining useful life of various assets of the Municipality based on their conditional assessment conducted as at 30 June 2024 will result in the following increases/decreases in depreciation and amortisation for the 2024 financial year end and future periods.

The impact on the statement of financial performance in the 2024 financial year and future periods:

Machinery and Equipment	26 894	2 349
Furniture and Office Equipment	16 722	2 354
Computer Equipment	135 064	21 387
Community Assets	-	5 785
Infrastructure	-	2 993
Computer Software	-	17 829
Transport Assets	75 018	-
	253 698	52 697

52. Change in accounting policy

The Municipality reviewed its useful lives in line with the guidelines of the National Treasury as at 30 June 2024 and resulted in the following increases/decreases in depreciation for the 2023 and 2024 financial year end and future periods.

The impact on the statement of financial performance in the 2023 and 2024 financial year and future periods:

Other Assets	104 490	341 661
Infrastructure	(63 468)	(46 146)
Community Asset	(292 993)	(53 085)
	(251 971)	242 430

53. Prior-year adjustments

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

Statement of financial position

2023

	Note	As previously reported	Correction of error	Change in Accounting Policy	Restated
Property, plant and equipment	8	483 394 278	(222 621)	(242 508)	482 929 149
Receivables from non-exchange transactions	5	11 147 519	(983 392)	-	10 164 127
Payables from exchange transactions	11	(17 676 817)	887 956	-	(16 788 861)
Receivables from exchange transactions	4	2 505 384	(57 359)	-	2 448 025
VAT payable	13	(8 181 843)	3 835	-	(8 178 008)
Consumer deposits	14	-	(3 000)	-	(3 000)
Accumulated surplus		(548 088 112)	374 974	242 508	(547 470 630)
		(76 899 591)	-	-	(76 899 198)

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Notes to the Annual Financial Statements

2024 2023

53. Prior-year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Initial adoption of GRAP Standard	Re-classification	Restated
Depreciation and amortisation	31	(30 028 726)	71 383	-	-	(29 957 343)
Contracted services	35	(58 566 768)	(132 000)	(8 639 385)	-	(67 338 153)
Transfer Revenue: Donations - Computer	28	-	53 241	-	-	53 241
Transfers and subsidies	36	(4 339 508)	(28 890)	-	-	(4 368 398)
General expenses	38	(41 361 109)	(29 759)	-	-	(41 390 868)
Inventories losses/write downs		(23 395)	(829)	-	-	(24 224)
Remuneration of councillors	30	(15 558 952)	147 545	-	-	(15 411 407)
Employee related costs	29	(68 443 197)	(17 242)	-	325 056	(68 135 383)
Finance costs	33	-	-	-	(376 000)	(376 000)
Actuarial gain/(loss)		-	-	-	50 944	50 944
Other income	22	1 020 092	555 752	-	-	1 575 844
Construction contracts revenue		-	1	8 639 385	-	8 639 386
		(217 301 563)	619 202	-	-	(216 682 361)

Errors

1. Fruitless and Wasteful Expenditure Error

During the review of Fruitless and Wasteful Expenditure the Municipality has identified and resolved the following errors that are disclosed below. The updated note of Fruitless and Wasteful Expenditure is disclosed on Note 50.

Fruitless and Wasteful Expenditure

Corrected Note Disclosure

	Previously Reported 2018	Restated Balances 2018
Opening Balance	1 312 000	3 608 362
Litigation award	1 642 225	-
Over payments	2 268 672	-
Consultants and Contractor Payments	5 222 897	3 608 362

Fruitless & Wasteful Expenditure Correction of error Note 2018 FY

	Previously Reported	Adjustments	Restated Balance
Balances	5 222 867	(1 614 505)	3 608 362

The amount of R 1 312 000 reported as comparative year transaction, was an opening balance for 2017 financial year of R 1 321 000. The amount was incorrectly captured as R1 312 000 in 2018 financial year. The amount of R2 268 672 was included in 2017 financial year, over payments were part of 2014 financial year transactions of R3 265 726. There was no Fruitless and Wasteful Expenditure for 2018 financial year hence the closing is as per the 2017 financial year balance.

Fruitless & Wasteful Expenditure Correction of error Note 2019 FY

	Previously Reported	Adjustments	Restated Balance
Balances	6 969	3 608 362	3 615 331

The 2019 FY did not include the opening balance which would have resulted in the closing balance of fruitless and wasteful expenditure being R3 615 331 after taking into account the current year transaction.

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	2024	2023
53. Prior-year adjustments (continued)		
Fruitless & Wasteful Expenditure Correction of error Note 2020 FY	Previously Reported	Adjustments
	4 896 899	(1 614 535)
		Restated Balance
		3 282 364
The 2020 FY Closing balance was incorrectly disclosed as R4 896 899, the movements during the were captured correctly.		
Fruitless & Wasteful Expenditure Correction of error Note 2021 FY	Previously Reported	Adjustments
	4 899 795	(1 614 535)
		Restated Balance
		3 285 260
The 2021 FY closing balance was incorrectly disclosed as R4 899 795, the movements during the were captured correctly.		
Fruitless & Wasteful Expenditure Correction of error Note 2022 FY	Previously Reported	Adjustments
	4 901 880	(1 614 535)
		Restated Balance
		3 287 345
The 2022 FY closing balance was incorrectly disclosed as R4 901 880, the movements during the were captured correctly.		
Fruitless & Wasteful Expenditure Correction of error Note 2023 FY	Previously Reported	Adjustments
	4 912 013	(1 614 535)
		Restated Balance
		3 297 478
The 2023 FY closing balance was incorrectly disclosed as R4 912 013, the movements during the were captured correctly.		

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	2024	2023
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53. Prior-year adjustments (continued)

Nature of errors - Statement of Financial Position

Other Property, plant and equipment

The municipality has capitalised the donated assets and completed assets did not meet which were not meeting the recognition criteria in the prior years. The municipality has also adjusted the depreciation and accumulated depreciation to fairly presentation of those assets. The net movement after taking into account capitalisation and depreciation adjustments is R222 621. The municipality has also done a change in accounting policy that relates to its assets for a fair presentation of property, plant and equipment which has resulted in a decrease in value of Property, plant and equipment in prior year of R242 430.

Receivables from non-exchange transactions

The billing for rates was overstated due to billing that was inclusive of the accounts that were no longer under the jurisdiction of the municipality due to the change in the demarcation. The municipality has decided to reverse that billing as it can no longer be able to recover those amounts, the amount that has been reversed relating to prior years is (R983 392).

Payables from exchange transactions

The payables from exchange transactions have been adjusted to account for the errors that occurred in prior years relating to retention and trade creditors. The total amount of adjustment is (R887 956) which on the statement of financial performance has affected the contracted services and transfers and subsidies expenses.

Receivables from exchange transactions

Prior years deposits for rentals were received directly to revenue and only refunds that were captured against the rental deposits account. This was also affected by the take on of balances from the old system, the municipality has now measures in place to ensure proper recording of these transactions and to ensure the rental deposits account is properly maintained. In clearing the account, the municipality used the accumulated surplus as it would have been the account where those amounts were closed off to from the Statement of Financial Performance. During the 2016/17 financial year the Independent Electoral Commission was owing the municipality rent for the use of municipal properties. The municipality has come into conclusion, that the amount is irrecoverable and has taken a decision to write it off. The deposits from rentals which are withheld when there is a hall hire were not captured correctly in prior years resulting in a debit balance when refunding the customer. The consumer deposits account which is a liability account has been created and in 2023 financial year the closing balance is R3000. The inventory losses account was mistakenly mapped under the receivables which has under stated the losses recognised in the statement of financial performance by R829. The receivables from exchange transactions balance have been adjusted by R57 360.

VAT Payable

The VAT control account has been adjusted due to the reversal of rental that was owed by IEC of R29 400 inclusive of the VAT amounting to R3 835.

Accumulated surplus

The correction of the above prior years errors has resulted in the adjustment of accumulated surplus by R1 236 683 including the 2023 errors as disclosed in the Statement of Changes in Net Assets.

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Notes to the Annual Financial Statements

	2024	2023
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53. Prior-year adjustments (continued)

Nature of errors - Statement of Financial Performance 2023

Depreciation and amortisation

The depreciation expense for the prior has been adjusted to account for the depreciation on assets which have been capitalised in 2023 financial year amounting to R71 383.

Contracted services

The contracted services expense for the prior has been adjusted to account for the expenditure that was incurred in the 2022/2023 financial year but the accrual was not captured amounting to R132 000. The adoption of GRAP 11 retrospectively has also resulted in an increase of contracted services expenditure by an amount of R8 639 385.

Public contributions and donations

Donations received, in prior year are computer equipment that was received from the Department of Art and Culture was delivered without the "transfer of ownership/donations", documents. During the current year the assets met all the recognition criteria requirements then the municipality applied the recognition criteria retrospectively.

Transfers and subsidies

The retention that was not raised on the Integrated National Electrification Programme in the prior year.

General Expenses

In the prior year the payments to Vodacom on employees' cellphone contracts where the limit was exceeded. The difference was not captured against what has been deducted during the payroll processes. This has over stated the telephone and fax account expenditure by R100 542. Skills Development levy of Councillors remuneration has been allocated to general expenses amounting to R147 545. The bargaining council expenditure was allocated to employee related costs amounting to R17 242. The net effect on general expenditure was R29 759 as per correction of error note.

Remuneration of councillors

The remuneration of councillors in the prior year was disclosed inclusive of the Skill Development Levy amounting to R147 545, in order to comply with the MSCOA requirements the municipality has disclosed it in Skill Development Levy under General Expenses.

Employee related costs

The bargaining council levy of R17 242 was captured under General Expenses in the prior year, the municipality is of the view that this expenditure forms part of employee related costs.

Finance costs

The finance costs relate to actuarial reports calculation of interest on employee obligations. In the current financial year the application of GRAP 25 disclosure requires that finance costs are disclosed as a line item on the statement of financial performance. The municipality has done the reclassification of interest cost from the employee related costs to be a line item referred to as finance cost. The comparative year was then adjusted accordingly.

Actuarial gain/(loss)

The actuarial gain relate to actuarial reports calculation of liability on employee obligations. The application of GRAP 25 disclosure requires that actuarial gains or losses are disclosed as a line item on the statement of financial performance below the operating surplus or deficit. The municipality has done the reclassification of actuarial gain from the employee related costs to be a line item below the operating surplus as actuarial gain or loss. The comparative year was then adjusted accordingly.

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2024 2023

53. Prior-year adjustments (continued)

Other income

Other income relates to retention which during the progress of projects was raised as a liability. However, due to the cancellation of contracts for the respective projects, there is no obligation to pay the retention. Therefore, the liability is recognised in Other income.

Initial adoption of GRAP 11

The municipality during the compilation of 2024 annual financial statements adopted GRAP 11 for the disclosure of Integrated National Electrification Programme (INEP), as GRAP 109 could not fairly account for the INEP grant. This has resulted in the restatement of prior year figures relating to INEP transactions on the annual financial statements.

Construction contracts revenue

Adoption of GRAP 11 retrospectively has required disclosure of revenue from construction contracts for the prior year of an amount of R8 710 186.

Correction of error in Financial Instruments

In prior years included with the financial instruments assets were receivables from non-exchange which are made up of rates, during the review of current year financial statements it has come to the attention of the municipality that property rates receivables were incorrectly included in the calculation of financial instruments and was corrected retrospectively. The table below illustrate the changes that were effected:

Financial Instruments	Previously reported	Adjustment	Restated balance
Financial Assets	94 010 192	(11 204 878)	82 805 314

Irregular expenditure

Irregular Expenditure correction of error Note - 2020

Opening balance 2020	60 759 644	382 818	61 142 462
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The municipality has been engaged in the current in investigating and reconciling the irregular expenditure. During that process it has come to the municipality's attention that the irregular expenditure write off amounting to R18 283 472 was overstated by R382 818 as the correct amount was R17 900 654. The tables below illustrate the changes that have been affected in the prior years as a result of the above mentioned.

Irregular Expenditure correction of error Note - 2021

Opening balance 2021	70 759 644	382 818	71 142 462
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The 2021 financial year closing balance of irregular expenditure has been adjusted to take into account the effect of the error that occurred in 2020 financial year.

Irregular Expenditure correction of error Note - 2022

Opening balance 2022	56 682 795	382 818	57 065 613
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The 2022 financial year closing balance of irregular expenditure has been adjusted to take into account the effect of the error that occurred in 2020 financial year.

Restated 2023 balances

Opening balance 2023	59 787 580	382 818	60 170 398
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	2024	2023
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54. Events after the reporting date

As at the reporting date the management is not aware of any events that occurred after the financial year end that have material impact on the financial year under review.

55. Segment information

General information

Identification of segments

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

Types of goods and/or services by segment

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

Reportable segment

Governance and administration

Community and public safety

Economic and environmental services

Trading services

Goods and/or services

Provision of overall governance, financial and administration to other segment for the municipality

Provision for social cohesion and public safety to the community.

Construction and maintenance of roads and infrastructure owned by the municipality

Provision of trading services to the community

Notes to the Annual Financial Statements

55. Segment information (continued)

2024
Segment surplus or deficit, assets and liabilities

2024					
Revenue	Revenue from non-exchange transactions	214 665 889	5 004 000	43 108 836	-
	Revenue from exchange transactions	6 273 919	963	-	12 441 789
	Trading interest revenue	10 917 070	-	-	-
Total segment revenue		231 856 878	5 004 963	43 108 836	12 441 789
Entity's revenue		292 412 466			
Expenditure	Salaries and wages	44 919 298	11 849 830	16 925 444	4 000 446
	Remuneration of councillors	15 973 245	-	-	-
	Other expenses	117 297 145	12 706 422	18 896 917	13 558 611
	Impairment loss	6 714 152	-	17 789 946	-
Total segment expenditure		184 903 840	24 556 252	53 612 307	17 559 057
Total segmental surplus/(deficit)		46 953 038	(19 551 289)	(10 503 471)	(5 117 268)
Assets		509 328 937			
Segment assets	Additions	11 183 260	3 710 930	72 619 811	-
		520 512 197	3 710 930	72 619 811	-
Total segment assets		520 512 197	3 710 930	72 619 811	-
Total assets as per Statement of financial Position		596 842 938			

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55. Segment information (continued)

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services	Total
Revenue					
Revenue from non-exchange transactions	203 299 442	2 004 000	44 903 522	-	250 206 964
Revenue from exchange transactions	2 444 360	1 876	-	579 998	3 026 234
Interest revenue	9 278 225	-	-	-	9 278 225
Total segment revenue	215 022 027	2 005 876	44 903 522	579 998	262 511 423
Entity's revenue	262 511 423				
Expenditure					
Salaries and wages	38 975 689	10 769 076	14 663 724	3 726 893	68 135 382
Remuneration of councillors	15 411 408	-	-	-	15 411 408
Impairment loss	7 415 146	-	2 975 082	-	10 390 228
Other expenses	101 191 912	11 481 185	22 141 969	1 440 213	136 255 279
Total segment expenditure	162 994 155	22 250 261	39 780 775	5 167 106	230 192 297
Total segmental surplus/(deficit)	52 027 872	(20 244 385)	5 122 747	(4 587 108)	32 319 126
Assets					
Segment assets	496 558 831	-	-	-	496 558 831
Additions	3 562 881	11 291 647	64 862 512	-	79 717 040
Total segment assets	500 121 712	11 291 647	64 862 512	-	576 275 871
Total assets as per Statement of Financial Position	576 275 871				

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Appropriation Statement

2024									
Financial Performance	Property rates	Service charges	Investment revenue	Transfers recognised - operational	Other own revenue	Total revenue (excluding capital transfers and contributions)	Employee costs	Remuneration of councillors	Depreciation and asset impairment
Contracted services	Transfers and grants	Other expenditure	Total expenditure	Surplus/(Deficit)					
Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final original budget
19 470 843	(1 423 401)	18 047 442	18 047 442	-	18 047 442	18 987 935	940 493	940 493	105 %
685 440	(90 660)	594 780	594 780	-	594 780	597 911	3 131	3 131	101 %
8 417 682	1 868 757	10 286 439	10 286 439	-	10 286 439	9 767 404	8 594 544	(519 035)	95 %
200 980 000	-	200 980 000	200 980 000	-	200 980 000	209 674 544	8 594 544	8 594 544	104 %
2 522 354	20 352 700	22 875 054	22 875 054	-	22 875 054	17 814 763	(5 060 291)	(5 060 291)	78 %
232 076 319	20 707 396	252 783 715	252 783 715	-	252 783 715	256 842 557	4 058 842	4 058 842	102 %
(82 580 982)	4 344 020	(78 236 962)	(78 236 962)	-	(78 236 962)	(77 695 020)	541 942	541 942	99 %
(16 366 974)	385 047	(15 981 927)	(15 981 927)	-	(15 981 927)	(15 973 246)	8 681	8 681	100 %
(25 268 720)	(3 740 110)	(29 008 830)	(29 008 830)	-	(29 008 830)	(56 684 941)	(27 676 111)	(27 676 111)	195 %
(57 795 321)	(21 060 610)	(78 855 931)	(78 855 931)	-	(78 294 534)	(71 058 724)	7 235 810	7 235 810	91 %
(4 200 000)	(4 650 000)	(4 650 000)	(4 650 000)	-	(4 650 000)	(4 497 901)	152 099	152 099	97 %
(45 796 042)	(185 681)	(45 981 723)	(45 981 723)	-	(46 543 120)	(54 812 820)	(8 269 700)	(8 269 700)	118 %
(232 008 039)	(20 707 334)	(252 715 373)	(252 715 373)	-	(252 715 373)	(280 722 652)	(28 007 279)	(28 007 279)	111 %
68 280	62	68 342	68 342	-	68 342	(23 880 095)	(23 948 437)	(23 948 437)	121 %

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Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources										
Total capital expenditure	74 854 351	28 855 444	103 709 795	-	103 709 795	87 521 103		(16 188 692)	84 %	117 %
Sources of capital funds										
Transfers recognised - capital	30 430 435	9 660 000	40 090 435	-	40 090 435	38 786 241		(1 304 194)	97 %	127 %
Donations and public contributions	-	-	-	-	-	7 100		7 100	DIV/0 %	DIV/0 %
Internally generated funds	44 423 926	19 195 444	63 619 370	-	63 619 370	48 727 762		(14 891 608)	77 %	110 %
Total sources of capital funds	74 854 361	28 855 444	103 709 805	-	103 709 805	87 521 103		(16 188 702)	84 %	117 %
Financial position										
Total current assets	81 412 827	404 077	81 816 904	-	81 816 904	89 949 554		8 132 650	110 %	110 %
Total non current assets	540 015 441	18 126 691	558 142 132	-	558 142 132	506 893 384		(51 248 748)	91 %	94 %
Total current liabilities	(30 865 722)	(14 339 869)	(45 205 591)	-	(45 205 591)	(33 856 978)		11 348 613	75 %	110 %
Total non current liabilities	(2 946 324)	(418 677)	(3 365 001)	-	(3 365 001)	(3 734 324)		(369 323)	111 %	127 %
Community wealth/Equity	587 616 222	3 772 222	591 388 444	-	591 388 444	559 251 636		(32 136 808)	95 %	95 %

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Appropriation Statement

Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Net cash from (used) operating	63 656 199	34 392 887	98 049 086	-	98 049 086	78 549 362		(19 499 724)	80 %	123 %
Net cash from (used) investing	(86 082 506)	(33 183 764)	(119 266 270)	-	(119 266 270)	(87 510 000)		31 756 270	73 %	102 %
Net increase/(decrease) in cash and cash equivalents	(22 426 307)	1 209 123	(21 217 184)	-	(21 217 184)	(8 960 638)		12 256 546	42 %	40 %
Cash and cash equivalents at the beginning of the year	77 258 405	3 098 884	80 357 289	-	80 357 289	80 357 289		-	100 %	104 %
Cash and cash equivalents at year end	54 832 098	4 308 007	59 140 105	-	59 140 105	71 396 651		(12 256 546)	121 %	130 %