

Annual Financial Statements for the year ended 30 June 2023

General Information

community, mainly in the Mangaung area.

Mayoral committee

Executive Mayor Nthatisi GMS - Acting from 25 April 2023

Mothibi-Nkoane MM - Acting from 06 March 2023 until 18 April 2023

Siyonzana M - Until 27 February 2023

Mayoral Committee Members Jonas-Malephane VE

Titi-Odili LM Morake MA Tladi MM Mosala MT Twala PS

Soqaga VS - From 3 May 2023 Letawana MM - From 3 May 2023 Kruger CL - From 3 May 2023 Tsoleli SP - From 3 May 2023

Matsoetlane MJ - Until 27 February 2023 Mogotloane TJ - Until 27 February 2023 van der Ross KE - Until 27 February 2023

Deputy Executive Mayor Vacan

Mothibi-Nkoane MM - Until 18 April 2023

Speaker Davies M - From 29 March 2023

Lockman SB - Until 15 March 2023

Accounting Officers More S - Permanent appointed from 1 November 2023

Ntshudisane MJ - Acting from 1 September 2023 until 31 October 2023 Dumalisile NR - Acting from 25 April 2023 until 31 August 2023 Motlashuping T - Acting from 20 April 2022 until 31 March 2023

Chief Financial Officer Denge L - From 19 December 2022

Sediti T - From 1 May 2022 until 18 December 2022

National Cabinet Representative Malaza G

Ntshudisane MJ

More S

Registered office Bram Fischer Building

Cnr Nelson Mandela Drive and Markgraaff Street

Bloemfontein

9301

Postal address PO Box 3704

Bloemfontein

9301

Bankers ABSA

Development Bank of South Africa

Nedbank Standard Bank

Auditors Auditor General of South Africa

General Information

Enabling legislation

Municipal Finance Management Act, (Act 56 of 2003) Municipal Systems Act, (Act 32 of 2000) Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 3 of 2017) Division of Revenue Act, (Act 16 of 2019) Municipal Demarcation Act, (Act 27 of 1998)

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

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Annual Financial Statements for the year ended 30 June 2023

Abbreviations

1. Abbreviations used within the annual financial statements

ACT Actual

BAL Balance

CAPEX Capital expenditure

CFO Chief Financial Officer

COID Compensation for Occupational Injuries and Diseases

CPI Consumer Price Index

DBSA Development Bank of South Africa
FRESHCO Free State Social Housing Company

GRAP Generally Recognised Accounting Practice

HOD Head of Directorate

IGRAP Interpretation of the Standards of Generally Recognised Accounting Practice

IPTN Integrated Public Transport Network

MEC Member of the Executive Council

MFMA Municipal Finance Management Act, (Act 56 of 2003)

MMM Mangaung Metro Municipality

OPEX Operational expenditure

PAYE Pay As You Earn

PPE Property, Plant and Equipment

SALGA South African Local Government Association

SARS South African Revenue Service

SCM Supply Chain Management

SOC State Owned Company

UIF Unemployment Insurance Fund

VAT Value Added Tax

WIP Work-in-Progress

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act, (Act 56 of 2003), and has signed on behalf of the entity.

The accounting officer certifies 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 44 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

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 2024 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.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors to express an independent opinion on the fair presentation of the annual financial statements.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.
The annual financial statements set out on pages 7 to 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:
More S City Manager

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

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

Review of activities

Main business and operations

Net surplus of the municipality was R 328,994,945 (2022: deficit R 812,878,191).

2. Going concern

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

The municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 4 of 2020).

Refer to Going Concern note 62 for more detail.

3. Subsequent events

On 24 October 2023 a security breach on the Mangaung Metro Municipal network occurred, which was caused by ransomware.

The cyber-attack rendered all applications used by the municipality inoperable, including critical application systems such as Solar (financial system) HR Focus, telephones, email and internet access for all users. Additionally, the cyber-attack has impeded service delivery, impacting payments to service providers, procurement of essentials such as diesel, building plan approvals, indigent funerals, issuance of clearance certificates etc.

Most significantly, the breach has hampered the municipality's ability to engage with its community and key stakeholders. This security breach poses a risk not only to the municipality's daily operations, but also the delivery of vital municipal services.

The financial impact of the security breach could not yet be determined.

The Minister approved a financial recovery plan (FRP) in August 2023. The aim of the FRP is to improve the municipalities financial viability. This FRP is being implemented by the municipality.

The municipality has appointed a City Manager and new HOD's on a permanent basis on 1 November 2023. This appointment aims to bring stability and clear direction for the municipality.

4. Accounting Officers' interest in contracts

None

5. Accounting Officers

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

Name	Nationality	Changes
Dumalisile NR	South African	Acting from 25 April 2023 until 31 August 2023
Motlashuping T	South African	Acting from 20 April 2022 until 31 March 2023
Ntshudisane MJ	South African	Acting from 1 September 2023 until 31
		October 2023
More S	South African	Permanent appointed from 1 November 2023

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

6. Intervention team

The administrative team is comprised of the following members effective from 1 January 2020:

- 1. Adv Mofokeng M Office of the Premier.
- 2. Sesing M Provincial Accountant General & CA(SA).
- 3. Mokheseng D Provincial COGTA.
- 4. Mohlahlo E Acting Head Public Works & Infrastructure.
- 5. Mkaza TL Vast experience in local government.
- 6. Mawonga T Vast experience in local government (from 3 May 2021).
- 7. Ntoyi L Vast experience in local government (from 3 May 2021).

In addition to the above National Cabinet requested on the 06 April 2022 for National Treasury to intervene in the affairs of Mangaung Metropolitan Municipality. The Minister for Finance approved the national intervention in terms of section 139(7) of the Constitution of the Republic of South Africa Act, 1996 ("the Constitution") read with section 150 of the MFMA, on the 26th of April 2022 and was published on 28 April 2022.

The interim intervention team is comprised of the following members and their assumed positions from 20 April 2022:

- 1. Maseko E Interim National Cabinet Representative (resigned).
- 2. Motlashuping T (National CoGTA) Acting City Manager (term ended on 30 April 2022).
- 3. Dumalisile NR (Department of Human Settlements) Acting City Manager (from 25 April 2023).

 4. Sediti T (National Treasury) Acting Chief Financial Officer (term ended on 18 December 2022).
- 5. Denge L (National Treasury) Acting Chief Financial Officer (from 19 December 2022).
- 6. Adv Mpangane N (National CoGTA) Acting HOD Corporate Services.
 7. McLeod WR (MISA) Acting HOD Engineering Services.

- 8. Manyungwana XC (Department of Transport) Acting HOD Economic and Rural Development.
- 9. Nel F (Department of Forestry, Fisheries and the Environment) Waste and Fleet Management.
- 10. Mabunda N (MISA) Acting HOD Human Settlements and Housing (from 25 April 2023).

The National intervention team from 22 July 2022 were as follows:

- 1. Malaza G National Cabinet Representative
- 2. Kunene V Finance Specialist
- 3. Cibane T Governance Specialist
- 4. Nkosi M Governance Specialist

7. Date of signature

The annual financial statements set out on pages 7 to 132, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

More S City Manager

Statement of Financial Position as at 30 June 2023

Figures in Rand	Notes	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	562,138,559	549,692,606
Other receivables from non-exchange transactions	4	1,116,700	766,274
Consumer receivables from exchange transactions	5	767,291,782	871,291,931
Consumer receivables from non-exchange transactions	6	418,907,795	338,888,440
Other receivables from exchange transactions	7	144,735,800	76,945,068
VAT receivable	8	206,486,354	170,832,230
Centlec intercompany loan	9	813,925,650	806,540,231
Cash and cash equivalents	10	686,865,832	728,277,531
Centlec receivables	16	6,554,416	6,604,149
		3,608,022,888	3,549,838,460
Non-Current Assets			
Investment property	11	1,587,424,015	1,585,611,015
Property, plant and equipment	12	11,389,362,574	11,578,792,587
Intangible assets	13	42,419,016	39,144,448
Heritage assets	14	254,696,007	252,967,911
Investments in controlled entities	15	100	100
Centlec receivables	16	844,799,741	851,354,157
Non-current receivables	17	155,777	152,956
Living resources	18	3,171,001 14,122,028,231	3,706,202 14,311,729,376
Total Assets		17,730,051,119	17,861,567,836
Liabilities			
Current Liabilities Payables from evaluations	19	1 011 005 151	1 000 070 417
Payables from exchange transactions Payables from non-exchange transactions	20	1,811,235,151 266,302,030	1,828,973,417 307,755,243
Consumer deposits	21	34,408,218	33,839,791
Unspent conditional grants and receipts	22	369,930,232	571,039,043
Finance lease obligation	23	-	12,096,615
Borrowings	24	162,818,218	198,773,523
Provisions	25	117,539,100	102,733,275
Employee benefit obligations	26	34,593,000	32,007,000
		2,796,825,949	3,087,217,907
Non-Current Liabilities			
Borrowings	24	307,007,045	470,121,326
Provisions	25	691,222,696	642,776,384
Employee benefit obligations	26	526,418,600	553,826,000
FRESHCO	27	135,392,341	149,520,237
Land availability	28	251,723,941	267,561,408
		1,911,764,623	2,083,805,355
Total Liabilities		4,708,590,572	5,171,023,262
Net Assets		13,021,460,547	12,690,544,574
	20	075 570 704	005 470 474
Reserves		875,570,794	885,473,171
Revaluation reserve	29	· ·	40 000 000
Revaluation reserve Self-insurance reserve	30	10,000,000	10,000,000
Revaluation reserve Self-insurance reserve COID reserve		10,000,000 17,383,704	19,139,985
Revaluation reserve Self-insurance reserve	30	10,000,000	

^{*} See Note 68

Statement of Financial Performance

Figures in Rand	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	33	1,789,797,225	1,611,315,981
Rental of facilities and equipment	34	48,083,550	49,754,279
Other income from exchange transactions	37	73,132,800	75,981,393
Interest received from exchange transactions	38	716,149,236	482,112,528
Dividends received	38	11,859	2,656
Total revenue from exchange transactions		2,627,174,670	2,219,166,837
Revenue from non-exchange transactions			
Living resources	18	660,800	476,200
Fines, penalties and forfeits	35	14,771,514	7,858,373
Interest received from non-exchange transactions	36	124,636,207	73,192,006
Property rates	39	1,508,845,345	1,387,795,158
Government grants & subsidies	41 42	2,118,427,431	2,080,812,087
Public contributions and donations	42	1,950,000	2,900,907
Total revenue from non-exchange transactions		3,769,291,297	3,553,034,731
Total revenue	32	6,396,465,967	5,772,201,568
Expenditure			
Grants and subsidies paid	40	(41,109,904)	(28,466,030)
Employee related costs	43	(1,792,791,764)	(1,808,900,483)
Remuneration of councillors	44	(69,433,541)	(67,894,942)
Depreciation and amortisation	45 47	(613,149,308)	(674,686,440)
Finance costs	47	(267,374,075)	(232,803,960)
Debt impairment and bad debt write off	49 50	(1,611,452,797)	(1,792,031,182)
General expenses	50 51	(447,747,670)	(420,967,370)
Bulk purchases Contracted services	52	(814,638,653)	(835,326,533)
Total expenditure	02	(455,575,044) (6,113,272,756)	(605,557,382) (6,466,634,322)
•			
Operating surplus/(deficit) Inventories losses/write-downs	3	283,193,211 (1,929,971)	(694,432,754) (5,149,265)
Actuarial gains/(losses)	26	84,961,400	45,066,000
Impairment loss	46	(13,505,529)	(25,514,271)
Fair value adjustments	53	1,832,511	(9,134,441)
Loss on disposal of assets and liabilities	54	(25,556,677)	(10,306,891)
Loss on revaluation of assets	55		(113,406,569)
		45,801,734	(118,445,437)
Surplus/(deficit) for the year		328,994,945	(812,878,191)
		_	_

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^{*} See Note 68

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Insurance reserve	COID reserve	Total reserves	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported Adjustments	879,422,596	10,000,000	20,890,377	910,312,973	12,645,754,893	13,556,067,866
Prior year adjustments - note 68	3,216,132	-	-	3,216,132	(75,071,484)	(71,855,352)
Balance at 1 July 2021 as restated* Changes in net assets	882,638,729	10,000,000	20,890,377	913,529,106	12,570,683,409	13,484,212,515
Surplus for the year as previously reported	-	-	-	-	(676,871,419)	(676,871,419)
Contributions received	-	1,110,570	-	1,110,570	(1,110,570)	-
Insurance claims processed		(1,110,570)	(1,750,392)	(2,860,962)	2,860,962	<u>-</u>
Realisation of the revaluation reserve through depreciation	(17,568,338)	-	-	(17,568,338)	16,375,801	(1,192,537)
Revaluation of assets (Before prior period error)	(4,631,273)	-	-	(4,631,273)		(4,631,273)
Prior year adjustments - note 68	25,034,053	-	-	25,034,053	(136,006,765)	(110,972,712)
Restated* Balance at 1 July 2022 Changes in net assets	885,473,171	10,000,000	19,139,985	914,613,156	11,775,931,416	12,690,544,572
Surplus for the year	-	-	-	-	328,994,945	328,994,945
Realisation of the revaluation reserve through depreciation	(11,823,407)	-	-	(11,823,407)	11,823,407	-
Contributions received	-	968,845	-	968,845	-	968,845
Insurance claims processed	-	(968,845)	(1,756,281)	(2,725,126)	1,756,281	(968,845)
Revaluation of assets	1,921,030	-	-	1,921,030	-	1,921,030
Total changes	(9,902,377)	-	(1,756,281)	(11,658,658)	342,574,633	330,915,975
Balance at 30 June 2023	875,570,794	10,000,000	17,383,704	902,954,498	12,118,506,049	13,021,460,547
Notes	29	30	31			

^{*} See Note 68

Cash Flow Statement

Figures in Rand	Notes	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		2,161,872,897	2,278,088,424
Grants		2,002,844,160	2,616,188,423
Interest income		67,166,630	30,351,220
Dividends received		11,859	2,656
		4,231,895,546	4,924,630,723
Payments			
Employee costs		(1,861,480,622)	(1,911,677,101)
Suppliers		(1,670,036,860)	(1,725,311,864)
Finance costs		1,920,198	(4,028,597)
Grants paid		(41,109,904)	(28,466,030)
		(3,570,707,188)	(3,669,483,592)
Net cash flows from operating activities	56	661,188,358	1,255,147,131
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(426,723,624)	(471,382,853)
Proceeds from sale of investment property	11	-	338,618
Purchase of other intangible assets	13	(3,780,204)	(29,875,511)
Purchases of financial assets		16,690	(11,202)
Interest income		-	454,546
Net cash flows from investing activities		(430,487,138)	(500,476,402)
Cash flows from financing activities			
Repayment of borrowings		(197,670,811)	(106,868,565)
Repayment of finance leases		(12,219,651)	(37,225,111)
Finance costs		(62,222,466)	(77,978,418)
Net cash flows from financing activities		(272,112,928)	(222,072,094)
Net increase/(decrease) in cash and cash equivalents		(41,411,708)	532,598,635
Cash and cash equivalents at the beginning of the year		728,277,531	195,678,895
Cash and cash equivalents at the end of the year	10	686,865,823	728,277,530

^{*} See Note 68

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Final approved	Virements	Final Budget	Actual amounts	Difference	Reference
Figures in Rand	budget	VIIOIIIOIIIO	- I iliai Baaget	7.otdai amounto	Billoronico	110101010
Statement of Financial Performance	е					
Revenue						
Revenue from exchange						
transactions Service charges	1,820,524,854	_	1,820,524,854	1,789,797,225	(30,727,629)	
Rental of facilities and equipment	44,637,982	-	44,637,982	48,083,550	3,445,568	
Other income from exchange	569,325,417	-	569,325,417	73,132,800	(496,192,617)	69.1
ransactions	369,323,417	-	000,020,411	73,132,000	(400,102,011)	69.1
nterest received from exchange	222,193,637	-	222,193,637	716,149,236	493,955,599	69.2
ransactions	222,100,007		, ,	710,110,200	, ,	00.2
Dividends received	2,405	-	2,405	11,859	9,454	69.3
Fotal revenue from exchange ransactions	2,656,684,295	-	2,656,684,295	2,627,174,670	(29,509,625)	
Revenue from non-exchange ransactions						
Taxation revenue						
Property rates	1,458,072,634	-	1,458,072,634	1,508,845,345	50,772,711	69.4
nterest received from non-exchange	70,726,435	-	70,726,435	124,636,207	53,909,772	69.5
ransactions	. , -					
ransfer revenue						
Rovernment grants & subsidies	1,053,610,617	-	1,053,610,617	1,328,072,878	274,462,261	69.6
Public contributions and donations	-	-	-	1,950,000	1,950,000	69.7
ines, penalties and forfeits	25,662,348	-	25,662,348	14,771,514	(10,890,834)	69.8
iving resources		-	-	660,800	660,800	69.9
otal revenue from non-exchange ransactions	2,608,072,034	-	2,608,072,034	2,978,936,744	370,864,710	
Fotal revenue (excluding capital ransfers and contributions)	5,264,756,329	-	5,264,756,329	5,606,111,414	341,355,085	
Expenditure						
Employee related cost	(1,814,448,585)	-	(1,814,448,585)	(1,792,791,764)	21,656,821	
Remuneration of councillors	(75,231,032)	-	(75,231,032)	(69,433,541)	5,797,491	
Depreciation and amortisation	(270,408,081)	-	(270,408,081)	(613,149,308)	(342,741,227)	69.10
inance costs	(64,423,879)	-	(64,423,879)	(267,374,075)	(202,950,196)	69.11
Debt impairment and bad debt write	(1,086,134,844)	-	(1,086,134,844)		(525,317,953)	69.12
off	(EQ4 001 CQ1)		(584,901,631)	(014 COO CEO)	(229,737,022)	60.10
Bulk purchases	(584,901,631)	-	(454,013,854)	(814,638,653)	(1,561,190)	69.13
Contracted services	(454,013,854)	-	(409,173)	(455,575,044)	(40,700,731)	60.14
Grants and subsidies paid	(409,173)	-	(270,775,677)	(41,109,904)	(176,971,993)	69.14 69.15
General expenses	(270,775,677)	-		(447,747,670)		09.13
otal expenditure	(4,620,746,756)	-	(,, -, -,		(1,492,526,000)	
Operating deficit	644,009,573	-	644,009,573	(507,161,342)	(1,151,170,915)	00.40
nventories losses/write-downs	-	-	-	(1,929,971)	(1,929,971) 84,961,400	69.16
Actuarial gains/(losses)	-	-	-	84,961,400	(13,505,529)	69.17
mpairment loss	-	-	-	(13,505,529)	1,832,511	69.18
air value adjustments	(250 400 000)	-	(350,499,999)	1,832,511	324,943,322	69.19
oss on disposal of assets and abilities	(350,499,999)	-	(550,433,333)	(25,556,677)	JL7,J7J,JZZ	69.20
	(350,499,999)	-	(350,499,999)	45,801,734	396,301,733	
Surplus/(Deficit) before capital ransfers and contributions	293,509,574	-	293,509,574	(461,359,608)	(754,869,182)	
Fransfers and contributions Fransfers recognised - Capital	969,597,993	-	969,597,993	790,354,553	(179,243,440)	69.21
Surplus/(Deficit) after capital transfers and contributions	1,263,107,567	-	1,263,107,567	328,994,945	(934,112,622)	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Figures in Rand	Final approved budget	Virements	Final Budget	Actual amounts	Difference	Reference
Statement of Financial Position						
Current Assets			0.070.005.404		004 007 704	
Total current assets	3,376,085,164		3,376,085,164	3,608,022,888	231,937,724	69.22
Non-Current Assets						
Total non-current assets	15,701,619,155		15,701,619,155	14,122,028,231	(1,579,590,924)	69.23
Total Assets	19,077,704,319	•	- 19,077,704,319	17,730,051,119	(1,347,653,200)	
Current Liabilities						
Total current liabilities	1,166,724,327		1,166,724,327	2,796,825,949	1,630,101,622	69.24
Non-Current Liabilities						
Total non-current liabilities	475,233,891		475,233,891	1,911,764,623	1,436,530,732	69.25
Total Liabilities	1,641,958,218		1,641,958,218	4,708,590,572	3,066,632,354	
Net Assets	17,435,746,101		- 17,435,746,101	13,021,460,547	(4,414,285,554)	
Reserves						
Total reserves	17,435,746,101		17,435,746,101	13,021,460,547	(4,414,285,554)	69.26
Cash Flow Statement						
Net cash flows from operating activities	4,471,417,604		4,471,417,604	661,188,358	(3,810,229,246)	69.27
Net cash flows from investing activities	(986,157,127)		(986,157,127)	(430,487,138)	555,669,989	69.27
Net cash flows from financing activities	(23,724,000)		(23,724,000)	(272,112,928)	(248,388,928)	69.27
Net increase/(decrease) in cash and cash equivalents	3,461,536,477		3,461,536,477	(41,411,708)	(3,502,948,185)	69.27

Budget variances are discussed in note 69.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand Note(s) 2023 2022

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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Materiality

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

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables, loans and other receivables

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

Where the impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, these are based on historical loss ratios. These annual loss ratios are applied to the balances in the portfolio. The impairment is measured as the difference between the receivables' carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

The fair value of investment property is determined on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value of items of land and buildings is determined from market-based evidence by appraisal. An appraisal of the value of the asset is undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

The fair value of heritage assets is the price at which the heritage asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of heritage assets is determined from market-based evidence determined by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 25 - Provisions.

Useful lives and residual values

The municipality's management determines the estimated useful lives and related depreciation charges for assets as noted in accounting policies 1.5 and 1.6. These estimates are based on industry norm.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives. Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.

Where changes are made to the estimated residual lives, management also makes these changes prospectively.

Employee benefit obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 26 - Employee benefit obligation.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Investment property

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

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

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

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

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

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

Cost is the amount of cash or cash equivalents or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Although unlikely, if the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

Derecognition

Items of investment property are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of investment property is included in surplus or deficit when the item is derecognised.

The gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 11 - Investment property).

Annual Financial Statements for the year ended 30 June 2023

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 (other than investment property), 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.

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

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

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

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

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, buildings, water meters and zoo animals which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation and impairment

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

Land, except for landfill and quarry sites, is not depreciated as it has an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, property, plant and equipment on the cost model is carried at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 - 60
Landfill sites	Straight-line	10 - 55
Firearms	Straight-line	5 - 40
Environmental facilities	Straight-line	5 - 50
Roads and stormwater	Straight-line	3 - 100
Equipment under finance leases	Straight-line	3 - 5
Community / Recreational	Straight-line	10 -30
Sewerage and mains	Straight-line	10 - 60
Water network	Straight-line	5 - 100
Security	Straight-line	10
Housing	Straight-line	5 - 30
Other vehicles	Straight-line	5 - 20
Other assets	Straight-line	3 - 20

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. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

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

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

Derecognition

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 Municipality.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 12 - Property, plant and equipment).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12 - Property, plant and equipment).

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Subsequent measurement

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 begins when intangible assets are in the location and condition necessary for it to be capable of operating in the manner intended by management and ceases at the date that the asset is derecognised.

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

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 - 30
Servitudes	None	Indefinite

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13 - Intangible assets).

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Living resources

Zoo animals comprise of animals held at Bloemfontein Zoo, Kwaggafontein and other nature areas.

Zoo animals are accounted for in terms of GRAP 110 as living resources. The majority of animals are received as donations and transfers from other similar institutions for no consideration or from procreation. These assets are recorded at fair value at the time of donation or transfer, and are depreciated accordingly.

Market determined prices or values are not available for certain animals due to lack of market because they are not commodities, as well as restrictions on trade of exotic animals which precludes the determination of a fair value. The fair value of zoo animals is determined based on market prices of zoo animals of similar age, breed and genetic merit.

Zoo animals are also acquired through supply chain process and these newly acquired animals are carried at cost less accumulated depreciation and any impairment losses. The offspring of newly acquired animals shall be recorded at a fair value at the time of birth and will also be depreciated accordingly.

Depreciation and impairment

Zoo animals are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of zoo animals listed below reflect useful lives of the different classes of animals at the various nature areas. Within the different classes of animals are a number of different species whose useful lives differ. Therefore, the useful lives of zoo animals listed below reflect the useful lives of the different species contained within a specific class of animals.

The longevity of zoo animals has been assessed as follows:

Aves 12 - 90 years Mammalia 9 - 45 years Reptilia 4 - 100 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of a zoo animal 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.

Subsequent measurement

Zoo animals are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

The revaluation surplus in equity related to a specific item of zoo animals is transferred directly to accumulated surplus as the zoo animal is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the zoo animal.

Accounting treatment of other costs

Under the recognition principles in paragraph 1.15, the entity does not recognise in the carrying amount of a living resource the day-to-day costs, or the costs to maintain or to hold the living resource. Day-to-day costs are those costs incurred by an entity to manage the qualitative and quantitative changes of the biological transformation. Depending on its reason for holding the living resource, the entity assesses whether the costs incurred are day-to-day operating costs, or whether the incurred costs will enhance the future economic benefits or service potential of the resource.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Living resources comprise resources that are held for research, for example animals and plants used in testing facilities or laboratory animals. The principles in the Standard of GRAP on Intangible Assets (GRAP 31) indicate that during the research phase of an internal project, expenditure incurred as part of the research project should be recognised as an expense, because the entity cannot demonstrate that an asset exists that will generate future economic benefits or service potential. The principles in GRAP 31 are applied to assess whether costs incurred for research activities should be recognised as research or development costs.

Transfers of living resources

Transfers from living resources shall be made when, and only when, the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this Standard.

For a transfer from living resources carried at a revalued amount to property, plant and equipment (including bearer plants), inventories or to a biological asset, the living resource's deemed cost for subsequent accounting in accordance with the applicable Standard of GRAP shall be its revalued amount at the date of transfer. The entity shall apply the principles in this Standard up to the date of transfer. The entity treats any difference at that date between the carrying amount of the living resource and its fair value in the same way as a revaluation in accordance with GRAP 110 Living and Non-living Resources (Issued March 2017).

If an item of property, plant and equipment (including bearer plants) carried at a revalued amount, or a biological asset carried at fair value less cost to sell, is reclassified as a living resource carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that living resource.

For a transfer from inventories or a biological asset to living resources at a revalued amount, any difference between the fair value of the living resource at that date and its previous carrying amount shall be recognised in surplus or deficit.

Custodian assets

Where the entity acts as a custodian of a living or non-living resource, or group of living or non-living resources, other than land, the entity shall explain the nature of its custodial responsibility, including the legislation or similar means that establish.

1.8 Heritage assets

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.

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, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

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

Impairment

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

Compensation from third parties for items of heritage assets property that were impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.8 Heritage assets (continued)

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

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

The entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (refer to note 14).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (refer to note 14 - Heritage assets).

1.9 Investment in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in a controlled entity is the aggregate of:

- a) the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- b) any costs directly attributable to the purchase of the controlled entity.

1.10 Financial instruments

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash:
- a residual interest of another entity; or

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an
 entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

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

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

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

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Accounting Policies

1.10 Financial instruments (continued)

Classification

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

- Financial instruments measured at fair value;
- Financial instruments measured at amortised cost;
- Financial instruments measured at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The entity assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessments of impairment, assets with similar credit risk characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact that the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:
 - the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
 - national or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)
- Accounts in arrears for a period longer that the initial estimated repayment period;
- Accounts with arrears of over 90 days showing no repayments in the last financial year;
- Accounts handed over for collection;
- Any negative changes in the ability of debtors and borrowers to repay the amounts due to the entity (e.g. an increased number of late payments);
- A breach in contract, such as a default in interest or capital payments.

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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

Class

Consumer receivables from exchange transactions
Other receivables from exchange transactions
Centlec intercompany loan
Centlec receivables
Cash and cash equivalents
Non-current receivables
Non-current receivables
Investment in controlled entity

Category

Financial asset measured at amortised cost Financial asset measured at fair value Financial asset measured at amortised cost Financial asset measured at cost

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

Class

Payables from exchange transactions Finance lease obligation Borrowings

Category

Financial liability measured at amortised cost Financial liability measured at amortised cost Financial liability measured at amortised cost

1.11 Statutory receivables

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.

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.

Annual Financial Statements for the year ended 30 June 2023

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, whichever is applicable.

Other charges

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

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.

The entity assesses statutory receivables individually, when assets are individually significant, and individually or collectively for statutory receivables that are not individually significant. Where no objective evidence of impairment exists for an individually assessed debtor (whether individually significant or not), an entity includes the assets in a group of statutory receivables with similar credit risk characteristics and collectively assesses them for impairment.

Statutory receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessments of impairment, statutory receivables with similar credit risk characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact that the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganisation;
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of statutory receivables (statutory receivables with similar credit risk characteristics grouped together) since the initial recognition of those receivables. The decrease may not yet be identified for the individual financial receivable in the group.

These can include:

- the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
- national or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)
- Accounts in arrears for a period longer that the initial estimated repayment period;
- Accounts with arrears of over 90 days showing no repayments in the last financial year;
- Accounts handed over for collection;
- Any negative changes in the ability of debtors and borrowers to repay the amounts due to the entity (e.g. an increased number of late payments);
- A breach in contract, such as a default in interest or capital payments.

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment.

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.

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Accounting Policies

1.11 Statutory receivables (continued)

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

Derecognition

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

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

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

1.12 Tax

VAT

The entity accounts for VAT on the accrual basis, and is liable for VAT on the payment basis. The entity is liable to account for VAT at the standard rate in terms of section 7(1)(a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11 of the VAT Act, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

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.

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

Income for leases is disclosed under revenue in statement of financial performance.

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Accounting Policies

1.13 Leases (continued)

Operating leases - lessee

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

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

1.14 Inventories

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

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

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

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

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

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

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

The cost of inventories of items that are interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.16 Impairment of cash-generating assets

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

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

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

Depreciation and amortisation are the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

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

All assets of the entity are accounted for as non-cash generating assets.

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 recent approved financial budgets/forecasts, but excludes any estimated future cash
 inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance.
 Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

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

Discount rate

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

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.

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

Irrespective of whether there is any indication of impairment, the entity 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.

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.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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

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

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

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

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

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.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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 occur when there is clear evidence that such a redesignation is appropriate.

1.17 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 and amortisation are 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.

All assets of the entity are accounted for as non-cash generating assets.

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.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

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

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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

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 occur when there is clear evidence that such a redesignation is appropriate.

1.18 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Post-employment benefits

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity;
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

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

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus, any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Employee benefits (continued)

Other long-term employee benefits

The entity provides other long-term employee benefits to qualifying employees in the form of long service award.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost:
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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

The entity uses the Projected Unit Credit Method to determine the present value of its long service employee benefit and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality.

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 59 - Contingencies.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor
 to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the
 carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 1.17.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

1.20 Commitments

Where the entity has a contractual commitment in respect of the acquisition of property, plant and equipment, these are disclosed in note 58 - Commitments.

The commitments as disclosed are the contractual amount less any payments made in respect of the contract.

1.21 Revenue from exchange transactions

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

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

Revenue from exchange transactions consists primarily of services charges, rentals, interest received and other services rendered.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.21 Revenue from exchange transactions (continued)

Measurement

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

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.

Sale of goods

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

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

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

Rendering of services consist out of solid waste, sanitation, sewerage and water services.

Interest, royalties and dividends

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Rental income

Leases revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term in accordance with the accounting policy on Leases.

Revenue arising from the use by others of entity assets yielding rental income is recognised when:

- a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- b) the amount of the revenue can be measured reliably.

1.22 Revenue from non-exchange transactions

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

Revenue from non-exchange transactions consists primarily of grants from National - and Provincial Government, Property rates and Fines revenue.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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 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 are not grossed up for the amount of tax expenditures.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

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

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

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

Beauests

Bequests that satisfy the definition of an asset 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.

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.

Services in-kind

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Concessionary loans received

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists, the Municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity 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.

1.23 Investment income

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

1.24 Borrowing costs

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

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

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure is any expenditure incurred by a municipality otherwise than in accordance with the approved budget as well as expenditure exceeding the limits of the amounts appropriated for in the different votes in the approved budget.

Depending on circumstances, identified unauthorised expenditure will be authorised by council in an adjustment budget, certified by municipal council as irrecoverable and written off by council or recovered from a liable official or political office bearer. In cases where unauthorised expenditure is recoverable from an official or political office bearer, resulting from necessary investigations, revenue and receivables are recognised. Unauthorised expenditure is disclosed in the notes to the financial statements.

1.27 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure which was incurred and identified during the financial year and also condoned by council in terms of the MFMA, is only disclosed in the notes to the financial statements. However, fruitless and wasteful expenditure which was incurred and identified during the financial year but failed to be condoned by council is initially recognised as expenditure based on its nature and after further investigations classified to revenue and receivables. Where it is not possible to recover the revenue recognised from fruitless and wasteful, the receivable is written-off following proper write-off processes in terms of the MFMA.

Detailed disclosures are made in note 64 to the annual financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.28 Irregular expenditure

Irregular expenditure is expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Finance Management Act, the Municipal Systems Act, or the Public Office-Bearers Act, and which has not been condoned in terms of the MFMA.

Irregular expenditure which was incurred and identified during the financial year is disclosed in the financial statements. It will be accounted for as expenditure in the statement of financial performance and disclosed separately in the notes to the financial statements.

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was written off 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 approval for write off 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 written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off 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 written off 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.

Detailed disclosures are made in note 65 to the annual financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.29 Internal reserves

Self-insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. The balance of the Self-Insurance Reserve is determined based on the insurance risk carried by the municipality, which is calculated by the entity's external insurance broker and is reinstated or increased by a transfer from the accumulated surplus or deficit.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is determined by the Compensation Commissioner. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

Amounts are transferred to the COID reserve from the accumulated surplus or deficit based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus or deficit.

1.30 Revaluation reserve

The surplus arising from the revaluation of land, buildings, water meters and zoo animals is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

1.31 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.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.31 Segment information (continued)

Segmental information on property, plant and equipment, as well as income and expenditure are set out in Note 72 - Segment reporting, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The entity operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the annual financial statements.

1.32 Budget information

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

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

The approved budget is prepared on an accrual basis and presented by nature classification. The approved budget and the annual financial statements are not prepared on the same basis.

The annual budget figures included in the annual financial statements are for the entity and do not include budget information relating to subsidiaries. The separate budget for the entity has been recompiled for the presentation in the annual financial statements. The recompilation does not constitute changes or revisions of the consolidated budget as approved by the Council.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are not on the same basis of accounting as determined by National Treasury.

Explanatory comments to material differences are provided in note 69 - Budget differences to the annual financial statements.

1.33 Related parties

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

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

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

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

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

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

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

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

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

1.34 Events after reporting date

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

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

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

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.34 Events after reporting date (continued)

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

1.35 Service concession arrangements: Entity as grantor

Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value;
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.35 Service concession arrangements: Entity as grantor (continued)

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.36 Advance receipts

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

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

All receipts received in advance are classified as non-exchange transactions as no approximate equal value is exchanged between the parties.

Refer to note 20 Payable from non-exchange transactions where these receipts in advance are disclosed.

1.37 Grants and subsidies paid

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised

in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, no new standards and interpretations were issued which are effective for the current financial year and that are relevant to its operations.

2.2 Standards and interpretations not yet effective or relevant

The following GRAP pronouncements have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2023 or later periods.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised) Employee benefits	1 April 2023	Unlikely there will be a material impact
GRAP 103 (as revised) Heritage assets	To be determined	Unlikely there will be a material impact
GRAP 104 (as revised) Financial instruments	1 April 2025	Likely there will be a material impact
IGRAP 21 The effect of past decisions on materiality	1 April 2023	Unlikely there will be a material impact
Guideline on accounting for landfill sites	1 April 2023	Unlikely there will be a material impact
IGRAP 7 (as revised) The limit on a defined benefit asset, minimum funding requirements and their interaction	1 April 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Inventories		
Consumable stores Fuel Maintenance materials Unsold properties held for resale Water for distribution (in pipes and reservoirs) Work in progress	5,864,904 851,451 887,372 378,322,226 4,505,183 171,707,423 562,138,559	3,249,592 1,299,734 1,724,532 367,215,009 4,496,316 171,707,423 549,692,606
Inventory losses and expenses		
Inventories written off	1,929,971	5,149,265
Inventories recognised as an expense during the year	32,934,305	24,224,156

The municipality does not extract any non-regenerative resources for its use or for the use of others. All inventories, including water inventory, are acquired from third parties.

Inventory pledged as security

No inventory was pledged as security for any financial liability.

Prior period figures were restated, refer to note 68.

Other receivables from non-exchange transactions

Traffic fines receivable Impairment - Traffic fines receivable Government grants receivable Impairment - Government grants receivable	12,497,536 (11,380,836) 114,350,195 (114,350,195)	11,373,580 (10,607,306) 114,350,195 (114,350,195)
	1,116,700	766,274
Statutory receivables included in receivables from non-exchange transactions above are as followard from the following from the	o ws: 1,116,700 -	766,274 -
	1,116,700	766,274
Total other receivables from non-exchange transactions	1,116,700	764,212

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand 2023 2022

4. Other receivables from non-exchange transactions (continued)

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Other receivables from non-exchange transactions above relates to:

Traffic fines arises from fines revenue as disclosed in Note 35 in accordance with Section 341 of the Criminal procedure Act (Act 51 of 1977) and National Traffic Act (Act 93 of 1996).

Grants receivables relates to VAT on grants in prior years claimed from National Treasury which has not yet been finalised.

Credit quality of other receivables from non-exchange transactions:

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

None of the financial assets that are fully performing have been renegotiated in the last year.

The entity does not hold any collateral as security.

Other receivables from non-exchange transactions pledged as security

None of the other receivables from non-exchange transactions were pledged as security for any financial liability.

Other receivables from non-exchange transactions impaired:

As at 30 June 2023, other receivables from non-exchange transactions of R125,731,031 (2022: R124,957,501) were impaired and provided for.

The amount of the provision was R125,731,031 as at 30 June 2023 (2022: R124,957,501).

Statutory receivables general information

Traffic fines receivable:

Revenue type - Non-exchange revenue

Legislation that gives rise to the transactions - In accordance with the Administrative Adjudication of Road Traffic Offences Act, 1998.

Rates and interest charges - The Act determines rates, no interest is charged.

Impairment consideration - Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality.

Grants receivable:

Revenue type - Non-exchange revenue

Legislation that gives rise to the transactions - In accordance with sections 7(3) and 15(1) of the Division of Revenue Act, 2013.

Grants and interest charges - The Act determines the grants, no interest is charged.

Impairment consideration - Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality.

Interest or other charges levied/charged

No other receivables from non-exchange transactions generated interest income and no other levies were charged.

Statutory receivables past due but not impaired

Statutory receivables which are past due are considered to be impaired. At 30 June 2023, R1,116,700 (2022: R764,212) were past due but not impaired.

Factors the entity considered in assessing statutory receivables past due but not impaired

Other receivables from non-exchange transactions are assessed in terms of their respective overall payment percentages. Some receivables are therefore past due, but the balances are still expected to be recoverable based on the payment percentages.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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Figures in Rand	2023	3 2022

4. Other receivables from non-exchange transactions (continued)

Statutory receivables impaired

As of 30 June 2023, Statutory receivables of R125,731,031 (2022: R124,957,501) were impaired and provided for.

The amount of the provision was R125,731,031 as of 30 June 2023 (2022: R124,957,501).

Reconciliation of provision for impairment for statutory receivables

Opening balance	124,957,501	136,402,427
Provision for impairment adjustment	773,530	(11,444,926)
	125,731,031	124,957,501

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Impairment Recognised - Traffic fines receivables:

Annually the outstanding receivables are assessed in terms of the value of fines issued in comparison to the receipts generated from such fines. The remaining balance is considered recoverable based on this payment percentage. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

Impairment Recognised - Government grants receivable:

The average credit period for government grants and subsidies is dependent on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable which are past due is not impaired as management have no concerns over the credit quality of these assets, but except for the instance on the claim for VAT on grants receivable as disclosed above.

5. Consumer receivables from exchange transactions

Gross balances Water Sewerage Refuse Housing rental	4,761,153,695 1,195,312,342 529,581,326 63,595,924	4,024,156,721 981,563,472 432,196,527 54,101,767
	6,549,643,287	5,492,018,487
Less: Allowance for impairment Water Sewerage Refuse Housing rental	(4,271,961,024) (1,001,688,813) (448,647,008) (60,054,660)	(3,370,072,457) (831,762,941) (368,339,794) (50,551,364)
	(5,782,351,505)	(4,620,726,556)
Net balance Water Sewerage Refuse Housing rental	489,192,671 193,623,529 80,934,318 3,541,264 767,291,782	654,084,264 149,800,531 63,856,733 3,550,403 871,291,931

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Consumer receivables from exchange transactions (continued)		
Water		
Current (0 -30 days)	81,343,007	264,470,622
31 - 60 days	106,873,382	170,949,599
61 - 90 days	97,851,258	116,616,494
90+ days	4,440,217,080	3,437,143,519
Meter reading estimate	34,868,968	34,976,487
Less: Impairment	(4,271,961,024)	(3,370,072,457)
	489,192,671	654,084,264
Sewerage		
Current (0 -30 days)	77,396,352	36,578,760
31 - 60 days	33,601,844	25,434,393
61 - 90 days	31,673,998	23,609,256
90+ days	1,052,640,148	895,941,063
Less: Impairment	(1,001,688,813)	(831,762,941)
	193,623,529	149,800,531
Refuse		
Current (0 -30 days)	80,782,221	13,323,062
31 - 60 days	13,248,526	10,105,134
61 - 90 days	12,495,339	9,379,900
90+ days	423,055,240	399,388,431
Less: Impairment	(448,647,008)	(368, 339, 794)
	80,934,318	63,856,733
Housing rental		
Current (0 -30 days)	904.331	853,301
31 - 60 days	887.067	901,227
61 - 90 days	874,490	818,407
90+ days	60,930,036	51,528,832
Less: Impairment	(60,054,660)	(50,551,364)
	3,541,264	3,550,403

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Consumer receivables from exchange transactions (continued)		
Summary of receivables by customer classification		
Consumers		
Current (0 -30 days)	227,687,458	125,661,469
31 - 60 days	114,617,379	159,321,712
61 - 90 days 90+ days	102,510,291	110,797,401
Meter reading estimate	4,398,069,409 34,868,968	3,683,783,971 34,976,487
Weter reading commute		
Logo: Allowance for impairment	4,877,753,505 (4,424,642,638)	4,114,541,040 (3,662,929,581
Less: Allowance for impairment		
	453,110,867	451,611,459
Industrial/ commercial		
Current (0 -30 days)	10,495,469	167,612,597
31 - 60 days	18,538,365	22,292,042
61 - 90 days	16,690,729	20,791,766
90+ days	803,056,208	455,555,115
	848,780,771	666,251,520
Less: Allowance for impairment	(675,579,742)	(387,043,245
	173,201,029	279,208,275
National and provincial government	2212221	0.4.05.4.050
Current (0 -30 days)	2,242,984	21,951,678
31 - 60 days 61 - 90 days	21,455,075	25,776,599
90+ days	23,694,066 775,716,887	18,834,891 644,662,759
30+ days		
Less: Allowance for impairment	823,109,012 (682,129,125)	711,225,927 (570,753,731
Less. Allowance for impairment	140,979,887	140,472,196
	140,979,007	140,472,190
Total		
Current (0 -30 days)	240,425,910	315,225,744
31 - 60 days	154,610,819	207,390,353
61 - 90 days	142,895,086	150,424,057
90+ days	5,976,842,504	4,784,001,847
Meter reading estimate	34,868,968	34,976,487
	6,549,643,287	5,492,018,488
Less: Allowance for impairment	(5,782,351,505)	(4,620,726,557
	767,291,782	871,291,931

Consumer receivables pledged as security

None of the consumer receivables from exchange transactions were pledged as security for any financial liability.

Credit quality of consumer receivables

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

None of the consumer receivables from exchange transactions that are fully performing have been renegotiated in the last year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
riguies in riana	2025	2022

Consumer receivables from exchange transactions (continued)

Consumer receivables past due but not impaired

Consumer receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R537,931,815 (2022: R673,040,154) were past due but not impaired.

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

Current (0 -30 days)	240,425,910	315,225,744
1 month past due (31 - 60 days)	154,610,819	207,390,353
2 months past due (61 - 90 days)	142,895,086	150,424,057
	537,931,815	673,040,154

Consumer receivables impaired

As of 30 June 2023, consumer receivables of R5,782,351,505 (2022: R4,620,726,556) were impaired and provided for.

The amount of the provision was R5,782,351,505 as of 30 June 2023 (2022: R4,620,726,556).

The ageing of these consumer receivables is as follows:

Over 3 months	5,782,351,505	4,620,726,556

Reconciliation of allowance for impairment of consumer receivables from exchange transactions

Opening balance	4,620,726,556	3,367,564,908
Allowance for impairment	1,161,624,949	1,253,161,648
	5,782,351,505	4,620,726,556

Due to the limitations on the financial system, it is impractical to disclose the impaired interest on consumer receivables from exchange transactions.

Prior period errors:

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Consumer receivables from non-exchange transactions

	418,907,795	338,888,440
Less: Allowance for impairment	(1,703,007,287)	(1,431,811,916)
90+ days	1,889,464,737	1,538,772,069
61 - 90 days	72,467,189	62,155,532
31 - 60 days	80,106,442	65,286,305
Ageing of rates receivable Current (0 -30 days)	79,876,714	104,486,450
above are as follows: Consumer receivables - Rates	418,907,795	338,888,440
Statutory receivables included in consumer receivables from non-exchange transactions		
Consumer receivables - Rates	418,907,795	338,888,440
Net balance		
Less: Allowance for impairment Consumer receivables - Rates	(1,703,007,287)	(1,431,811,916)
Gross balances Consumer receivables - Rates	2,121,915,082	1,770,700,356

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
6. Consumer receivables from non-exchange transactions (continued)		
Summary by customer classification		
Residential and sundry		
Current (0 -30 days)	72,911,626	40,248,037
31 - 60 days	37,392,695	25,808,983
61 - 90 days	34,467,071	25,837,550
90+ days	930,408,589	734,958,960
	1,075,179,981	826,853,530
Less: Allowance for impairment	(902,449,246)	(700,420,547)
	172,730,735	126,432,983
Business / commercial	F 000 070	40 405 707
Current (0 -30 days) 31 - 60 days	5,306,976 19,886,718	43,425,727 19,001,256
61 - 90 days	18,241,712	15,875,257
90+ days	503,443,072	348,843,632
Lagar Allauranaa far impairmant	546,878,478	427,145,872
Less: Allowance for impairment	(394,339,329)	(293,870,561)
	152,539,149	133,275,311
Government		
Current (0 -30 days)	1,658,111	20,812,685
31 - 60 days	22,827,029	20,476,066
61 - 90 days	19,758,407	20,442,724
90+ days	455,613,076	454,969,478
	499,856,623	516,700,953
Less: Allowance for impairment	(406,218,713)	(437,520,808)
·	93,637,910	79,180,145
Reconciliation of allowance for impairment		0.40.040
Balance at beginning of the year	1,431,811,916	916,946,967
Contributions to allowance	271,195,371	514,864,949
	1,703,007,287	1,431,811,916

Due to the limitations on the financial system, it is impractical to disclose the impaired interest on consumer receivables from nonexchange transactions.

Credit quality of consumer receivables from non-exchange transactions

Consumer receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired.

Consumer receivables from non-exchange transactions pledged as security

None of the consumer receivables from non-exchange transactions were pledged as security for any financial liability.

Prior year errors:

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

6. Consumer receivables from non-exchange transactions (continued)

Consumer receivables from non-exchange transactions past due but not impaired

Consumer receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023: R152,573,631 (2022: R127,441,837) were past due but not impaired.

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

1 month past due	80,106,442	65,286,305
2 months past due	72,467,189	62,155,532
	152,573,631	127,441,837

Consumer receivables from non-exchange transactions impaired

As at 30 June 2023, consumer receivables from non-exchange transactions of R1,703,007,287 (2022: R1,431,811,916) were impaired and provided for.

The ageing of amounts impaired is as follows:

Over 3 months	1,703,007,287	1,431,811,916
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Statutory receivables general information

Rates

Revenue type - Non-exchange revenue

Legislation that gives rise to the transactions - Municipal Property Rates Act (Act 6 of 2004).

Rates and interest charges - Municipal Tariff Policy, Interest charged.

Impairment consideration - Individual collection rates, interest charged at discount rate.

Interest or other charges levied/charged

Interest was only charged on outstanding rates accounts. No other levies were charged.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R152,573,631 (2022: R127,441,837) were past due but not impaired.

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

1 month past due	80,106,442	65,286,305
2 months past due	72,467,189	62,155,532
	152,573,631	127,441,837

Statutory receivables impaired

As of 30 June 2023, Statutory receivables of R1,703,007,287 (2022: R1,431,811,916) were impaired and provided for.

The amount of the provision was R1,703,007,287 as of 30 June 2023 (2022: R1,431,811,916).

Reconciliation of provision for impairment for statutory receivables

•	· · ·	, ,	
ng balance on for impairment	1,431,811,916 271,195,371	916,946,96 514.864.94	

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
7. Other receivables from exchange transactions		
Non-impaired receivables		
Accrued interest on investments Deferred lease Prepaid expenses - Fleet Prepaid water vendors Staff leave days receivable	488,604 11,280,691 63,416,238 12,189,583 7,143	88,667 12,237,299 - 11,321,468 14,003
Impaired receivables	87,382,259	23,661,437
Cricket stadium Impairment - Cricket stadium	<u>-</u>	2,573,558 (2,573,558)
Housing and erven selling schemes Impairment - Housing and erven selling schemes	3,310,905 (3,250,689)	3,131,465 (3,076,017)
Overpayment of contractors Impairment - Overpayment of contractors	- -	19,351,080 (19,351,079)
Sundry receivables Impairment - Sundry receivables	154,912,481 (97,619,156)	142,586,163 (89,357,981)
	57,353,541 144,735,800	53,283,631 76,945,068

Cricket stadium

The entity has a contract with the Free State Cricket Union for the purchase of the cricket stadium. The loan bears interest at 10% per annum and is repayable on an annual basis over 27 years ending 1 July 2022.

Other receivables from exchange transactions pledged as security

None of the other receivables from exchange transactions were pledged as security for any financial liability.

Credit quality of other receivables from exchange transactions

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

None of the other receivables from exchange transactions that are fully performing have been renegotiated in the last year.

Other receivables from exchange transactions past due but not impaired

Other receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R9,573,981 (2022: R5,163,491) were past due but not impaired.

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

1 month past due	9,573,981	5,163,491
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Other receivables from exchange transactions impaired

As of 30 June 2023, trade and other receivables of R100,869,845 (2022: R114,358,635) were impaired and provided for.

The amount of the provision was R100,869,845 as of 30 June 2023 (2022: R114,358,635).

The ageing of these receivables are as follows:

Over 3 months	100,869,845	114,358,635

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand		2023	2022
7.	Other receivables from exchange transactions (continued)		
Red	conciliation of provision for impairment of other receivables from exchange transactions		
Opening balance Provision for impairment		114,358,635 (13,488,790)	97,136,351 17,222,284
-		100,869,845	114,358,635

Other receivables from exchange transactions consist of receivables raised from other income from exchange transactions recognised (refer to Note 37 - Other income).

Due to the limitations on the financial system, it is impractical to disclose the impaired interest on other receivables from exchange transactions.

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

8. VAT receivable

VAT 206,486,354 170,832,230

VAT is payable on the payment basis. VAT is paid over to SARS only once payment is received from debtors.

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Statutory receivables included in VAT receivables above are as follows:

VAT receivable 206,486,354 170,832,230

Statutory receivables general information:

Revenue type - Not applicable.

Legislation that gives rise to the transactions - Value Added Tax Act (Act 89 of 1991).

Rates and interest charges - The Act determines rates and interest is charge.

Impairment consideration - No impairment, balance expected to be fully recoverable.

Interest or other charges levied/charged:

No VAT receivable generated interest income and no other levies were charged.

Statutory receivables impaired:

VAT receivables included in statutory receivables are not impaired nor considered for impairment, balance expected to be fully recoverable.

9. Centlec intercompany loan

Centlec intercompany loan 813,925,650 806,540,231

The intercompany loan balance is the net balance payable or receivable of all transactions between Centlec (SOC) Limited and the entity and interest is levied on the average balance for the year at the effective prime interest rate on the first day of the financial year. The applicable interest rate for the year was 8.25% (2022: 7%).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	143,049	143,049
Bank balances Short-term deposits	50,092,465 636,630,318	41,412,220 686,722,262
·	686,865,832	728,277,531

Credit quality of cash at bank and short-term deposits, excluding cash on hand

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

Credit rating Ba1	686,722,783	728,134,482	
Cash and cash equivalents pledged as collateral			
Total financial assets pledged as collateral for the COID Reserve	27,371,099	25,857,106	

The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty.

The entity had the following bank accounts

Account number / description	Bank statement balances			Ca	es	
•	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Nedbank 1186196793 (Primary Account)	39,053,647	35,091,277	20,488,683	41,117,133	34,833,656	20,478,683
Nedbank 1186245379 (Traffic)	-	-	-	10,920	9,274	4,550
Nedbank 1186660643 (Charges)	-	-	-	(53,416)	(45,893)	(46,584)
Nedbank 1186239778 (Cashiers)	-	-	-	2,779,685	1,860,814	1,964,827
Nedbank 1186414936 (Fresh Produce Market)	4,835,437	4,416,943	5,289,942	4,835,437	4,416,943	5,289,942
ABSA 470000465 (Primary Account)	1,402,707	337,426	1,110,350	1,402,707	337,426	1,110,350
Total	45,291,791	39,845,646	26,888,975	50,092,466	41,412,220	28,801,768

The cash book balances indicated in the table above are balances prior to the sweeping of sub-accounts to the main account done by the bank at year end.

Summary of short-term deposits held

	636,630,318	686,722,262
Nedbank	609,259,219	660,865,156
ABSA	27,371,099	25,857,106

Notes to the Annual Financial Statements

Figures in Rand					2023	2022
11. Investment property		2023			2022	
	Cost / Valuation		Carrying val	ue Cost / Valuation		d
Investment property	1,587,424,015	-	1,587,424,0	1,585,611,01	15	- 1,585,611,015
Reconciliation of investment p	property - 2023					
				Opening balance	Fair value adjustments	Total
Investment property				1,585,611,015	1,813,000	1,587,424,015
Reconciliation of investment p	property - 2022					
			Opening balance	Derecognition	Fair value adjustments	Total
Investment property			1,570,916,988	(338,618)	15,032,645	1,585,611,015

2022

2023

Pledged as security

Figures in Rand

No investment property has been pledged as security for any financial liability.

Investment property in the process of being constructed or developed

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

Details of property

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.

Details of valuation

The effective date of the valuation was 30 June 2023. The entity's investment property was revalued by independent professional qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

The investment properties were revalued with reference to comparable market data where available, as well as information from the valuation roll.

Investment property above includes the following:

Revenue generating investment property Non-revenue generating investment property	1,180,430,000 406,994,015	1,180,430,000 405,181,015	
	1,587,424,015	1,585,611,015	
Amounts recognised in surplus or deficit			
Rental revenue from Investment property	5,931,598	5,812,038	
Direct operating expenses	7,567,795	5,658,787	

This cost consists of payments made to contractors for repairing and maintaining these assets.

No staff member is engaged in any labour towards the repair and maintenance of investment property.

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment

	2023				2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	
Land	1,285,751,171	-	1,285,751,171	1,290,415,672	-	1,290,415,672	
Buildings	1,066,871,744	(39,154,384)	1,027,717,360	1,067,874,261	-	1,067,874,261	
Buildings - Service concession asset	304,960,000	-	304,960,000	304,960,000	-	304,960,000	
Buildings WIP	3,788,637	-	3,788,637	3,788,637	-	3,788,637	
Infrastructure - Roads and roads related	6,432,179,612	(3,694,301,996)	2,737,877,616	6,186,956,993	(3,466,785,671)	2,720,171,322	
Infrastructure - Sanitation network	3,574,627,785	(1,238,016,018)	2,336,611,767	3,495,727,482	(1,115,365,700)	2,380,361,782	
Infrastructure - Water meters	117,890,087	(16,647,351)	101,242,736	103,958,144	(2,191,096)	101,767,048	
Infrastructure - Water network	2,497,665,508	(1,152,183,945)	1,345,481,563	2,483,713,228	(1,083,848,803)	1,399,864,425	
Infrastructure - WIP	890,256,665	-	890,256,665	880,580,954	(1,892,624)	878,688,330	
Community - Landfill sites and quarries	756,160,475	(632,444,373)	123,716,102	767,758,299	(608,811,993)	158,946,306	
Community - Other	1,348,456,098	(770,016,228)	578,439,870	1,347,231,470	(719,117,763)	628,113,707	
Community - WIP	146,481,244	-	146,481,244	116,965,759	(1,935,806)	115,029,953	
Fleet	551,250,897	(266,252,312)	284,998,585	539,278,246	(231,699,312)	307,578,934	
Other property, plant and equipment	149,631,453	(116,843,790)	32,787,663	139,368,957	(107,388,342)	31,980,615	
Infrastructure - Roads and roads related - Service Concession asset	207,856,318	(67,298,215)	140,558,103	207,856,318	(67,298,215)	140,558,103	
Infrastructure - Sanitation network - Service Concession asset	39,105,058	(3,556,384)	35,548,674	39,105,058	(3,556,384)	35,548,674	
Infrastructure - Water network - Service concession asset	14,836,180	(1,691,362)	13,144,818	14,836,180	(1,691,362)	13,144,818	
Total	19,387,768,932	(7,998,406,358)	11,389,362,574	18,990,375,658	(7,411,583,071)	11,578,792,587	

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment	Total
	balance						loss	
Land	1,290,415,672	396,499	-	(5,061,000)	-	-	-	1,285,751,171
Buildings	1,067,874,261	267,484	-	(1,270,000)	-	(39, 154, 385)	-	1,027,717,360
Buildings - Service concession asset	304,960,000	-	-	-	-	=	-	304,960,000
Buildings WIP	3,788,637	-	-	-	-	-	-	3,788,637
Infrastructure - Roads and roads related	2,720,171,322	117,890,830	(21,976,811)	180,696,164	-	(258,903,889)	-	2,737,877,616
Infrastructure - Sanitation network	2,380,361,782	18,192,182	(428,801)	61,139,952	-	(122,653,348)	-	2,336,611,767
Infrastructure - Water meters	101,767,048	14,660,289	(568,350)	-	-	(14,616,251)	-	101,242,736
Infrastructure - Water network	1,399,864,425	-	(646,035)	17,513,680	-	(71,250,507)	-	1,345,481,563
Infrastructure - WIP	878,688,330	270,371,232	-	(258,802,897)	-	-	-	890,256,665
Community - Landfill sites and quarries	158,946,306	-	(1,202,044)	-	(9,890,248)	(19,153,683)	(4,984,229)	123,716,102
Community - Other	628,113,707	1,460,243	(3,379)	-	-	(51,086,777)	(43,924)	578,439,870
Community - WIP	115,029,953	31,451,291	-	-	-	-	-	146,481,244
Fleet	307,578,934	11,972,652	-	-	-	(26,075,594)	(8,477,407)	284,998,585
Other property, plant and equipment	31,980,615	10,295,109	(17,117)	-	-	(9,470,944)	-	32,787,663
Infrastructure - Roads and roads related - Service Concession	140,558,103	-	-	-	-	-	-	140,558,103
asset								
Infrastructure - Sanitation network - Service Concession asset	35,548,674	-	-	-	-	-	-	35,548,674
Infrastructure - Water network - Service concession asset	13,144,818	-	-	-	-	-	-	13,144,818
	11,578,792,587	476,957,811	(24,842,537)	(5,784,101)	(9,890,248)	(612,365,378)	(13,505,560)	11,389,362,574

Notes to the Annual Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment	Total
	balance		/				loss	
Land	1,557,672,841	12,740,330	(875,000)	(8,241,163)	(270,881,336)	=	-	1,290,415,672
Buildings	929,052,650	-	(1,687,420)	5,990,545	167,258,606	(32,740,120)	-	1,067,874,261
Buildings - Service concession asset	234,804,072	-		-	82,421,118	(12,265,190)	-	304,960,000
Buildings WIP	3,788,637	-	-	-	-	-	-	3,788,637
Infrastructure - Roads and roads related	2,618,433,741	84,243,720	(27,230,433)	302,667,913	-	(257,943,619)	-	2,720,171,322
Infrastructure - Sanitation network	2,498,109,074	176,503	(65,044)	5,074,604	-	(122,933,355)	-	2,380,361,782
Infrastructure - Water meters	149,082,441	-	(1,609,358)	37,818,010	(61,672,193)	(21,851,852)	-	101,767,048
Infrastructure - Water network	1,439,469,601	22,524,651	(2,328,218)	13,292,947	-	(73,094,556)	-	1,399,864,425
Infrastructure - WIP	828,013,447	361,714,297	-	(309,146,790)	-	-	(1,892,624)	878,688,330
Community - Landfill sites and quarries	209,171,408	-	-	-	(1,971,382)	(45,215,827)	(3,037,893)	158,946,306
Community - Other	673,037,834	10,173,317	-	-	-	(54,272,731)	(824,713)	628,113,707
Community - WIP	118,137,696	12,647,921	-	(13,819,858)	-	-	(1,935,806)	115,029,953
Fleet	355,317,435	-	(1,116,062)	-	-	(28,815,395)	(17,807,044)	307,578,934
Other property, plant and equipment	25,586,597	14,963,594	(19,135)	-	-	(8,534,249)	(16,192)	31,980,615
Infrastructure - Roads and roads related - Service Concession asset	144,771,628	-	-	10,973,385	-	(15,186,910)	<u>-</u>	140,558,103
Infrastructure - Sanitation network - Service Concession asset	26,918,397	-	-	9,373,152	-	(742,875)	-	35,548,674
Infrastructure - Water network - Service concession asset	13,490,201	-	-	-	-	(345,383)	-	13,144,818
	11,824,857,700	519,184,333	(34,930,670)	53,982,745	(84,845,187)	(673,942,062)	(25,514,272)	11,578,792,587

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment were pledge as security for any financial liability.

Assets subject to finance lease (Net carrying amount)

Fleet	-	48,437,105
Other property, plant and equipment	-	201,776
		48,638,881

Revaluations

Revaluation of land and buildings:

The effective date of the revaluations was 30 June 2022. Revaluations were performed by independent professionally qualified valuers who hold a recognised professional qualification and have recent experience in the locations and categories of the properties valued. The values of the properties were determined based on the market values and the information obtained from the valuation roll.

Revaluations of water meters:

The effective date of the revaluation was 30 June 2022. Revaluations were performed by an independent firm who have recent experience in the locations and categories of the meters valued.

The valuations were performed after the following factors were taken into account:

- the useful lives and;
- the condition of the asset.

Details of properties

A register containing the information required by section 63 of the Municipal Finance Management Act, (Act 56 of 2003) is available for inspection at the registered office of the entity.

Prior period errors

Certain prior period figures were restated due to errors identified in the current financial year, refer to note 68 for further details.

Change in estimate

For certain classes of property, plant and equipment the remaining useful lives were adjusted to a minimum remaining useful life of 3 years, refer to note 70 for further detail.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
12. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment that is taking a significantly longer period		
Implementation of projects affected by the appointment of new service providers:		
Project C273/PP3 & C534 - Botshabelo Development Node Phase 2 Project C415/B1 - Internal sewer reticulation - 9981631 Project T1432, -1, -2 - T1432 MAN 10786 Bergman Square Project W1107(1), (3) - Refurbishment of Water Supply Systems	22,597,512 11,736,430 - 34.893,642	22,597,512 11,736,430 25,826,914 34,893,642
Implementation of projects affected by budgetary constraints:	- ,,-	- ,,-
Project C063/A1 - Vistapark 2 - Re-Align Bulk Water Pipeline Project T1419B, B (1) - Road 6 (Phase 2) Upgrading of Street & Storm Water Project T1522 - Thaba Nchu Rd 2029 Project T1536 - Heavy Rehabilitation of Zastron Street Project W1404, A, B, C - Botshabelo and Thaba Nchu internal bulk Project W1515 - Maselspoort WTW Refurbishment Project T1527B, C - Botchabela: Bogach St: Upgrading of Streets Project C480, C380/A1, C380/W1 - New office block (Botshabelo)	24,038,124 3,424,081 436,992 1,086,617 13,482,202 2,809,609 753,831 2,234,859	24,038,124 3,424,081 436,992 1,086,617 13,482,202 2,809,609 753,831 2,234,859
Contracts/Projects placed on hold:		
Project C288, 155 - Relocation of Zoo	17,213,348	17,213,348
	134,707,247	160,534,161
Expenditure incurred to repair and maintain property, plant and equipment		
Contracted services	206,027,182	333,727,145

Prior period figures for contracted services (repairs and maintenance) was restated due to errors, refer to note 68 for prior period errors.

Deemed cost

Deemed cost was determined using depreciated replacement cost.

13. Intangible assets

		2023		2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	14,036,981	(9,627,736)	4,409,245	14,036,981	(9,122,099)	4,914,882
Intangible assets - WIP	10,504,064	=	10,504,064	6,723,859	-	6,723,859
Servitudes	27,505,707	-	27,505,707	27,505,707	-	27,505,707
Total	52,046,752	(9,627,736)	42,419,016	48,266,547	(9,122,099)	39,144,448

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	4,914,882	-	(505,637)	4,409,245
Intangible assets - WIP	6,723,859	3,780,205	-	10,504,064
Servitudes	27,505,707	-	-	27,505,707
	39,144,448	3,780,205	(505,637)	42,419,016

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

Intangible assets (continued)

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	5,455,110	-	(540,228)	4,914,882
Intangible assets - WIP	4,048,348	2,675,511	-	6,723,859
Servitudes	305,707	27,200,000	-	27,505,707
	9,809,165	29,875,511	(540,228)	39,144,448

Pledged as security

None of the intangible assets were pledged as security.

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets:

Telemetry and Scada 10,504,064 6,723,859 Intangible assets with indefinite useful lives Servitudes 27,505,707 27,505,707

The servitudes held by the entity are land rights that have been issued and the taxi route agreements. The municipality entered into restraint of trade agreements with various taxi operators using the Brandwag route due to the planned implementation of the Starter Service Route of Hauweng on this route.

The land held by the entity, including servitudes, is deemed to have an indefinite useful life.

Deemed cost

Deemed cost was determined using depreciated replacement cost.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

Heritage assets

	2023		2022			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Buildings and statues	244,666,687	-	244,666,687	244,666,687	-	244,666,687
Vintage fleet	10,029,320	-	10,029,320	8,301,224	-	8,301,224
Total	254,696,007	-	254,696,007	252,967,911	-	252,967,911

Reconciliation of heritage assets 2023

	Opening balance	increase	lotai
Buildings and statues	244,666,687	-	244,666,687
Vintage fleet	8,301,224	1,728,096	10,029,320
	252,967,911	1,728,096	254,696,007

Reconciliation of heritage assets 2022

	Opening balance	Revaluation (Reserve)	Revaluation increase	Total
Buildings and statues	279,968,687	(35,302,000)	-	244,666,687
Vintage fleet	7,448,584	-	852,640	8,301,224
	287,417,271	(35,302,000)	852,640	252,967,911

Pledged as security

No heritage assets have been pledged as security for any financial liability.

Revaluations

Other heritage assets

The effective date of the revaluation was 30 June 2023. Revaluations were performed by independent professionally qualified valuers who hold a recognised professional qualification and have recent experience in the locations and categories of the properties valued.

The values of the properties were determined based on the market values and the information obtained from the municipal valuation roll.

The valuation was performed after the following factors were taken into account:

- the useful life of the asset;
- the condition of the asset; and
- the location of the asset.

Heritage assets in the process of being constructed or developed

No heritage assets are in the process of being constructed or developed.

Prior period errors:

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Deemed costs

Deemed cost was determined using the depreciated replacement cost.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	
15. Investments in controlled entities		
Movements in carrying amount		

100

100

Mangaung Metro Municipality has a 100% (2022: 100%) ownership in Centlec (SOC) Limited.

The carrying amounts of controlled entities are shown net of impairment losses.

On the 4th of June 2021, there was a council resolution for the determination of a new sale of business agreement between Centlec and the municipality. The agreement was to be implemented within 21 days however based on the legal and accounting implications, Council resolved to defer the implementation's financial period of the resolution from 2020/21 to 2023/24 financial period.

Centlec receivables 16.

Centlec (SOC) Limited Opening balance

Controlled entities

Shareholders loan	803,609,368	803,609,368
Capital advances	47,744,789	54,348,938
	851,354,157	857,958,306

Shareholders loan

The capital amount outstanding shall bear interest at the lower of 15% of Centlec (SOC) Limited's prior year's revenue or the interest rate used as at 30 June 2010 (i.e. 8.7%), adjusted for CPI as per the Public Finance Sector.

The adjusted interest rate as at 30 June 2023 was 20.61% (2022: 18.78%). The applicable rate for the current year and the prior year was based on the adjusted CPI as per the Public Finance Sector.

The loan is repayable from 2015 over a period of 21 years.

Capital advances

The amount is composed of various advances that have been loaned to Centlec (SOC) Limited by the entity during prior years. Each portion has a different redemption period that extends over the useful life of each specific asset, at an interest rate of 8.25% (2022: 7%).

Non-current assets Current assets	844,799,741 6,554,416	851,354,157 6,604,149
	851,354,157	857,958,306
17. Non-current receivables		
Designated at fair value 2535 Unlisted shares (Thaba Nchu) - OVK Limited 2573 Unlisted shares (Naledi) - OVK Limited 3685 Unlisted shares - Senwes Ltd	49,480 54,290 40,000	43,303 46,314 34,642
	143,770	124,259
At amortised cost Housing and erven selling schemes Impairment - Housing and erven selling schemes	9,886,422 (9,874,415)	9,864,916 (9,836,219)
	12,007	28,697
Total other financial assets	155,777	152,956

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
17. Non-current receivables (continued)		
Non-current assets Designated at fair value At amortised cost	143,770 12,007	124,259 28,697
	155,777	152,956

Terms and conditions:

Housing and erven selling schemes

Loans were granted to qualifying individuals and public organisations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable on a monthly basis by way of salary deductions for officials and six-monthly payments for public organisations over a period of 20 years.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 3

Class 1 - Unlisted shares	143,770	124,259

Financial assets at amortised cost

Financial assets at amortised cost past due but not impaired

Other non-current assets which are less than 3 months past due are not considered to be impaired. None of the other financial assets were past due but not impaired.

Financial assets at amortised cost impaired

As of 30 June 2023, other non-current assets of R9,874,415 (2022: R9,836,219) were impaired and provided for.

The amount of the provision was R9,874,415 as of 30 June 2023 (2022: R9,836,219).

The ageing of these loans are as follows.

Over 6 months 9,874,415 9,836,219

Reconciliation of provision for impairment of financial assets at amortised cost

Housing and Erven selling scheme

Opening balance	9,836,219	9,860,204
Provision for impairment	38,196	(23,985)
	9,874,415	9,836,219

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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

17. Non-current receivables (continued)

Financial assets pledged as security

None of the non-current receivables were pledged as security for any financial liability.

18. Living resources

Zoo animals

	2023			2022	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
5,021,265	(1,850,264)	3,171,001	5,558,065	(1,851,863)	3,706,202

Reconciliation of living resources - 2023

	Opening balance	Decrease due to death	Increase through non- exchange functions	Revaluation	Depreciation	Total
Zoo animals	3,706,202	(1,110,640)	660,800	192,933	(278,294)	3,171,001

Reconciliation of living resources - 2022

	Opening balance	Decrease due to death	Increase through non- exchange functions	Revaluation	Depreciation	Total
Zoo animals	2,791,001	(106,447)	476,200	749,598	(204,150)	3,706,202

Revaluations

Zoo animals

The effective date of the revaluation was 30 June 2023. The revaluations was performed by Beryl Wilson (Zoologist & Conservation Biologist), an independent professionally qualified valuer, who holds a recognised professional qualification and has recent experience in valuations of zoo animals.

Currently the day-to-day costs of living resources are accounted for as operating costs as it is not capital of nature.

No research costs relating to living resources occurred.

None of the living resource assets are held for less than 12 months.

Currently the entity is not acting as a custodian for any living resources.

The average value of an animal in a family group was used and the following significant assumptions were applied by the expert, as per the valuation report obtained:

- Market availability
- Current market trends
- Conservation status
- Education and popularity value to the public
- Husbandry costs
- Health Management and disease risks
- Physical condition
- Age and gender
- Reproductive status

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022	
19. Payables from exchange transactions			
Accrued bonus	34,920,309	34,545,965	
Accrued leave pay	246,178,340	239,893,859	
Bulk water purchases	821,395,331	690,166,388	
Claims - Unfair dismissal	4,879,817	4,879,817	
Other creditors	26,000	26,000	
Other payables - Grants	979,450	979,450	
Other payables - Salary related	47,511,416	91,304,593	
Retentions	129,875,653	132,994,961	
Trade payables	525,468,835	634,182,384	
	1,811,235,151	1,828,973,417	

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the year was 385 days (2022: 359 days).

Prior year figures were restated due to errors identified in the current financial year, refer to Note 68.

20. Payables from non-exchange transactions

Deposits Other Other payables - Grants Payments received in advance	922,463 1,780,940 85,535,540 178,063,087 266,302,030	918,008 1,737,399 - 305,099,836 307,755,243
21. Consumer deposits		
Water deposits	34,408,218	33,839,791

Guarantees in lieu of consumer deposits amounted to R 2 985 439 (2022: R 2 892 133).

Consumer deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the Council can utilise the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

22. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	369,930,232	571,039,043
Urban Settlements Development Grant	31,572,049	272,353,593
Department of Sports, Arts and Culture - Admin Libraries Grant	6,036,893	5,320,906
Public Transport Network Grant	145,453,626	92,786,580
Programme and Project Preparation Support Grant	4,089,154	1,454,500
Neighbourhood Development Partnership Grant	-	4,214,789
Municipal Systems Improvement Grant	1,055,000	1,055,000
Municipal Human Settlements Capacity Grant	2,000,000	2,000,000
Local Government Sector Education and Training Authority Grant	9,962,668	5,299,588
Informal Settlements Upgrading Partnership Grant	115,228,772	132,207,474
Human Settlements Provincial Grant	53,746,060	53,746,060
Finance Management Grant	120,208	104,467
Expanded Public Work Programme Integrated Grant	183,852	14,136
City of Ghent - Youth Development Grant	481,950	481,950
Unspent conditional grants and receipts		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
22. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Transferred to other income	571,039,043 (377,235,540) 2,294,554,160 (2,118,427,431)	35,662,707 (18,379,000) 2,637,296,759 (2,080,812,087) (2,729,336)
	369,930,232	571,039,043
See note 41 for reconciliation of grants from National and Provincial Government.		
23. Finance lease obligation		
Minimum lease payments due - within one year	-	12,496,076
less: future finance charges		12,496,076 (399,461)
Present value of minimum lease payments		12,096,615
Present value of minimum lease payments due - within one year		12,096,615

The entity leases various equipment and vehicles under finance leases.

The average lease term is between 2 to 5 years and the average borrowing rate is between 9% and 15%. Leases are not renewed automatically upon expiry, unless otherwise instructed by the entity.

No arrangements have been entered into for contingent rent.

The entity did not default on any of the finance lease obligations, whether it be on the capital or interest portion.

None of the terms attached to the existing finance lease obligations were renegotiated.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to Note 12 for further detail.

24. Borrowings

At amortised cost

ABSA	233,627,364	286,803,856
Nr: 23135 - redeemable on 30 October 2026		
DBSA	65,247,986	80,699,242
Nr: 103433/01 - redeemable on 29 January 2027		
DBSA	16,846,784	21,310,187
Nr: 103433/02 - redeemable on 29 January 2027		
DBSA	87,740,460	150,175,483
Nr: 61007294 - Redeemable on 30 June 2025		
Standard Bank	66,362,669	129,906,081
Nr: 041303636 - Redeemable on 30 December 2024		
	469,825,263	668,894,849
Total other financial liabilities	469,825,263	668,894,849

These loans are from ABSA, The Development Bank of South Africa and Standard Bank of South Africa Limited. Repayments are made either monthly or on a six-monthly basis. The final loan will be redeemed on 29 January 2027 and the loans bear interest between 6% and 14%.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Borrowings (continued)		
Non-current liabilities		
At amortised cost	307,007,045	470,121,326
Current liabilities		
At amortised cost	162,818,218	198,773,523
Defaults and breaches		
The municipality defaulted on the following borrowings during the prior financial year end:		
Loans payable including capital and interest		
Details of loans in default (payable by 30 June each year)		00 000 040
DBSA Nr: 103433/01	-	80,699,242
DBSA Nr: 103433/02	-	21,310,187
DBSA	-	150,175,483
Nr: 61007294 Standard Bank Nr: 041303636	-	129,906,081
Carrying amount of loans payable in default at end of reporting period	-	382,090,993

All the defaults on the above borrowings were remedied through payment of the accrued capital and interest amounts on the 8th of July

Notes to the Annual Financial Statements

Figures in Rand			2023	2022
25. Provisions				
Rehabilitation of landfill sites Rehabilitation of quarry sites			242,605,001 566,156,795	225,221,932 520,287,727
		<u> </u>	808,761,796	745,509,659
Reconciliation of provisions - 2023				
	Opening Balance	Unwinding	Fair value adjustment	Total
Rehabilitation of landfill sites Rehabilitation of quarry sites	225,221,932 520,287,727	23,783,436 49,358,949	(6,400,367) (3,489,881)	242,605,001 566,156,795
nerrabilitation of quarry sites	745,509,659	73,142,385	(9,890,248)	808,761,796
Reconciliation of provisions - 2022				
	Opening Balance	Unwinding	Fair value adjustment	Total
Rehabilitation of landfill sites Rehabilitation of quarry sites	157,897,015 523,500,600	16,689,714 55,345,228	50,635,203 (58,558,101)	225,221,932 520,287,727
	681,397,615	72,034,942	(7,922,898)	745,509,659
Non-current liabilities Current liabilities			691,222,696 117,539,100	642,776,384 102,733,275
		-	808,761,796	745,509,659

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision was determined by an independent expert for the rehabilitation cost in 2023 and then approximated the expected future cash flows using reasonable estimation techniques.

Landfill sites consists of: Restoration date:

Botshabelo Landfill Site	2115
Northern Landfill Site	2021
Southern Landfill Site	2034
Van Stadensrus Landfill Site	2035
Wepener Landfill Site	2032
Dewetsdorp	2028
Soutpan / Ikgomotseng Landfill site	2032

The final restoration of landfill sites are expected to be in the year listed above, being the estimated useful lives of landfill sites. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

25. Provisions (continued)

Rehabilitation of quarry sites

The provision for rehabilitation of quarry sites relates to the legal obligation to rehabilitate quarry sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002).

The provision was determined by an independent expert for the rehabilitation cost in 2023 and then approximated the expected future cash flows using reasonable estimation techniques.

Restoration date:	Quarries consists of:	Restoration date:
	Thaba Nchu	
2026	Seroala	2026
2026	Thubisi	2026
2026	Potsane	2026
2026	Merino	2026
2026	Rakhoi	2026
2026	Sediba	2026
	Rooibult	2026
	Kgalala	2026
	Baraclava 1	2026
2026	Baraclava	2026
2026	Bultfontein 3	2026
2026	Modutung	2026
2026	Talla	2026
2026	Nogas Post	2026
2026	Motlatla	2026
2026		
	2026 2026 2026 2026 2026 2026 2026 2026	Thaba Nchu Seroala Seroala Thubisi Potsane Merino Rakhoi Sediba Rooibult Kgalala Baraclava Baraclava Baraclava Sediba Baraclava Sediba Sediba Rooibult Kgalala Seroala Sediba S

The final restoration of quarry sites are expected to be in the year listed above, being the estimated useful lives of quarry sites. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

Discount rate assumptions

The key assumptions used in the valuation, with prior year's assumptions shown for comparison, are summarised as follows:

Inflation rate	5,66%	7.41%
Risk-free rate	10,53%	10.56%

The inflation rate was derived from the yearly inflation rate for the relevant financial year.

The weighted-average cost of debt of the municipality was determined to be the most appropriate discount rate as it represents the risk of the liability.

Prior year figures were restated due to errors identified in the current financial year, refer to Note 68.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Employee benefit obligations		
Present value of the Long service award benefit Present value of the Pension fund benefit Present value of the Post-employment medical aid benefit	104,635,000 1,677,600 454,699,000	106,996,000 1,753,000 477,084,000
	561,011,600	585,833,000

Defined benefit plan

The defined benefit liability as disclosed below is represented by three different post-employment benefits. None of the benefits set out below are externally funded.

Post-retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Pension benefits

Pension gratuities are payable to retired employees and pensioners who were in service of the council on or before 1 October 1981, who did not qualify to be members of the Free State Joint Municipal Pension Fund or Free State Local Government Pension Fund, or who were not members of a pension fund by this date, with 20 years of uninterrupted service and a minimum retirement age of 60 years have been obtained.

Long service awards

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

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

Carrying value of the defined benefit obligations

Opening balance Interest cost Current service cost Benefits paid Actuarial (gain)/loss	585,833,000 66,061,000 26,086,000 (32,007,000) (84,961,400)	582,996,000 56,060,000 27,222,000 (35,379,000) (45,066,000)
	561,011,600	585,833,000
Non-current liabilities Current liabilities	526,418,600 34,593,000 561,011,600	553,826,000 32,007,000 585,833,000
Net expense recognised in the statement of financial performance		
Interest cost Current service cost Actuarial (gains) losses	66,061,000 26,086,000 (84,961,400) 7,185,600	56,060,000 27,222,000 (45,066,000) 38,216,000

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

26. Employee benefit obligations (continued)

Changes in present value of the defined benefit obligations

2023	Pension fund	Medical aid	Long service award	Total
Opening balance	1,753,000	477,084,000	106,996,000	585,833,000
Interest cost	160,000	55,525,000	10,376,000	66,061,000
Current service cost	=	18,238,000	7,848,000	26,086,000
Benefits paid	(254,000)	(15,082,000)	(16,671,000)	(32,007,000)
Actuarial (gain)/loss	18,600	(81,066,000)	(3,914,000)	(84,961,400)
	1,677,600	454,699,000	104,635,000	561,011,600
2022	Pension fund	Medical aid	Long service award	Total
Opening balance	2,015,000	465,105,000	115,876,000	582,996,000
Interest cost	148,000	46,821,000	9,091,000	56,060,000
Current service cost	=	18,058,000	9,164,000	27,222,000
Benefits paid	(271,000)	(14,304,000)	(20,804,000)	(35,379,000)
Actuarial (gain)/loss	(139,000)	(38,596,000)	(6,331,000)	(45,066,000)
	1,753,000	477,084,000	106,996,000	585,833,000

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age (years)	62 years	62 years
Pension fund inflation rate	4.94 %	6.11 %
General earnings inflation rate	6.24 %	7.24 %
Maximum subsidy inflation rate	5.69 %	5.95 %
Health care cost inflation rate	8.08 %	8.43 %
Discount rate - Long Service Award	10.66 %	10.50 %
Discount rate - Medical Aid	12.47 %	11.82 %
Discount rate - Pension Fund	10.14 %	9.85 %

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

26. Employee benefit obligations (continued)

Pension fund assumptions

Pension fund discount rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.14% (2022: 9.85%) per annum has been used. The corresponding index-linked yield at this term is 4.48%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

Pension fund inflation rate:

This assumption is required to reflect estimated future changes to pensions. The expected CPI inflation assumption of 4.94% (2022:6.11%) was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.48%) and those of fixed interest bonds (10.14%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+10.14%-0.50%)/(1+4.48%))-1. Therefore, a pension inflation rate of 4.94% has been assumed i.e. 100% of expected CPI inflation. This implies a net discount rate of 4.96%, which derives from ((1+10.14%)/(1+4.94%))-1.

Medical aid assumptions

Medical aid discount rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 12.47% (2022: 11.82%) per annum has been used. The corresponding index-linked yield at this term is 5.06%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

Health care cost inflation rate:

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.08% (2022: 8.43%) has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.58%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.06% which derives from ((1+12.47%)/(1+8.08%))-1.

The expected inflation assumption of 6.58% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (5.06%) and those of fixed interest bonds (12.47%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+12.47%-0.50%)/(1+5.06%))-1.

Maximum subsidy inflation rate:

This assumption is required to reflect estimated future changes in the maximum amount to which subsidies are limited. This maximum amount is set at R5 277.38 per family per month for the year ending 30 June 2023. The annual increases to this maximum amount are periodically specified by the local government bargaining council.

Recent past annual increases balanced with sustainability needs of employees have resulted in this assumption being set at 75% of salary inflation. The future salary inflation assumption of 7.58%, was set to be 1.00% above expected CPI inflation. Thus, a maximum subsidy inflation assumption of 5.69% per annum was used.

Long service award assumptions

Discount rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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Figures in Rand	202	23 2022

26. Employee benefit obligations (continued)

Consequently, a discount rate of 10.66% per annum has been used. The corresponding liability-weighted index-linked yield is 4.68%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023.

General earnings inflation rate:

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 5.24% was obtained from the differential between market yields on index-linked bonds (4.68%) consistent with the estimated terms of the liabilities and those of nominal bonds (10.66%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as ((1+10.66%-0.50%)/(1+4.68%))-1.

Thus, a general earnings inflation rate of 6.24% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.16%.

Other assumptions

The effect of one percentage point increase/ decrease in the rates of the main assumptions is as follows for the 2023 financial year:

	point increase	point decrease
Unfunded Accrued Liability (Pension fund inflation rate) Aggregate of current service and interest costs (Pension fund inflation rate) Unfunded Accrued Liability (Pension fund discount rate) Aggregate of current service and interest costs (Pension fund discount rate) Unfunded Accrued Liability (Health care cost inflation rate) Aggregate of current service and interest costs (Health care cost inflation rate) Unfunded Accrued Liability (Medical aid discount rate) Aggregate of current service and interest costs (Medical aid discount rate) Unfunded Accrued Liability (General earnings inflation rate) Aggregate of current service and interest costs (General earnings inflation rate) Unfunded Accrued Liability (Long service award discount rate) Aggregate of current service and interest costs (Long service award discount rate)	1,760,700 170,000 1,601,100 167,000 488,110,000 79,770,000 402,152,000 68,033,000 109,558,000 19,250,000 99,901,000 18,245,000	1,600,600 152,000 1,761,500 153,000 414,764,000 66,298,000 519,051,000 80,639,000 100,081,000 17,281,000 109,834,000 18,192,000
Amounts for the current and previous four years are as follows:		

One percentage

One percentage

	2023	2022	2021	2020	2019
Defined benefit obligation	561,011,600	585,833,000	582,996,000	502,525,629	538,815,163

27. FRESHCO

FRESHCO (Free State Social Housing Company) 135,392,341 149,520,237

The entity has entered into an agreement with the Free State Social Housing Company (FRESHCO), a section 21 company, to implement and pursue a programme of Social Housing suitable for low to medium income households.

The agreement commenced on 1 February 2010 and shall be terminated on 31 January 2033 unless both parties agree to extend the agreement period. The entity charges FRESHCO a nominal rental amount on a monthly basis which escalates by 5% annually. The rental amount is included in note 34.

In terms of the agreement, FRESHCO will refurbish and maintain 351 existing municipal flats and build 592 additional flats in the suburb called Brandwag. This will remain the property of the entity. The entity will provide municipal infrastructure where these are not currently in existence.

FRESHCO will utilise a portion of the rental income earned from renting out these properties to maintain and refurbish these flats.

The amount is recognised as revenue over the period of the agreement upon completion of the assets.

There were no changes in the service concession arrangement that occurred during the current financial year.

There were no breaches in contract by either party involved in the service concession arrangement during the current financial year.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Land availability

Hillside view 251,723,941 267,561,408

The entity has entered into agreements with developers to implement and pursue a programme of land development which will provide infrastructure and housing suitable for low to medium income households.

Hillside view:

The agreement commenced on 10 July 2014 and shall be terminated on 31 October 2032, unless both parties agree to extend the agreement period. In terms of the agreement, the developer will develop 762 erven in Mangaung Extension 34, and 1580 erven in Mangaung Extension 35. This development will be known as the Hillside View.

The land shall remain the property of the entity throughout the development. Upon completion of development, the entity shall retain 30% of the single residential erven within the development, as well as the infrastructure services. The developer shall be entitled to sell the remaining developed and serviced erven to third parties, and will retain the proceeds of these sales as compensation for the developed assets retained by the entity.

The developer shall contribute to the bulk infrastructure installations within the development and shall provide a contribution for the land, upon sale to the third parties.

The revenue from these sales will be recognised upon transfer to the third party, and the related liability shall be derecognised.

The buildings retained by the entity shall be capitalised throughout the development process.

There were no changes in the service concession arrangement that occurred during the current financial year. There were no breaches in contract by either party involved in the service concession arrangement during the current financial year.

Vista Park III:

The agreement commenced on 11 September 2014 and shall be terminated on 31 October 2032, unless both parties agree to extend the agreement period. In terms of the agreement, the developer will develop approximately 6529 erven of various categories in Mangaung Extension 256 to 266. This development will be known as the Vista Park III.

The land shall remain the property of the entity throughout the development. Upon completion of development, the entity shall retain 30% of the single residential erven within the development, as well as the infrastructure services. The developer shall be entitled to sell the remaining developed and serviced erven to third parties, and will retain the proceeds of these sales as compensation for the developed assets retained by the entity.

The developer shall contribute to the bulk infrastructure installations within the development and shall provide a contribution for the land, upon sale to the third parties.

The revenue from these sales will be recognised upon transfer to the third party, and the related liability shall be derecognised.

The buildings retained by the municipality shall be capitalised throughout the development process.

There were no changes in the service concession arrangement that occurred during the current financial year. There were no breaches in contract by either party involved in the service concession arrangement during the current financial year.

As at the end of the current financial year, all costs were incurred by the municipality. The municipality thus it has no liability for the development to date.

29. Revaluation reserve

Opening balance	885,473,171	879,422,596
Prior period error - opening balance	-	3,216,132
Revaluation of assets	1,921,030	(4,631,273)
Realisation of revaluation reserve - through depreciation	(11,823,407)	(17,568,338)
Prior period error	<u>-</u>	25,034,054
	875,570,794	885,473,171

There are no restrictions on the distribution of the revaluation reserve.

Prior year figures were restated due to errors identified in the current financial year, refer to Note 68.

Notes to the Annual Financial Statements

Contributions received Insurance claims processed 968,845 (1,110,57) Insurance claims processed 10,000,000 10,000,000 31. COID reserve Copening balance 19,139,985 (1,756,281) 20,890,37 (1,756,281) 11,750,308 Insurance claims processed 11,780,379 11,780,308 11,780,308 32. Revenue Service charges 1,789,797,225 (1,811,315,98) 1,811,315,98 49,754,277 Cher income from exchange transactions 71,132,800 (49,754,277) 40,803,550 (49,754,277) 49,754,277 Cher income from exchange transactions 71,149,236 (482,112,52) 42,112,521 Dividends received from non-exchange transactions 11,859 (482,112,52) 1,851,413,415 Interest received from non-exchange transactions 12,184,427,431 (2,808,132,108) 1,851,414,411 2,858,207 (73,192,00) Overnment grants & subsidies 12,184,427,431 (2,808,132,108) 1,859,436 (3,813,193,193,193,193,193,193,193,193,193,1	Figures in Rand	2023	2022
Contributions received Insurance claims processed 988,845 (1,110,57) Insurance claims processed 10,000,000 31. COID reserve Opening balance 19,139,985 (20,890,37) Insurance claims processed 19,139,985 (1,756,281) 20,890,37 Insurance claims processed 11,789,797,225 (1,756,381) 1,789,398 32. Revenue 2 8 Service charges 1,789,797,225 (48,835,500) 49,754,277 Cher income from exchange transactions 71,192,200 49,754,277 Cher income from exchange transactions 71,192,200 42,112,522 Dividends received from exchange transactions 11,859, 345,345 13,877,978,255 Interest received from exchange transactions 12,838,207 73,192,000 Covernment grants & subsidies 2,118,427,431 2,000,812,018 Covernment grants & subsidies 14,771,144 7,898,377 Living resources 14,771,147 7,898,377 Living resources 14,771,147 7,898,377 Living resources 14,771,147 7,898,377 Living resources 1,879,977,25 1,611,315,98 <th>30. Self-insurance reserve</th> <th></th> <th></th>	30. Self-insurance reserve		
Service charges 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,611,315,98 1,789,797,225 1,789,81,39 1,789,797,225 1,789,81,39 1,789,797,225 1,789,81,39 1,789,81,39 1,789,81,39 1,789,81,39 1,899 1,899 2,659 1,899 1,899 2,659 1,899 1,899 2,659 1,899 1,899 2,659 1,899 1,899 2,659 1,899 1,899 1,899 2,659 1,899 1,	Contributions received	968,845	10,000,000 1,110,570 (1,110,570)
Opening balance Insurance claims processed 19,139,995 (1,750,381) (1,750,381) 20,890,37 (1,750,381) 11,7383,704 19,139,988 32. Revenue Service charges 1,789,797,225 1,611,315,98 1,611,315,98 49,754,277 1,611,315,98 49,754,277 1,611,315,98 49,754,277 1,611,315,98 49,754,277 1,611,315,98 49,754,277 1,611,315,98 49,754,277 1,751,218,800 75,961,391 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 1,611,315,98 48,112,529 4,083,550 49,772,201,566 49,772,201,566 49,784,277 7,772,201,566 49,784,277 7,772,201,566 49,784,277 7,772,201,566 49,784,277 7,772,201,566 49,784,277 7,772,201,566 49,784,277 1,611,315,98 <t< td=""><td></td><td>10,000,000</td><td>10,000,000</td></t<>		10,000,000	10,000,000
Insurance claims processed 1,756,281 1,750,396 17,383,704 19,139,398 17,383,704 19,139,398 17,383,704 19,139,398 17,89,797,225 1,611,315,98 1,611,3	31. COID reserve		
Service charges			20,890,377 (1,750,392)
Service charges 1,789,797,225 1,611,315,98 Rental of facilities and equipment 48,083,550 49,754,277 Other income from exchange transactions 73,132,800 75,981,39 Interest received from exchange transactions 716,149,236 482,112,52 Dividends received from exchange transactions 1,508,845,345 1,387,795,15 Interest received from non-exchange transactions 124,636,207 73,192,00 Government grants & subsidies 2,118,427,431 2,080,812,08 Public contributions and donations 1,950,000 2,900,90 Fines, penalties and forfeits 1,771,514 7,858,37 Living resources 660,806 660,800 476,200 The amount included in revenue arising from exchanges of goods or services are as follows: 1,789,797,225 1,611,315,98 Service charges 1,789,797,225 1,611,315,98 49,754,277 Other income from exchange transactions 73,132,800 75,981,39 Interest received from exchange transactions 71,149,236 482,112,52 Dividends received from exchange transactions 1,262,7174,670 2,219,166,83		17,383,704	19,139,985
Rental of facilities and equipment (Other income from exchange transactions (73,182,800 75,981,38) Interest received from exchange transactions (716,149,236 482,112,522 Dividends received from exchange transactions (18,87,951,151 Interest received from non-exchange transactions (18,87,951,151 Interest received from non-exchange transactions (194,036,207 73,192,006 Government grants & subsidies (2,118,427,431 2,920,036) 1,950,000 2,900,300	32. Revenue		
The amount included in revenue arising from exchanges of goods or services are as follows: Service charges Rental of facilities and equipment Other income from exchange transactions Interest received from exchange transactions Dividends received The amount included in revenue arising from non-exchange transactions is as follows: Taxation revenue Property rates Interest received from non-exchange transactions Interest received from non-exchange transactions is as follows: Transfer revenue Government grants & subsidies Public contributions and donations Fines, penalties and forfeits Interest received from foreits Interest received from foreits Interest received from foreits Interest received foreits Interes	Rental of facilities and equipment Other income from exchange transactions Interest received from exchange transactions Dividends received Property rates Interest received from non-exchange transactions Government grants & subsidies Public contributions and donations Fines, penalties and forfeits	48,083,550 73,132,800 716,149,236 11,859 1,508,845,345 124,636,207 2,118,427,431 1,950,000 14,771,514	1,611,315,981 49,754,279 75,981,393 482,112,528 2,656 1,387,795,158 73,192,006 2,080,812,087 2,900,907 7,858,373 476,200
Service charges		6,396,465,967	5,772,201,568
Rental of facilities and equipment 48,083,550 49,754,275 Other income from exchange transactions 73,132,800 75,981,393 Interest received from exchange transactions 716,149,236 482,112,526 Dividends received 11,859 2,657 The amount included in revenue arising from non-exchange transactions is as follows: Taxation revenue Property rates 1,508,845,345 1,387,795,156 Interest received from non-exchange transactions 124,636,207 73,192,006 Transfer revenue Government grants & subsidies 2,118,427,431 2,080,812,08 Public contributions and donations 1,950,000 2,900,90 Fines, penalties and forfeits 14,771,514 7,858,37 Living resources 660,800 476,20			
The amount included in revenue arising from non-exchange transactions is as follows: Taxation revenue Property rates Interest received from non-exchange transactions Transfer revenue Government grants & subsidies Public contributions and donations Public contributions and forfeits Fines, penalties and forfeits Living resources The amount included in revenue arising from non-exchange transactions is as 1,387,795,154 1,387,795,155 1,387,795,15	Rental of facilities and equipment Other income from exchange transactions Interest received from exchange transactions	48,083,550 73,132,800 716,149,236	1,611,315,981 49,754,279 75,981,393 482,112,528 2,656
follows: Taxation revenue Property rates 1,508,845,345 1,387,795,156 Interest received from non-exchange transactions 124,636,207 73,192,006 Transfer revenue Government grants & subsidies 2,118,427,431 2,080,812,08 Public contributions and donations 1,950,000 2,900,90 Fines, penalties and forfeits 14,771,514 7,858,373 Living resources 660,800 476,200		2,627,174,670	2,219,166,837
Property rates 1,508,845,345 1,387,795,156 Interest received from non-exchange transactions 124,636,207 73,192,006 Transfer revenue Government grants & subsidies 2,118,427,431 2,080,812,08 Public contributions and donations 1,950,000 2,900,90 Fines, penalties and forfeits 14,771,514 7,858,37 Living resources 660,800 476,200			
Interest received from non-exchange transactions 124,636,207 73,192,000 Transfer revenue Covernment grants & subsidies 2,118,427,431 2,080,812,08 Public contributions and donations 1,950,000 2,900,90 Fines, penalties and forfeits 14,771,514 7,858,37 Living resources 660,800 476,200	Taxation revenue		
Government grants & subsidies 2,118,427,431 2,080,812,081 Public contributions and donations 1,950,000 2,900,901 Fines, penalties and forfeits 14,771,514 7,858,373 Living resources 660,800 476,200			1,387,795,158 73,192,006
Public contributions and donations 1,950,000 2,900,90° Fines, penalties and forfeits 14,771,514 7,858,37° Living resources 660,800 476,200	Transfer revenue		
3,769,291,297 3,553,034,73	Public contributions and donations Fines, penalties and forfeits	1,950,000 14,771,514	2,080,812,087 2,900,907 7,858,373 476,200
		3,769,291,297	3,553,034,731

Notes to the Annual Financial Statements

	2023	2022
. Service charges		
	4 075 444 570	004 000 07
le of water - Conventional meters	1,075,414,579	991,022,07
le of water - Prepaid meters werage and sanitation charges	70,496,381 473,541,088	68,655,56 400,574,06
fuse removal	169,383,190	150,196,51
her service charges	961,987	867,76
S .	1,789,797,225	1,611,315,98
. Rental of facilities and equipment		
cilities and equipment		
ntal of facilities	22 722 052	04 506 90
ental of facilities ental of equipment	32,728,952 1,226,127	34,526,88 1,098,50
rvice concession rental*	14,128,471	14,128,89
THE STREET TO THE	48,083,550	49,754,27
or year figures were restated due to errors identified in the current financial year, refer to no	ote 68.	
Fines, penalties and forfeits		
affic fines	14,144,834	3,606,12
claimed deposits and stale cheques	626,680	4,252,24
	14,771,514	7,858,37
. Interest from non-exchange transactions		
nsumer receivables from non-exchange transactions	124,636,207	73,192,00
Other income from exchange transactions		
vertising	6,210,104	6,090,43
ilding plan fees	5,444,695	6,173,42
earance certificates	2,867,805	3,452,86
	29,212,348	00 000 00
mmission - Fresh produce market		
trance fees	97,965	91,84
trance fees ave plots	3,378,977	91,84 4,888,02
trance fees ave plots surance collection	3,378,977 113,093	91,84 4,888,02 1,337,68
trance fees ave plots surance collection rking	3,378,977 113,093 1,467,263	91,84 4,888,02 1,337,68 1,388,5
trance fees ave plots surance collection rking le of erven	3,378,977 113,093 1,467,263 402,052	91,84 4,888,02 1,337,64 1,388,5 1,027,20
trance fees ave plots surance collection rking le of erven le of tender documents	3,378,977 113,093 1,467,263 402,052 530,351	91,84 4,888,02 1,337,66 1,388,5 1,027,20 1,520,36
trance fees ave plots surance collection rking le of erven	3,378,977 113,093 1,467,263 402,052	26,028,82 91,84 4,888,02 1,337,66 1,388,5 1,027,20 1,520,36 15,837,46 8,144,75

^{*} The service concession revenue relates to the revenue recognised from the land availability liability. Refer to note 28 for further

Prior year figures were restated due to errors identified in the current financial year, refer to note 68.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
38. Investment revenue		
Dividends received		
Unlisted financial assets - Local	11,859	2,656
Interest received from exchange transactions		
Centlec (SOC) Limited - Capital advances Centlec (SOC) Limited - Intercompany loan Centlec (SOC) Limited - Shareholders loan Interest charged on consumer and other receivables - exchange transactions Interest charged on non-current receivables Interest earned on cash and cash equivalents	4,483,787 64,188,863 165,649,995 421,925,671 - 59,900,920	4,270,255 54,302,049 150,956,860 254,658,610 454,546 17,470,208
·	716,149,236	482,112,528
	716,161,095	482,115,184
39. Property rates		
Rates received		
Residential and business/commercial Government	1,184,446,613 324,398,732	1,063,741,448 324,053,710
	1,508,845,345	1,387,795,158
Valuations		
Residential Commercial Government Municipal	86,610,948,310 23,870,862,310 13,620,775,450 5,426,106,470	69,766,782,823 22,181,864,283 11,567,223,365 4,315,611,082
	129,528,692,540	107,831,481,553

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The first R 100,000 of the rateable value of residential property is exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholdings and farms used solely for residential and agricultural purposes.

In respect of qualifying senior citizens and disabled persons, an additional R 200,000 of the rateable value of their residential properties is exempted from rates subject to the property value not exceeding R 2,500,000.

2023:

From 1 July 2022 the basic rates were adjusted as follows (exempt from VAT):

- R 0.0094740, multiply by comma two five cent (0.25), per rand on the rateable value of farm property;
- R 0.0094740, on the value of rateable residential property;
- R 0.0094740, multiply by comma five per cent (0.50), per rand on the rateable value of property under development;
- R 0.0322130, on the value of rateable government property;
- R 0.0322130, on the value of rateable business property;
- R 0.0023690, on the value of rateable public service infrastructure.

2022:

From 1 July 2021 the basic rates were adjusted as follows (exempt from VAT):

- R 0.0089380, multiply by comma two five cent (0.25), per rand on the rateable value of farm property;
- R 0.0089380, on the value of rateable residential property;
- R 0.0044690, on the value of rateable property under development;
- R 0.0346340, on the value of rateable government property;
- R 0.0346340, on the value of rateable business property;
- R 0.0022350, on the value of rateable public service infrastructure

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
40. Grants and subsidies paid		
Grants paid to municipal entities		
Urban Settlements Development Grant	41,109,904	28,466,030
Urban Settlements Development Grant:		
The urban settlements development grant is an integrated source of funding for infrastructinformal settlements. The grant was transferred in part to Centlec (SOC) Ltd. The grant is distributors to address the national electrification programme in order to mitigate the risk of	used to provide capital subsidies to	licensed
41. Government grants & subsidies		
Operating grants		
Department of Sports, Arts and Culture - Admin Libraries Grant Equitable share Expanded Public Works Programme Integrated Grant Finance Management Grant Fuel levy Local Government Sector Education and Training Authority Grant Programme and Project Preparation Support Grant Urban Settlements Development Grant	2,784,013 938,383,000 1,382,148 1,979,792 363,435,000 1,225,079 9,583,846 9,300,000	1,371,881 830,046,000 1,301,864 1,998,719 332,282,000 - 5,479,500
	1,328,072,878	1,172,479,964
Capital grants		
Human Settlements Provincial Grant Informal Settlements Upgrading Partnership Grant Neighbourhood Development Partnership Grant Public Transport Network Grant Urban Settlements Development Grant	89,388,228 19,738,000 104,440,374 576,787,951	142,253,940 81,685,526 26,523,211 130,861,420 527,008,026
	790,354,553	908,332,123
	2,118,427,431	2,080,812,087
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received Unconditional grants received	816,609,431 1,301,818,000	918,484,087 1,162,328,000
	2,118,427,431	2,080,812,087
Equitable share		
Current year receipts Transferred to revenue	938,383,000 (938,383,000)	830,046,000 (830,046,000)
		
In terms of the Constitution, this grant is used to subsidise the provision of basic services	to indigent community members.	
Fuel levy		
Current year receipts Conditions met - transferred to revenue	363,435,000 (363,435,000)	332,282,000 (332,282,000)
	-	
The fuel levy is allocated to the entity from the General Fuel Levy Revenue Fund.		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
41. Government grants & subsidies (continued)		
City of Ghent - Youth Development Grant		
Balance unspent at beginning of year	481,950	481,950
Conditions still to be met - remain liabilities (see note 22).		
The grant is given by the City of Ghent for youth development.		
Expanded Public Works Programme Integrated Grant		
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	14,136 (14,136) 1,566,000 (1,382,148) 183,852	364,394 (364,394) 1,316,000 (1,301,864) 14,136
Conditions still to be met - remain liabilities (see note 22).		
The purpose of the grant is to expand work creation efforts through the use of labour incentives delivery in compliance with Expanded Public Works Programme (EPWP) guidelines.	methods in identified for	ocus areas,
Finance Management Grant		
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	104,467 (104,467) 2,100,000 (1,979,792)	3,186 - 2,100,000 (1,998,719)
	120,208	104,467
Conditions still to be met - remain liabilities (see note 22).		
The purpose of the grant is to promote and support reforms to financial management and the implemen	tation of the MFMA.	
Local Government Sector Education and Training Authority Grant		
Balance unspent at beginning of year Current year receipts Conditions met - transferred to revenue	5,299,588 5,888,160 (1,225,080)	2,228,830 3,070,758
	9,962,668	5,299,588
Conditions still to be met - remain liabilities (see note 22).		
The grant is a learnership grant from LGSETA for interns seconded at different entities.		
Municipal Human Settlements Capacity Grant		
Balance unspent at beginning of year	2,000,000	2,000,000
Conditions still to be met - remain liabilities (see note 22).		
The purpose of the grant is to build capacity in municipalities to deliver and subsidise the operational co settlement programmes.	sts of administering hu	man

Notes to the Annual Financial Statements

Figur	res in Rand	2023	2022
41.	Government grants & subsidies (continued)		
Muni	icipal Systems Improvement Grant		
Balan	nce unspent at beginning of year	1,055,000	1,055,000
Condi	ditions still to be met - remain liabilities (see note 22).		
	purpose of the grant is to assist municipalities to perform their functions and stabilise ins e Municipal System Act, the Municipal Rates Act and related legislation.	stitutional and governance system	s as required
Progi	ramme and Project Preparation Support Grant		
Surre Curre	nce unspent at beginning of year endered to National Treasury ent year receipts ditions met - transferred to revenue	1,454,500 (1,454,500) 13,673,000 (9,583,846)	- 6,934,000 (5,479,500
		4,089,154	1,454,500
suppo	grant provides funding to the metropolitan municipalities to enhance the performance of orting programme and project preparation. It reflects commitments contained in the Nati- rban public investments to support the restructuring of the urban built environment.		
suppo for urb Depa Balan	orting programme and project preparation. It reflects commitments contained in the Nati- rban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant nce unspent at beginning of year	ional Development Plan to stream 5,320,906	line funding 4,692,787
suppo for urb Depa Balan Curre	orting programme and project preparation. It reflects commitments contained in the Nati- rban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant	5,320,906 3,500,000 (2,784,013)	4,692,787 2,000,000 (1,371,881
suppo for url Depa Balan Curre	orting programme and project preparation. It reflects commitments contained in the Nati- rban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant nce unspent at beginning of year ent year receipts	5,320,906 3,500,000	4,692,787 2,000,000
Suppo for urb Depa Balan Curre Cond	orting programme and project preparation. It reflects commitments contained in the Nati- rban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant nce unspent at beginning of year ent year receipts	5,320,906 3,500,000 (2,784,013)	4,692,787 2,000,000 (1,371,881
Supportion und Depa Balan Curre Cond	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. Cartment of Sports, Arts and Culture - Admin Libraries Grant Ince unspent at beginning of year ent year receipts ditions met - transferred to revenue	5,320,906 3,500,000 (2,784,013) 6,036,893	4,692,787 2,000,000 (1,371,881
supporter of the position of t	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. Cartment of Sports, Arts and Culture - Admin Libraries Grant Ince unspent at beginning of year ent year receipts ditions met - transferred to revenue Sitions still to be met - remain liabilities (see note 22).	5,320,906 3,500,000 (2,784,013) 6,036,893	4,692,787 2,000,000 (1,371,881
Depa Balan Curre Condi The p Depa Balan	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant noce unspent at beginning of year ent year receipts ditions met - transferred to revenue ditions still to be met - remain liabilities (see note 22). purpose of the grant is to fund the administration of public libraries within the Mangaung artment of Telecoms and Postal Services noce unspent at beginning of year	5,320,906 3,500,000 (2,784,013) 6,036,893	4,692,787 2,000,000 (1,371,881 5,320,906
Depa Balan Curre Condi The p Depa Balan	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant noce unspent at beginning of year ent year receipts ditions met - transferred to revenue ditions still to be met - remain liabilities (see note 22). purpose of the grant is to fund the administration of public libraries within the Mangaung artment of Telecoms and Postal Services	5,320,906 3,500,000 (2,784,013) 6,036,893	4,692,787 2,000,000 (1,371,881 5,320,906
Depa Balan Curre Condi The p Depa Balan Trans	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. artment of Sports, Arts and Culture - Admin Libraries Grant noce unspent at beginning of year ent year receipts ditions met - transferred to revenue ditions still to be met - remain liabilities (see note 22). purpose of the grant is to fund the administration of public libraries within the Mangaung artment of Telecoms and Postal Services noce unspent at beginning of year	5,320,906 3,500,000 (2,784,013) 6,036,893 Metropolitan Municipality area.	4,692,787 2,000,000 (1,371,881 5,320,906 1,133,554 (1,133,554
Supporter und Su	orting programme and project preparation. It reflects commitments contained in the Naticiban public investments to support the restructuring of the urban built environment. Artment of Sports, Arts and Culture - Admin Libraries Grant Ince unspent at beginning of year ent year receipts ditions met - transferred to revenue ditions still to be met - remain liabilities (see note 22). Durpose of the grant is to fund the administration of public libraries within the Mangaung artment of Telecoms and Postal Services Ince unspent at beginning of year sferred to other income	5,320,906 3,500,000 (2,784,013) 6,036,893 Metropolitan Municipality area.	4,692,787 2,000,000 (1,371,881 5,320,906 1,133,554 (1,133,554
supporter of the property of t	orting programme and project preparation. It reflects commitments contained in the Nationan public investments to support the restructuring of the urban built environment. Artment of Sports, Arts and Culture - Admin Libraries Grant Ince unspent at beginning of year ent year receipts ditions met - transferred to revenue ditions still to be met - remain liabilities (see note 22). Dourpose of the grant is to fund the administration of public libraries within the Mangaung artment of Telecoms and Postal Services Ince unspent at beginning of year sferred to other income Dourpose of the grant is to develop information and communication technology (ICT) policitions for accelerated and shared sustainable economic growth that positively impacts or	5,320,906 3,500,000 (2,784,013) 6,036,893 Metropolitan Municipality area.	4,692,787 2,000,000 (1,371,881 5,320,906 1,133,554 (1,133,554

Conditions still to be met - remain liabilities (see note 22).

This is a conditional grant with a specific purpose to provide for the upgrading of informal settlements.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
41. Government grants & subsidies (continued)		
Integrated City Development Grant		
Balance unspent at beginning of year Surrendered to National Treasury	- -	3,714,313 (3,714,313
The purpose of the grant is to provide a financial incentive for metropolitan municipalities to	o integrate and focus their use of av	ailable
infrastructure investment and regulatory instruments to achieve a more compact urban spa		
Neighbourhood Development Partnership Grant		
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	4,214,789 (4,214,789) 19,738,000 (19,738,000)	1,142,169 (1,142,169 30,738,000 (26,523,211 4,214,789
Conditions still to be met - remain liabilities (see note 22).		
This grant is to be used for the development of urban network plans, to improve the quality neighbourhoods.	of life and access of residents in ur	nder-served
Public Transport Network Grant		
•		
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	92,786,580 (92,786,580) 249,894,000 (104,440,374)	
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts	(92,786,580) 249,894,000	(130,861,420
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	(92,786,580) 249,894,000 (104,440,374)	(130,861,420
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22).	(92,786,580) 249,894,000 (104,440,374) 145,453,626	(130,861,420 92,786,580
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, in	(92,786,580) 249,894,000 (104,440,374) 145,453,626	223,648,000 (130,861,420 92,786,580 ans.
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, in the sustainable Human Settlements Grant	(92,786,580) 249,894,000 (104,440,374) 145,453,626	(130,861,420 92,786,580 ans.
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, is Sustainable Human Settlements Grant Balance unspent at beginning of year	(92,786,580) 249,894,000 (104,440,374) 145,453,626	(130,861,420 92,786,580 ans.
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, is Sustainable Human Settlements Grant Balance unspent at beginning of year Transferred to other income The grant is used to supplement the capital revenues of metropolitan municipalities in order	(92,786,580) 249,894,000 (104,440,374) 145,453,626 in accordance with agreed project pl	(130,861,420 92,786,580 ans. 1,595,782 (1,595,782
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, is Sustainable Human Settlements Grant Balance unspent at beginning of year Transferred to other income The grant is used to supplement the capital revenues of metropolitan municipalities in order development programme, focusing on poor households.	(92,786,580) 249,894,000 (104,440,374) 145,453,626 in accordance with agreed project pl	(130,861,420 92,786,580 ans. 1,595,782 (1,595,782
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue Conditions still to be met - remain liabilities (see note 22). The grant is allocated to the entity to improve public transport infrastructure and systems, is Sustainable Human Settlements Grant Balance unspent at beginning of year	(92,786,580) 249,894,000 (104,440,374) 145,453,626 in accordance with agreed project pl	(130,861,420 92,786,580 ans. 1,595,782 (1,595,782

This is a conditional grant with a specific purpose to provide for the upgrading of informal settlements.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022	
41. Government grants & subsidies (continued)			
Urban Settlements Development Grant			
Balance unspent at beginning of year Surrendered to National Treasury Current year receipts Conditions met - transferred to revenue	272,353,593 (146,453,593) 491,760,000 (586,087,951)	17,250,742 (13,158,123) 795,269,000 (527,008,026)	
	31,572,049	272,353,593	

Conditions still to be met - remain liabilities (see note 22).

The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.

Allocation-in-kind grants

The following grants were allocated in-kind to the municipality as per the Division of Revenue Bill:

Integrated National Electrification Programme (Eskom) Grant	19,783,000	9,006,000
Municipal Systems Improvement Grant	1,698,000	1,260,000
Neighbourhood Development Partnership Grant (Technical Assistance)	-	100,000
Regional Bulk Infrastructure Grant	-	129,615,000
	21,481,000	139,981,000

Purpose of each grant is as follows:

Integrated National Electrification Programme (Eskom) Grant

To implement the Integrated National Electrification Programme by providing capital subsidies to Eskom 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 in Eskom licenced areas.

Municipal Systems Improvement Grant

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related local government legislation.

Neighbourhood Development Partnership Grant (Technical Assistance)

To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, underserved neighbourhoods, generally townships and rural towns; community safety programmes.

Regional Bulk Infrastructure Grant

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to implement bulk infrastructure with a potential of addressing water conservation and water demand management projects or facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructure requirements.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 4 of 2020), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
42. Public contributions and donations		
Capital donations	1,950,000	2,900,907
43. Employee related costs		
Basic salaries and wages	1,142,373,019	1,182,542,926
Contributions to Medical aid	102,760,175	101,042,931
Contributions to Pension funds	183,268,541	177,308,028
Contributions to UIF	7,092,807	7,255,924
Defined benefit plan - Current service costs	18,238,000	18,058,000
Housing benefits and allowances	5,610,395	5,609,307
Leave pay	33,747,275	24,754,924
Overtime, shift and standby allowances	180,669,895	182,066,600
Travel, motor car, accommodation, subsistence and other allowances	119,031,657	110,261,843
	1,792,791,764	1,808,900,483

Changes to key management during the 2022/23 financial year:

- Dumalisile NR was appointed as Acting HOD: Human Settlements & Housing from 2 May 2022 to 30 April 2023 and as Acting City Manager from 1 May 2023;
- Mpangane NG was appointed as Acting HOD: Corporate Services from 20 April 2022;
- McLeod C was appointed as Acting HOD: Engineering Services from 2 May 2022;
- Mabunda NP was appointed as Acting HOD: Planning from 7 June 2023 to 30 April 2023 and as Acting HOD: Human Settlements & Housing from 1 May 2023;
- Manyungwana XC was appointed as Acting HOD: Economic & Rural Development from 16 May 2022;
- Nel F was appointed as Acting HOD: Waste & Fleet Management from 1 June 2022;
- Mafisa MA was appointed as Acting HOD: Social Services & Public Safety from 13 February 2023;
- Motlashuping TD was appointed as Acting City Manager from 20 April 2022 to 30 April 2023;
- The fixed term contracts for Nkaiseng DSR expired on 14 July 2022. Included in the amount received for leave pay and other awards is an aribitration award granted in favour of Mr Nkaiseng to the amount of R1 055 815; and
- The fixed term contract of Kgamanyane KI expired on 31 December 2022.

Other changes during the 2022/23 financial year:

- The former HOD's received backpay payments as a result of the implementation of the new upper limits of the total remuneration packages approved by council on 13 February 2023 for the 2021/22 financial year.

Changes to key management during the 2021/22 financial year:

- Adv Mea TB resigned on 31 July 2021;
- Nkungwana MG was appointed as Acting City Manager for the period 22 February 2022 to 31 March 2022;
- Maine TA was appointed as Acting City Manager for the periods 21 May 2021 to 31 July 2021 and 26 January 2022 to 10 February 2022;
- More SJ was appointed as Acting City Manager for the period 31 July 2021 to 26 January 2022;
- The fixed term contracts for Mofokeng SE, Adv Phaladi MJN, Ndlovu M and Mthembu BS expired on 30 April 2022;
- The fixed term contracts for Maine TA and More SJ expired on 31 March 2022; and
- The fixed term contract of Nkungwana MG expired on 28 March 2022.

Notes to the Annual Financial Statements

Figures in Rand

43. Employee related costs (continued)

Detailed remuneration of key management

2023 Position	Name and Initials	Annual Remuneration	Car and other allowances	Leave pay and other awards	Contribution to UIF, Medical Aid and Pension Funds	Total
Acting City Manager (secondment)	Dumalisile NR	139,331	_	_	1,393	140,724
Acting HOD: Human Settlements & Housing (secondment)	Dumalisile NR	336,452	_	_	3,719	340,171
Acting HOD: Corporate Services (secondment)	Mpangane NG	833,323	-	_	10,104	843,427
Acting HOD: Engineering Services (secondment)	McLeod C	929,901	-	_	11,070	940,971
Acting HOD: Planning (secondment)	Mabunda NP	973,999	_	_	11,511	985,510
Acting HOD: Human Settlements & Housing (secondment)		,			,-	,-
Acting HOD: Economic & Rural Development (secondment)	Manyungwana XC	650,572	_	_	7,923	658,495
Acting HOD: Waste & Fleet Management (secondment)	Nel F	900,391	_	_	10.775	911,166
Acting HOD: Social Services & Public Safety	Mafisa MA	484,058	36,000	-	112,931	632,989
Acting City Manager (former)	Motlashuping TD	900,782	, -	_	10,602	911,384
City Manager (former)	Adv Mea TB	4,702	-	_	94	4,796
HOD: Social Services (former)	Nkungwana MG	34,469	-	-	522	34,991
HOD: Economic & Rural Development (former)	Maine TA	34,292	-	-	520	34,812
HOD: Waste & Fleet Management (former)	More SJ	34,469	-	-	522	34,991
Chief Financial Officer (former)	Mofokeng SE	41,633	-	-	593	42,226
HOD: Human Settlements & Housing (former)	Adv Phaladi MJN	41,633	-	-	593	42,226
HOD: Engineering Services (former)	Ndlovu M	41,633	-	-	593	42,226
HOD: Planning (former)	Mthembu BS	41,633	-	-	593	42,226
HOD: Corporate Services (former)	Nkaiseng DSR	159,554	37,339	1,055,815	26,554	1,279,262
Head of Police (former)	Kgamanyane KI	695,912	232,810	273,160	166,895	1,368,777
		7,278,739	306,149	1,328,975	377,507	9,291,370

Notes to the Annual Financial Statements

Figures in Rand

43. Employee related costs (continued)

2022 Position	Name and Initials	Annual Remuneration	Car and other allowances	Leave pay and other awards	Contribution to UIF, Medical Aid and Pension Funds	Total
City Manager (former)	Adv Mea TB	190,366	42,000	467,247	32,170	731,783
Acting City Manager (former)	Maine TA	218,308	80,341	· -	61,790	360,439
Acting City Manager (former)	More SJ	936,963	126,861	-	11,763	1,075,587
Acting City Manager (former)	Nkungwana MG	105,546	41,029	-	29,252	175,827
Chief Financial Officer (former)	Mofokeng SE	1,031,719	516,000	316,289	72,046	1,936,054
HOD: Corporate Services	Nkaiseng DSR	1,188,956	448,068	-	302,188	1,939,212
HOD: Economic & Rural Development (former)	Maine TA	888,544	81,200	309,102	222,323	1,501,169
HOD: Engineering Services (former)	Ndlovu M	986,444	437,393	294,725	196,065	1,914,627
HOD: Human Settlements & Housing (former)	Adv Phaladi MJN	1,060,600	308,512	194,087	249,848	1,813,047
HOD: Planning (former)	Mthembu BS	935,375	429,830	244,406	229,608	1,839,219
HOD: Social Services (former)	Nkungwana MG	954,528	132,800	215,652	226,587	1,529,567
HOD: Waste & Fleet Management (former)	More SJ	471,482	4,800	273,160	8,057	757,499
Head of Police	Kgamanyane KI	1,198,430	465,620	-	274,562	1,938,612
		10,167,261	3,114,454	2,314,668	1,916,259	17,512,642

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
44. Remuneration of councillors		
Cell phone allowance	4,472,306	4,514,000
Councillors allowance	50,017,618	48,615,914
Councillors medical aid contributions	449,205	464,267
Councillors pension contributions	744,859	855,057
Housing allowance	43,497	59,059
Travel allowance	13,706,056	13,386,645
	69,433,541	67,894,942

In-kind benefits

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

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

The Executive Mayor and Deputy Executive Mayor have two bodyguards on a rotational basis and an official driver at the cost of Council.

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Notes to the Annual Financial Statements

Figures in Rand

44. Remuneration of councillors (continued)

Analysis of Councillors Remuneration

Acting Chief Whip Speaker 20,301 72,832 4.302 307,545	2023	Councillor Surname and Initials	Councillor allowance	Travel and other allowances	Pension and Medical aid	Total
Acting Chief Whip Speaker 20,301 72,832 4.302 307,545						
Speaker Davies M 29,001 72,832 4,320 307,454	Acting Executive Mayor				-	248,465
MMC: Community & Social Services (July 2022 - February 2023) Tladi MM 734,497 236,082 14,400 984,377 MMC: Comporate Services (July 2022 - February 2023) Mosala MT 724,781 236,082 14,400 975,283 MMC: Social Services (July 2022 - February 2023) Mosala MT 724,781 236,082 14,400 975,283 MMC: Waste & Flied Management Letawana MM 152,382 51,332 - 203,714 MMC: Comporate Services Letawana MM 152,382 51,332 - 203,714 MMC: Comporate Services Third Coult LM 733,781 280,082 14,400 984,284 MMC: Comporate Services Mill Comporate Services Mill Count Mill M 733,781 280,082 14,400 984,284 MMC: Proper Count Co	Acting Chief Whip	Nikelo VE			-	406,557
MMC: Corporate Services (July 2022 - February 2023) MMC: Corporate Services (July 2022 - February 2023) MMC: Corporate Services (July 2022 - February 2023) MMC: Infrastructure & Engineering MMC: Corporate Services (July 2022 - February 2023) MMC: Infrastructure & Engineering MMC: Corporate Services MMC: Infrastructure & Public Works (July 2022 - February 2023) & Morake MA MMC: Corporate Services MMC: End Servi	Speaker		230,301	72,832	4,320	307,453
MMC; Corporate Services (July 2022 - February 2023) Mosala MT 724,781 236,082 14,400 975,285 MMC; Sopical Services (Infoatructure & Engineering) Soaga VS 137,248 46,492 2,880 186,622 MMC; Waste & Fleet Management Letawana MM 152,382 51,332 - 203,714 MMC; Corporate Services Tit-Odil LM 733,761 236,082 14,400 984,244 MMC; Finance Tit-Odil LM 733,761 236,082 14,400 984,244 MMC; Infrastructure & Public Works (July 2022 - February 2023) & MRC; Gural & Performance Management (from May 2023) Morake MA 736,641 236,082 14,400 987,122 MMC; Expression English & Performance Management (from May 2023) Morake MA 736,641 236,082 14,400 987,122 MMC; Bural Development & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 985,252 MMC; Evolic Safety Tyala PS 742,382 236,082 1,440 989,262 MMC; Bural Development & Spatial Planning Tyala PS 152,382 251,332 2		Tladi MM	734,497	236,082	14,400	984,979
MMC: Social Services (from May 2023) Soqaqa VS 137.248 46.492 2.880 186.62 MMC: Waste & Fleet Management Letawana MM 152.382 51.332 - 203.71 MMC: Corporate Services Kruger CL 140,128 46.492 1.806,62 MMC 205.71 MMC: Corporate Services Kruger CL 140,128 46.492 1.400 987.22 MMC: Infance Tit-Odili LM 733,761 236.082 14.400 987.22 MMC: Infance Agrander Management (from May 2023) Tit-Odili LM 733,761 236.082 14.400 987.22 MMC: Exploring Commit Revelopment Agrander Management (from May 2023) Jonas-Malephane VE 734,773 236.082 14.400 985.225 MMC: Exploit Services Tyola PS 742,382 236.082 14.400 985.225 MMC: Public Safety Tyola PS 742,382 236.082 14.400 989.265 MMC: Public Safety Tyola PS 742,382 236.082 1,440 999.906 ST9 Chairperson: Petulic Safety						
MMC: Infrastructure & Engineering Soagag VS 137,248 46,492 2,880 186,622 MMC: Waste & Fleet Management Letawana MM 152,382 51,332 - 203,714 MMC: Corporate Services Till-Odill LM 733,761 236,082 14,400 984,244 MMC: Infrastructure & Public Works (July 2022 - February 2023) & Morake MA 736,641 236,082 14,400 987,122 MMC: Infrastructure & Public Works (July 2022 - February 2023) & Morake MA 736,641 236,082 14,400 987,122 MMC: Economic Development & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 985,722 MMC: Economic Development & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 985,722 MMC: Economic Development & Spatial Planning Jonas-Malephane VE 744,382 236,082 14,400 985,282 14,400 1		Mosala MT	724,781	236,082	14,400	975,263
MMC: Waste & Fleet Management Lefawana MM 152,382 51,332 - 203,714 MMC: Corporate Services Kruger CL 141,128 46,492 - 186,622 MMC: Finance Titl-Odil LM 733,761 236,082 14,400 394,242 MMC: In Parameter (from May 2023) Morake MM 736,641 236,082 14,400 394,242 MMC: IDP & Performance Management (from May 2023) Morake MM 734,773 236,052 14,400 395,222 MMC: Exponent & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 395,222 MMC: Exponent & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 395,222 MMC: Public Safety Tsolell SP 152,382 251,332 - 203,711 S79 Chairperson: Petitions & Molions Committee Qal A 789,154 284,285 66,387 1,139,825 S79 Chairperson: Municipal Public Accounts Committee Seleke PL 747,196 227,468 14,400 396,065 S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,196 227,468 14,600 396,065 S79 Chairperson: Remunerations Committee Mokadako MI 742,216 244,143 - 368,535 S79 Chairperson: Remunerations Committee Seleke PL 747,196 227,468 14,600 399,065 S79 Chairperson: Remunerations Committee Mokadako MI 813,820 284,285 14,600 1,139,705 S79 Chairperson: Remunerations Committee Mokadon MA 813,820 284,285 1,440 1,129,632 Executive Mayor (former) Mokadon MI 747,196 224,687 1,404 1,129,632 Executive Mayor (former) Mokadon MI 747,196 230,055 11,520 1,013,666 Deputy Executive Mayor (former) Mokadon MI 747,196 244,143 - 36,687 - 36,677 -	MMC: Social Services (from May 2023)					
MMC: Corporate Services	MMC: Infrastructure & Engineering	Soqaga VS	137,248	46,492	2,880	186,620
MMC: Finance Tili-Ödili LM 733,761 236,082 14,400 984,245 MMC: IDP & Performance Management (from May 2023) 897,122 MMC: IDP & Performance Management (from May 2023) 987,122 MMC: IDP & Performance Management (from May 2023) 14,400 985,225 MMC: IDP & Performance Management (from May 2023) 14,400 985,225 MMC: IDP & Performance Management (from May 2023) 14,400 985,225 MMC: Paral Development 15,000 14,400 14,000 1	MMC: Waste & Fleet Management	Letawana MM	152,382	51,332	-	203,714
MMC: Infrastructure & Public Works (July 2022 - February 2023) & MMC: Infrastructure & Public Works (July 2022 - February 2023) & MMC: Economic Development & Spatial Planning Morake MA 786,641 236,082 14,400 987,125 MMC: Economic Development & Spatial Planning Jonas-Malephane VE 734,773 236,082 14,400 985,225 MMC: Public Safety Tsoleli SP 152,382 263,082 1,440 979,900 MMC: Public Safety Tsoleli SP 152,382 51,332 - 203,71 S79 Chairperson: Hullos Represon: Public Places & Street Naming Committee Mokeakoa MI 742,216 244,143 - 986,587 S79 Chairperson: Hullos Committee Mokeakoa MI 742,216 244,143 - 986,587 S79 Chairperson: Hullos Committee Mokeakoa MI 742,216 244,143 - 986,586 S79 Chairperson: Hullos Committee Mokeakoa MI 742,196 227,488 14,400 898,069 S79 Chairperson: Hullos Committee Mokeakoa MI 742,196 224,285 41,604 1,139,702 S79 Chairperson: Public Value Mayor (Inmer) Mokeakoa MI 742,196 224,285 41,604 1,139,703 <th< td=""><td>MMC: Corporate Services</td><td>Kruger CL</td><td>140,128</td><td>46,492</td><td>-</td><td>186,620</td></th<>	MMC: Corporate Services	Kruger CL	140,128	46,492	-	186,620
MMC: ID & Performance Management (from May 2023) Jonas-Malephane VE 734,773 236,052 14,400 985,225 MMC: Rural Development Table PS 742,382 236,082 1,440 979,902 MMC: Public Safety Tsolell SP 152,382 51,332 1-2 203,714 S79 Chairperson: Petitions & Motions Committee Qai A 789,154 284,285 66,387 1,139,827 S79 Chairperson: Public Places & Street Naming Committee Qai A 789,154 244,285 66,387 1,139,827 S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,195 227,488 14,400 986,365 S79 Chairperson: Remunerations Committee Seleke PL 747,195 227,488 14,400 986,365 S79 Chairperson: Remunerations Committee Mokodand 742,216 244,143 986,365 S79 Chairperson: Remunerations Committee Mokogand 772,094 284,285 14,400 989,065 S79 Chairperson: Rulus Committee Mokogand TX-2,094 230,055 11,520 1,013,665 Executive Mayor (former) Motionic Mayor (former) Masoetsa LA 6,877 -<	MMC: Finance	Titi-Odili LM	733,761	236,082	14,400	984,243
MMC: Economic Development & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 985,221 MMC: Public Safety Twala PS 742,382 236,082 1,440 979,900 MMC: Public Safety Tsoleli SP 152,382 51,332 - 203,714 S79 Chairperson: Public Places & Street Naming Committee Mokoakoa MI 742,216 244,143 - 985,555 S79 Chairperson: Public Places & Street Naming Committee Mokoakoa MI 742,216 244,143 - 985,555 S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,796 227,468 14,400 989,065 S79 Chairperson: Rules Committee NIhapo NA 813,820 284,285 41,604 1,139,070 S79 Chairperson: Rules Committee NIhapo NA 813,820 284,285 41,604 1,139,620 S79 Chairperson: Rules Committee NIhapo NA 813,920 284,285 41,604 1,139,020 S79 Chairperson: Rules Committee NIHapo NA 813,920 284,285 41,604 1,139,020 S79 Chairpers		Morake MA	736,641	236,082	14,400	987,123
MMC: Economic Development & Spatial Planning Jonas-Malephane VE 734,773 236,052 14,400 985,221 MMC: Public Safety Twala PS 742,382 236,082 1,440 979,900 MMC: Public Safety Tsoleli SP 152,382 51,332 - 203,714 S79 Chairperson: Public Places & Street Naming Committee Mokoakoa MI 742,216 244,143 - 985,555 S79 Chairperson: Public Places & Street Naming Committee Mokoakoa MI 742,216 244,143 - 985,555 S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,796 227,468 14,400 989,065 S79 Chairperson: Rules Committee NIhapo NA 813,820 284,285 41,604 1,139,070 S79 Chairperson: Rules Committee NIhapo NA 813,820 284,285 41,604 1,139,620 S79 Chairperson: Rules Committee NIhapo NA 813,920 284,285 41,604 1,139,020 S79 Chairperson: Rules Committee NIHapo NA 813,920 284,285 41,604 1,139,020 S79 Chairpers	MMC: IDP & Performance Management (from May 2023)					
MMC: Public Safety Tsoleli SP 152,382 51,332 - 20,371		Jonas-Malephane VE	734,773	236,052	14,400	985,225
S79 Chairperson: Petitions & Motions Committee Qai A 789, 154 284, 285 66, 387 1, 139, 826	MMC: Rural Development	Twala PS	742,382	236,082	1,440	979,904
S79 Chairperson: Municipal Public Accounts Committee Mokoakoa MI 742,216 244,143 - 986,355 S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,196 227,468 14,400 989,064 S79 Chairperson: Remunerations Committee Nhlapo NA 813,820 284,285 41,604 1,139,703 S79 Chairperson: Rules Committee Mokgothu TKW 843,909 284,285 1,440 1,129,633 Executive Mayor (former) Siyonzana MA 772,094 230,055 11,520 1,013,665 Deputy Executive Mayor (former) Mothibi-Nkoane MM 813,756 234,657 - - 6,877 Speaker (former) Masoetsa LA 6,877 - - 6,877 Speaker (former) Masoetsa LA 6,877 - - 6,877 Speaker (former) Mangcotywa ZE 6,468 - - 6,877 Chief Whip (former) Manase MM 6,468 - - 6,468 MMC: Environmental Management (former) Mahase MM 6,468 - -	MMC: Public Safety	Tsoleli SP	152,382	51,332	-	203,714
S79 Chairperson: Public Places & Street Naming Committee Seleke PL 747,196 227,468 14,400 989,06 S79 Chairperson: Remunerations Committee Nhlapo NA 813,820 284,285 41,604 1,139,03 S79 Chairperson: Rules Committee Mok of Mokgothu TKW 843,909 284,285 1,440 1,129,63 Executive Mayor (former) Siyonzana MA 772,094 230,055 11,520 1,013,665 Deputy Executive Mayor (former) Mothibi-Nkoane MM 813,756 234,657 - - 1,048,413 Deputy Executive Mayor (former) Masoetsa LA 6,877 - - 6,875 Speaker (former) Masoetsa LA 6,877 - - 6,875 Speaker (former) Mangocitywa ZE 6,468 - - - 6,487 Chief Whip (former) Mahase MM 6,468 - - - 6,486 MMC: Environmental Management (former) Mahase MM 6,468 - - 6,486 MMC: Human Settlements (former) Van der Ross KE <	S79 Chairperson: Petitions & Motions Committee	Qai A	789,154	284,285	66,387	1,139,826
S79 Chairperson: Remunerations Committee	S79 Chairperson: Municipal Public Accounts Committee	Mokoakoa MI	742,216	244,143	-	986,359
S79 Chairperson: Rules Committee	S79 Chairperson: Public Places & Street Naming Committee	Seleke PL	747,196	227,468	14,400	989,064
Executive Mayor (former)	S79 Chairperson: Remunerations Committee	Nhlapo NA	813,820	284,285	41,604	1,139,709
Deputy Executive Mayor (former) Mothibi-Nkoane MM 813,756 234,657 - 1,048,415	S79 Chairperson: Rules Committee	Mokgothu TKW	843,909	284,285	1,440	1,129,634
Deputy Executive Mayor (former) Mothibi-Nkoane MM 813,756 234,657 - 1,048,415	Executive Mayor (former)	Siyonzana MA	772,094	230,055	11,520	1,013,669
Cockman SB		Mothibi-Nkoane MM	813,756	234,657	-	1,048,413
Chief Whip (former) Mangcotywa ZE 6,468 - - 6,468 MMC: Community & Social Services (former) Mahase MM 6,468 - - 6,468 MMC: Environmental Management (former) Pongolo XD 6,468 - - 6,468 MMC: Human Settlements (former) Van der Ross KE 603,584 189,590 1,440 794,612 MMC: Human Settlements (former) Thipenyane G 6,468 - - 6,468 MMC: Rural Development (former) Nothnagel J 6,468 - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,364 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799	Deputy Executive Mayor (former)	Masoetsa LA	6,877	-	-	6,877
MMC: Community & Social Services (former) Mahase MM 6,468 - - 6,468 MMC: Environmental Management (former) Pongolo XD 6,468 - - 6,468 MMC: Human Settlements (former) Van der Ross KE 603,584 189,590 1,440 794,614 MMC: Human Settlements (former) Thipenyane G 6,468 - - 6,468 MMC: Rural Development (former) Nothnagel J 6,468 - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,365 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 </td <td>Speaker (former)</td> <td>Lockman SB</td> <td>689,215</td> <td>204,974</td> <td>-</td> <td>894,189</td>	Speaker (former)	Lockman SB	689,215	204,974	-	894,189
MMC: Environmental Management (former) Pongolo XD 6,468 - - 6,468 MMC: Human Settlements (former) Van der Ross KE 603,584 189,590 1,440 794,614 MMC: Human Settlements (former) Thipenyane G 6,468 - - 6,468 MMC: Rural Development (former) Nothnagel J 6,468 - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,365 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,376 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	Chief Whip (former)	Mangcotywa ZE	6,468	-	-	6,468
MMC: Human Settlements (former) Van der Ross KE 603,584 189,590 1,440 794,614 MMC: Human Settlements (former) Thipenyane G 6,468 - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,366 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors Shounyana MM 5,799 - - 5,799	MMC: Community & Social Services (former)	Mahase MM	6,468	-	-	6,468
MMC: Human Settlements (former) Thipenyane G 6,468 - - 6,468 MMC: Rural Development (former) Nothnagel J 6,468 - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,365 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Environmental Management (former)	Pongolo XD	6,468	-	-	6,468
MMC: Rural Development (former) Nothnagel J 6,468 - - - 6,468 MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,368 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Human Settlements (former)	Van der Ross KE	603,584	189,590	1,440	794,614
MMC: Spatial Planning & Land Use Management (former) Nkhabu M 6,468 - - 6,468 MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,365 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,376 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,156	MMC: Human Settlements (former)	Thipenyane G	6,468	-	· -	6,468
MMC: Transport & Public Safety (former) Mogotloane TJ 598,255 189,590 11,520 799,365 MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,375 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Rural Development (former)	Nothnagel J	6,468	-	-	6,468
MMC: Waste & Fleet Management (former) Matsoetlane MJ 616,788 189,590 - 806,378 S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Spatial Planning & Land Use Management (former)	Nkhabu M	6,468	-	-	6,468
S79 Chairperson: Petitions & Motions Committee (former) Nkoe J 5,799 - - 5,799 S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Transport & Public Safety (former)	Mogotloane TJ	598,255	189,590	11,520	799,365
S79 Chairperson: Remunerations Committee (former) Shounyana MM 5,799 - - 5,799 Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	MMC: Waste & Fleet Management (former)	Matsoetlane MJ	616,788	189,590	· -	806,378
Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	S79 Chairperson: Petitions & Motions Committee (former)	Nkoe J	5,799	-	-	5,799
Part-time councillors 36,199,000 13,831,045 965,113 50,995,158	S79 Chairperson: Remunerations Committee (former)	Shounyana MM	5,799	-	-	5,799
50,017,618 18.221.859 1.194.064 69.433.54		,	36,199,000	13,831,045	965,113	50,995,158
			50,017,618	18,221,859	1,194,064	69,433,541

Notes to the Annual Financial Statements

Figures in Rand

44. Remuneration of councillors (continued)

2022 Council as at 30 June 2022	Councillor Surname and Initials	Councillor allowance	Travel and other allowances	Pension and Medical aid	Total
Executive Mayor	Sivonzana MA	929.102	272.417	14,400	1.215.919
Deputy Executive Mayor	Mothibi-Nkoane MM	755,774	232,326	-	988,100
Speaker Speaker	Lockman SB	602,866	183,771	_	786,637
Chief Whip	Nikelo VE	522,104	169,942	_	692,046
MMC: Community & Social Services	Tladi MM	502,407	165,716	10,080	678,203
MMC: Corporate Services	Mosala MT	491,314	165,716	10,080	667,110
MMC: Environmental Management	Matsoetlane MJ	517,931	179,546	-	697,477
MMC: Finance, IDP & Performance Management	Titi-Odili LM	503,087	165,716	10,080	678,883
MMC: Human Settlements	Van der Ross KE	517,931	179,546	70,000	697,477
MMC: Infrastructure & Public Works	Morake MA	503,087	165,716	10,080	678,883
MMC: Planning & Economic Development	Jonas-Malephane VE	503,087	165,716	10,080	678,883
MMC: Rural Development	Twala PS	517,931	179,546	70,000	697,477
MMC: Transport & Public Safety	Mogotloane TJ	515,051	179,546	2,880	697,477
S79 Chairperson: Petitions & Motions Committee	Qai A	490,416	179,546	9,271	679,233
S79 Chairperson: Municipal Public Accounts Committee	Mokoakoa MI	483,150	165,716	5,271	648,866
S79 Chairperson: Public Places & Street Naming Committee	Seleke PL	486,423	165,716	10,080	662,219
S79 Chairperson: Remunerations & Benefits Committee	Nhlapo NA	499,687	179,546	10,000	679,233
S79 Chairperson: Rules Committee	Mokgothu TKW	211,135	71,021	_	282,156
373 Granperson, Tutes Committee	Worgotta Tivv	211,100	71,021	_	202,130
Previous council till 4 November 2021					
Deputy Executive Mayor	Masoetsa LA	300,126	108,179	42,138	450,443
Speaker	Siyonzana MA	136,074	57,464	2,880	196,418
Chief Whip	Mangcotywa ZE	255,524	97,110	40,721	393,355
MMC: Community & Social Services	Mahase MM	290,485	97,110	5,760	393,355
MMC: Corporate Services	Morake MA	293,809	110,939	7,200	411,948
MMC: Environmental Management	Pongolo XD	255,524	97,110	40,721	393,355
MMC: Finance, IDP & Performance Management	Titi-Odili LM	293,809	110,939	7,200	411,948
MMC: Human Settlements	Thipenyane G	255,524	97,110	40,721	393,355
MMC: Rural Development	Nothnagel J	296,245	97,110	-	393,355
MMC: SMME & Rural Development	Jonas-Malephane VE	293,809	110,939	7,200	411,948
MMC: Spatial Planning & Land Use Management	Nkhabu M	290,485	97,110	5,760	393,355
MMC: Transport & Public Safety	Monyakoana NP	273,795	97,110	-	370,905
S79 Chairperson: Petitions & Motions Committee	Nkoe MJ	247.860	94,695	39,673	382.228
S79 Chairperson: Municipal Public Accounts Committee	Tladi MM	285,778	108,525	7,200	401,503
S79 Chairperson: Public Places & Street Naming Committee	Seleke PL	324,334	69,149	5,760	399,243
S79 Chairperson: Remunerations & Benefits Committee	Shounyana MM	247,860	94,695	39,673	382,228
S79 Chairperson: Rules Committee	Mothibi-Nkoane MM	132,882	47,348	-	180,230
Part-time councillors	MODINE INICATIO INIVI	34,589,508	13,200,297	939,686	48,729,491
. a.c. ame sourcement					10,720,101
		48,615,914	17,959,704	1,319,324	67,894,942
			,353,764	.,515,624	J.,JJ.,JT
			·		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
45. Depreciation and amortisation		
Property, plant and equipment Living resources Intangible assets	612,365,378 278,294 505,636	673,942,062 204,150 540,228
	613,149,308	674,686,440
Prior year figures were restated due to errors identified in the current financial year, refer to note 68.		
46. Impairment loss		
Impairments Property, plant and equipment	13,505,529	25,514,271

The recoverable amount of the asset was assessed at the end of the financial year and it was found to be less than the carrying amount of the asset and an impairment loss was raised.

The main events and circumstances that led to the recognition of these impairment losses are as follows:

- (a) Damaged fleet still to be sold at auction; and
- (b) Vandalism.

47. Finance costs

Borrowings Employee benefit obligation Finance lease obligation Trade and other payables Unwinding of provisions	60,377,733 66,061,000 568,993 67,223,964 73,142,385 267,374,075	74,805,005 56,060,000 1,774,713 28,128,074 72,036,168 232,803,960
Prior year figures were restated due to errors identified in the current financial year, refer to note 68.		
48. Auditors' remuneration		
Fees	23,839,194	19,973,643
49. Debt impairment and bad debt write off		
Debt impairment - Consumer receivables Debt impairment - Other receivables from exchange transactions Debt impairment - Traffic fine receivables Bad debts written off Traffic fines derecognised	1,343,480,531 (19,351,079) 773,530 278,188,721 8,361,094 1,611,452,797	1,654,817,076 (11,444,926) 134,017,337 14,641,695 1,792,031,182

During the financial year, the write off amounting to R 255 173 999 (2022: R122 452 573) related to the write off of indigent consumers' debt as at the date of registration on the indigent register. The amounts exclude VAT.

Prior year figures were restated due to errors identified, refer to note 68.

Notes to the Annual Financial Statements

Society Soci	Figures in Rand	2023	2022
Auditors remuneration Bank charges and commissions Bursaries to employees Chemicals Bursaries to employees Chemicals Bursaries to employees Chemicals Consumables Electricity 163,198,990 155,390,44 229,747,780 162,390,44 229,747,780 162,390,44 229,747,780 162,530,44 163,44 163,44 163,44 163,44 163,44 163,44 163,44 163,46 16	50. General expenses		
Auditors remuneration	Animal costs	329,463	191,521
Bank charges and commissions 16,473,288 16,155,885 Bursaries to employees 1,695,679 1,695,679 Chemicals 7,2424 4,269,548 Consumables 163,196,990 155,380,745 Electricity 163,196,990 155,380,745 Fuel and oil 29,724,708 26,988,92 Indigent relief - Free electricity 29,724,708 26,988,224 Incurance 25,683,93 24,227,912 Learnerships and internships - 1,519,900 Marketing and advertising 945,256 1,405,972 Motor vehicle expenses 3,765,501 9,020,101 Operating lease expenditure 51,655,001 9,020,101 Porating lease expenditure 301,138 - Persiting and stationery 3,765,501 9,020,101 Porating lease expenditure 301,138 - Persiting and stationery 3,785,501 9,020,101 Prior stage and course research 3,93,000 1,438,893 Royalties and license fees 20,970,823 20,473,202 Sulbs e			
Chemicals Consumables 11,473,314 (28,242 42,685,548 72,625,346 72,625,346 74,6265,548 74,6265,549 74,62655,549 74,62655,549 74,62655,549 74,62655,549 74,62655,549 74,62655,549 74,62655,549 74,62	Bank charges and commissions	16,473,288	16,155,838
Consumables 7,284,224 4,269,548 Electricity 163,189,90 155,380,745 Fuel and oil 25,124,879 19,654,370 Indigent relief - Free electricity 25,063,839 24,227,912 Insurance 25,063,839 24,227,912 Learnerships and internships 945,256 1,405,972 Marketing and advertising 945,256 1,405,972 Motor vehicle expenses 3,765,510 9,020,019 Operating lease expenditure 51,655,705 39,978,810 Postage and courier 45,414 4,491,490 Postage and courier 2,733,00 1,438,883 Remuneration of ward committees 2,995,965 2,442,498 Regular and courier 2,412,499 2,412,249 Printing and stationery 2,503,000 15,856,504 2,417,202 Skills development levy 15,431,600 15,856,504 15,856,504 15,856,504 Subscriptions and membership fees 17,432,005 1,432,005 13,852,205 13,852,205 13,852,205 13,852,205 13,976,994 11,405,005			1,695,679
Electricity			
Fuel and oil Indigent relief - Free electricity 25,124,879 19,654,370 Indigent relief - Free electricity 22,924,708 28,989,224 Insurance 25,083,839 24,227,912 Learnerships and internships - 1,519,900 Marketing and advertising 945,256 1,405,972 Motor vehicle expenses 3,765,501 39,976,810 Operating lease expenditure 51,655,705 39,976,810 Postage and courier 45,414 4,91,409 Postage and courier 45,414 4,91,409 Printing and stationery 2,933,900 1,438,883 Required and courier 45,414 4,91,409 Printing and stationery 2,955,965 2,442,489 Revenueration of ward committees 9,955,965 2,442,489 Revenueration of ward committees 9,955,965 2,442,489 Revisition and internship fees 17,422,655 15,455,505 Subscriptions and internship fees 17,422,655 15,455,505 Subscriptions and membership fees 3,252,505 13,252,515 Travel - local			
Indigent relief - Free electricity 29,724,708 26,988,224 Insurance 25,083,839 42,279,121 Learnerships and internships 945,256 1,519,900 Marketling and advertising 945,256 1,202,019 Motor vehicle expenses 3,765,501 9,020,019 Operating lease expenditure 51,685,705 39,976,810 Penatities - South African Revenue Service 301,138 - Postage and courier 45,414 44,914,90 Printing and stationery 2,738,300 1,438,838 Remuneration of ward committees 9,970,823 2,424,248 Royalties and license fees 20,970,823 20,472,202 Skills development levy 15,485,606 Subscriptions and membership fees 17,422,365 16,465,066 Stundry expenses 55,820 2,107,787 12,189,055 13,585,504 13,876,593 Title deed search fees 4,387,119 5,976,994 13,985 13,582,504 Travel - local 1,120,005 1,372,628 12,996,994 Water research 5,123,055 1,37	·		
Insurance 25,063,839 24,227,912 Learnerships and internships 1,519,900 Marketing and advertising 945,256 1,405,972 Motor verbicle expenses 3,765,501 9,020,019 Operating lease expenditure 51,855,705 39,976,810 Postage and courier 45,414 4,491,480 Postage and courier 45,414 4,491,480 Printing and stationery 9,955,965 2,242,489 Remuneration of ward committees 9,955,965 2,242,489 Repulstles and license fees 9,955,965 2,242,249 Subscriptions and membership fees 15,431,660 15,855,504 Subscriptions and membership fees 17,432,285 21,077,87 Telephone and fax 4,387,119 5,976,984 Title deed search fees 35,50,309 133,567 Travel - local 1,490,706 1,372,622 Travel - local 1,490,706 1,372,622 Travel - local 1,90,706 1,372,622 Units gures were restated due to errors identiffied in the current financial year, refer to note 68. 814,636,653			
Learneships and internships 1,519,900 Marketing and advertising 945,256 1,405,972 Motor vehicle expenses 3,765,501 9,020,019 Operating lease expenditure 301,138 4,414 4,491,490 Pentalities - South African Revenue Service 301,138 4,414 4,491,490 Postage and courier 4,5414 4,491,490 47,414 4,491,490 Printing and stationery 2,738,300 1,438,883 1,438,883 Remuneration of ward committees 9,955,965 2,442,439 20,473,202	· · ·		
Marketing and advertising Motor vehicle expenses 3,765,501 9,020,019 0,020,019 <td></td> <td>-</td> <td></td>		-	
Motor vehicle expenses 3,765,501 9,020,019 Operating lease expenditure 51,655,755 59,976,810 Penalities - South African Revenue Service 301,138 -7-78 Postage and ourier 45,414 4,491,490 Printing and stationery 2,738,300 1,438,883 Remuneration of ward committees 9,955,965 2,424,248 Royalties and license fees 20,970,823 2,0473,202 Skills development levy 15,431,660 15,655,504 Subscriptions and membership fees 17,432,365 16,465,066 Sundry expenses 35,820 2,107,787 Telephone and fax 4,387,119 5,976,994 Tile deed search fees 3,550,308 133,822 Trasport and freight 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 814,638,653 835,326,533 Water Journal Fees were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases <		945,256	
Penalties - South African Revenue Service 301,138 4,414 4,91,400 Postage and courier 45,414 4,91,400 1,438,833 1,438,833 1,438,833 1,438,833 2,424,438 Royal files and license fees 20,970,823 20,473,202 2,0473,202 2,0473,202 3,21,435 16,645,066 15,856,504 15,856,504 15,856,504 15,856,504 15,856,504 15,856,504 15,856,504 16,450,666 3,000 2,107,787 16,650,666 Sundry expenses 55,820 2,107,787 2,107,787 176,659,669 3,138,822 2,107,787 176,699 133,826 133,826 133,826 133,826 13,726,628 13,726,628 13,726,628 1,490,706 1,372,628 1,490,706 1,372,628 1,490,706 1,372,628 1,490,706 1,473,730 140,739 193,506 140,739 193,506 140,739 140,739 193,506 140,739 140,739 140,747,670 1420,967,370 140,739 140,747,670 1420,967,370 140,739 140,747,670 1420,967,370 140,739 140,747,670 1420,967,3		3,765,501	9,020,019
Postage and courier 45,414 4,41,490 Printing and stationery 2,783,300 1,438,838 Remuneration of ward committees 9,955,965 2,424,248 Royalties and license fees 20,970,825 2,442,438 Skills development levy 15,431,660 15,856,504 Subscriptions and membership fees 15,432,365 16,465,066 Sundry expenses 5,5820 2,107,787 Telephone and fax 4,387,119 5,976,994 Title deed search fees 3,550,308 133,822 Transport and freight 213,965 135,587 Travel - local 1,490,708 1,372,628 Uniforms 4,795,222 12,904,314 Water research 4,795,222 12,904,314 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchased (KL) 81,522,241 80,807,354 Units porchased (KL) 41,41,678,583) 46,666,969 Units loss (KL) <td></td> <td>51,655,705</td> <td>39,976,810</td>		51,655,705	39,976,810
Printing and stationery 2,738,300 1,438,888 Remuneration of ward committees 9,955,965 2,424,248 Royalties and license fees 20,970,823 20,473,202 Skills development levy 15,431,660 15,856,504 Sundry expenses 55,820 2,107,787 Telephone and fax 4,387,119 5,976,994 Tille deed search fees 3,550,308 133,822 Trasport and freight 213,965 137,587 Travel - local 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 Units purchased (KL) 41,678,583) 46,669,699 Rand value of loss 39,843,658 36,669,699 Rand value per unit (KL) 11,40 11,09			-
Remuireration of ward committees 9,955,965 2,442,488 Royalties and license fees 20,979,023 20,473,205 Skills development levy 15,431,660 15,856,504 Subscriptions and membership fees 15,431,660 15,856,504 Sundry expenses 5,5620 2,107,787 Telephone and fax 4,387,119 5,976,994 Title deed search fees 3,550,308 133,822 Trasport and freight 213,965 135,587 Travel - local 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. ***********************************			
Royalties and license fees 20,970,823 20,473,202 20,473,202 58,816,600 15,836,604 15,856,504 15,856,504 15,856,504 15,856,504 15,856,504 15,856,504 16,465,066 50,802 2,107,785 16,465,066 50,802 2,107,785 16,465,066 50,802 2,107,789 15,836,119 5,976,984 133,822 12,107,678 133,822 12,19,655 135,827 17,802,628 135,822 12,19,04,314 14,90,706 1,372,628 1,490,706 1,372,628 1,490,706 1,372,628 1,490,706 1,372,628 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,490,706 1,400,730 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 40,967,370 <td></td> <td></td> <td></td>			
Skilis development levy 15,431,660 15,856,504 Subscriptions and membership fees 17,432,365 16,465,066 Sundry expenses 55,820 2,107,787 Telephone and fax 4,387,119 5,976,994 Title deed search fees 3,550,308 133,822 Transport and freight 213,965 135,587 Travel - local 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 5,767,482 5,123,055 ****Strong Year figures were restated due to errors identified in the current financial year, refer to note 68. ****Strong Year figures were restated due to errors identified in the current financial year, refer to note 68. ************************************			
Subscriptions and membership fees 17,432,365 16,465,066 Sundry expenses 55,820 2,107,787 Telephone and fax 4,387,119 5,976,994 Title deed search fees 3,550,308 133,822 Transport and freight 213,965 135,587 Travel - local 1,490,706 1,372,628 Uniforms 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 Units sold (KL) 41,678,583 44,137,655 Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962			, ,
Sundry expenses 55,820 2,107,787 Talephone and fax 4,387,119 5,976,994 Title deed search fees 3,550,308 133,822 Transport and freight 213,965 135,587 Travel - local 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses 81,522,241 80,807,354 Units purchased (KL) 81,522,241 80,807,354 Units sold (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 36,669,699 Units loss (KL) 39,844,326 36,669,699 Rand value for loss 454,225,316 406,666,962			
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Title deed search fees 3,550,308 133,822 Transport and freight 213,965 135,587 Travel - local 1,490,706 1,372,628 Uniforms 4,795,222 12,904,314 Water research 5,767,482 5,123,055 Workmen's compensation 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 Units sold (KL) 41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962			
Transport and freight Travel - local 213,965 135,587 17,490,706 1,372,628 1,490,706 1,372,628 1,490,706 1,372,628 1,2904,314 47,475,674 82 5,123,055 447,747,670 193,506 140,739 193,506 140,739 193,506 140,739 193,506 140,739 193,506 140,739 193,506 140,739 193,506 140,739 193,506 140,739 193,506 193,730 193,730 193,506 193,730 193,730 193,7	Title deed search fees	3,550,308	
Uniforms 4,795,222 12,904,314 40 5,767,482 5,767,482 5,123,055 193,506 140,739 12,904,314 5,767,482 5,123,055 193,506 140,739 140,739 447,747,670 420,967,370 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 (41,678,583) (44,137,655) (41,678,583) (44,137,655) 39,843,658 36,669,699 Total loss (KL) 39,843,658 36,669,699 36,669,699 Rand value of loss 31,40 31			135,587
Water research Workmen's compensation 5,767,482 193,505 193,505 193,506 193,506 193,506 140,739 5,123,055 193,505 193,506 140,739 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses 81,522,241 (41,678,583) (44,137,655) (44,137,655) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 (41,402,402) (41,402)			
Workmen's compensation 193,506 447,747,670 140,739 420,967,370 Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 814,638,653 835,326,533 Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) Units sold (KL) 81,522,241 (41,678,583) 80,807,354 (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) Rand value per unit (KL) 39,844,326 11.40 36,669,699 Percentage Loss:			
Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases Water losses Units purchased (KL) Units sold (KL) Units sold (KL) Total loss (KL) Rand value of loss Units loss (KL) Rand value per unit (KL) Total rand value for loss Percentage Loss:			
Prior year figures were restated due to errors identified in the current financial year, refer to note 68. 51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 (41,678,563) (44,137,655) Total loss (KL) (41,678,563) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962 Percentage Loss:	workmen's compensation		
51. Bulk purchases Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 Units sold (KL) (41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962			
Water purchases 814,638,653 835,326,533 Water losses Units purchased (KL) 81,522,241 80,807,354 (44,137,655) Units sold (KL) (41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 36,669,699 Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962	Prior year figures were restated due to errors identified in the current financial year, refer to r	note 68.	
Water losses Units purchased (KL) 81,522,241 80,807,354 Units sold (KL) (41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962	51. Bulk purchases		
Units purchased (KL) 81,522,241 (41,678,583) 80,807,354 (44,137,655) Units sold (KL) 39,843,658 36,669,699 Rand value of loss Units loss (KL) Rand value per unit (KL) 39,844,326 (36,669,699) 36,669,699 (11.40) 11.40 (11.09) Total rand value for loss 454,225,316 (406,666,962) 406,666,962	Water purchases	814,638,653	835,326,533
Units sold (KL) (41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962	Water losses		
Units sold (KL) (41,678,583) (44,137,655) Total loss (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962	Units purchased (KL)	81,522,241	80,807,354
Total loss (KL) 39,843,658 36,669,699 Rand value of loss 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962	. ,		
Units loss (KL) 39,844,326 36,669,699 Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962 Percentage Loss:			
Rand value per unit (KL) 11.40 11.09 Total rand value for loss 454,225,316 406,666,962 Percentage Loss:	Rand value of loss		
Total rand value for loss 454,225,316 406,666,962 Percentage Loss:			
	Percentage Loss:		
Technical losses 49 % 45 %			
	Technical losses	49 %	45 %

Material bulk water losses are not recoverable. The main reason for incurring water losses relate to burst water pipes, leaks and illegal water connections.

Prior year figures were restated due to errors identified in the current financial year, refer to the prior period error note 68.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
52. Contracted services		
Outsourced Services		
Burial services	1,153,035	1,251,850
Meter management services	3,922,893	7,487,064
Refuse removal services	37,610,029	21,564,314
Sewerage services	15,427,508	13,596,055
Consultants and Professional Services		
Business and advisory services	63,384,816	77,536,463
Infrastructure and planning services	-	10,541,619
Legal costs	11,143,629	47,019,903
Contractors		
Catering services	312,633	232,100
Electrical	923,573	1,324,972
Gardening services	1,226,732	454,741
Repairs and maintenance	206,027,182	333,727,145
Safeguard and security services Other contracted services	113,041,378	88,471,687
Other contracted services	1,401,636 455,575,044	2,349,469 605,557,382
	433,373,044	003,337,302
Prior year figures were restated due to errors identified in the current financial year, refer	r to note 68.	
53. Fair value adjustments		
Heritage assets (Fair value model)	-	(24,179,295
Investment property (Fair value model)	1,813,000	15,032,645
Non-current receivables (Designated as at fair value through surplus or deficit)	19,511	12,209
	1,832,511	(9,134,441
Prior year figures were restated due to errors identified in the current financial year, refer	r to the prior period error note 68.	
54. Loss on disposal of assets and liabilities		
Losses arising from the disposal of property, plant and equipment	25,556,677	10,306,891
20303 anding from the disposal of property, plant and equipment	20,000,077	10,000,001
Prior year figures were restated due to errors identified in the current financial year, refer	r to the prior period error note 68.	
55. Loss on revaluation of assets		
Losses arising from the revaluation of property, plant and equipment	-	113,406,569
		-
Prior year figures were restated due to errors identified in the current financial year, refer	r to the prior period error pete 60	

Prior year figures were restated due to errors identified in the current financial year, refer to the prior period error note 68.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
56. Cash generated from operations		
Surplus/(deficit)	328,994,945	(812,878,191)
Adjustments for:		
Depreciation and amortisation Loss on disposal of assets Fair value adjustments Impairment loss Movements in retirement benefit liabilities Loss on revaluation of assets Public contributions and donations Unwinding of FRESCHO liability Unwinding of Land availability liability Unwinding of Provisions Finance charges Living resources Interest received	613,149,308 25,556,677 (1,832,511) 13,505,529 (24,821,400) - (1,950,000) (14,127,896) (15,837,467) 73,142,385 60,946,727 (660,800) (170,133,783)	674,686,440 10,306,891 9,134,441 25,514,271 2,837,000 113,406,569 (2,900,907) (14,127,896) (15,837,467) 72,036,168 76,579,718 (476,200) (155,681,661)
Changes in working capital:		
Inventories Other receivables from exchange transactions Consumer receivables from exchange transactions Consumer receivables from non-exchange transactions Other receivables from non-exchange transactions Payables from exchange transactions VAT Payables from non-exchange transactions Unspent conditional grants and receipts Consumer deposits Centlec intercompany loan	(12,445,953) (67,790,732) 104,000,149 (80,019,355) (350,426) (17,738,276) (35,654,124) (83,556,767) (201,108,811) 568,427 169,352,512	(22,768,336) 441,578 251,933,143 427,585,081 342,933 116,098,745 (89,017,590) (102,515,211) 535,376,336 488,755 154,582,521
	661,188,358	1,255,147,131

Figures in Rand

Notes to the Annual Financial Statements

At cost	3,264,186,049 Total 1,530,136,502 469,825,263
100 100 100 At amortised cost 1,530,136,502 469,825,263	767,291,782 144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
100 100 100 At amortised cost 1,530,136,502 469,825,263	767,291,782 144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
100 100 100 At amortised cost 1,530,136,502 469,825,263	767,291,782 144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
100 100 100 At amortised cost 1,530,136,502 469,825,263	767,291,782 144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
100 100 100 At amortised cost 1,530,136,502 469,825,263	767,291,782 144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	144,735,800 813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	813,925,650 851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	851,354,157 686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	686,722,783 155,777 100 3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	155,777 100 3,264,186,049 Total 1,530,136,502
At amortised cost 1,530,136,502 469,825,263	3,264,186,049 Total 1,530,136,502 469,825,263
At amortised cost 1,530,136,502 469,825,263	Total 1,530,136,502 469,825,263
cost 1,530,136,502 469,825,263	1,530,136,502 469,825,263
cost 1,530,136,502 469,825,263	1,530,136,502 469,825,263
1,530,136,502 469,825,263	469,825,263
469,825,263	469,825,263
1,999,961,765	1,999,961,765
At cost	Total
_	871,291,931
	071,201,001
-	76,945,068 806,540,231
-	857,958,306
-	728,134,482
100	152,956 100
100	3,341,023,074
	Total
1,554,533,593	1,554,533,593
	12,096,615 668,894,849
000,004,040	2,235,525,057
_	100 100 At amortised cost

2023

2022

period errors.

Payable from non-exchange transactions and consumer deposits were not disclosed as financial instruments, due to the line items not satisfying the updated requirements of GRAP 104.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
58. Commitments		
Commitments in respect of capital expenditure		
Already contracted for but not provided for		
Infrastructure assets	154,070,480	248,788,169
The capital expenditure will be financed from		
Unspent conditional grants Own funding	141,416,785 12,653,695	248,788,169
CWIT full dilig	154,070,480	248,788,169
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year - in second to fifth year inclusive - later than five years	8,024,265 18,689,244 15,115,555	6,382,239 17,006,180 17,013,667
	41,829,064	40,402,086

The entity leases various fixed properties under non-cancellable operating leases to various institutions. The lease agreements have escalations between 4% to 12% per year with the agreements varying between 2 and 50 years.

Rental income, for these agreements, to the value of R32,728,952 (2022: R34,526,885) has been recognised in the Statement of Financial Performance during the year. Renewal options have been taken into account during the calculation of the deferred lease.

There are no purchase options or contingent rent during the year.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
59. Contingencies		
Contingent liabilities		
Guarantees		
Housing guarantees	471,969	494,069
The entity has provided housing guarantees for bonds of municipal officials. The certain are uncertain. The amounts disclosed are the possible outflow amounts.	nty and the timing of the outflow of the	nese guarantees
Other contingent liabilities		
Claims by individuals due to property damages in various incidents Claims by individuals due to various incidents	4,806,434 122,370,226	14,007,022 55,272,005
	127,176,660	69,279,027

The entity is involved in the abovementioned classes of pending claims. These include labour, insurance claims, breaches in supply chain management and other small related claims. All the claims are being contested based on legal advice. The certainty and timing the outflow of these liabilities are uncertain. The amounts disclosed are possible outflow amounts.

Legal firms assisting the municipality are rate based and therefore the legal cost to the municipality in such matters cannot be determined.

Contingent assets

Guarantees

Quarry rehabilitation guarantee 9,800,493 8,842,597

Petra quarry is owned by the municipality but is leased and operated by a private firm. It should be noted that the lease agreement with the current operator states that the tenant is responsible for rehabilitation costs. However, in the event that the tenant cannot fulfil the rehabilitation duties, the municipality were guaranteed for the amount of R9,800,493 (2022: R8,842,597) during the 2023 evaluations, to ensure that the Petra quarry will be rehabilitated. Perta Quarry has a financial guarantee in place that covers rehabilitation. This was renewed on 04 November 2021.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

60. Related parties

Relationships

Accounting Officer Controlled entities Members of key management Members of the mayoral committee Refer to accounting officers' report

Refer to note 15 Refer to note 43 Refer to note 44

The entity was placed under administration under Section 139(5)(a) and 139(5)(c) of the Constitution of the Republic of South Africa effective from 1 January 2020, and as per the terms of reference, the administrators have significant influence over the metro.

Thus, during this period of temporary control, the Metro (and any entities it controls) is required to include as per GRAP 20 all related party disclosures in its financial statements from the date that it was placed under administration.

The administrative team is comprised of the following members effective from 1 January 2020:

- 1. Adv Mofokeng M Office of the Premier.
- 2. Sesing M Provincial Accountant General & CA(SA).
- 3. Mokheseng D Provincial COGTA.
- 4. Mohlahlo E Acting Head Public Works & Infrastructure.
- 5. Mkaza TL Vast experience in local government.
- 6. Mawonga T Vast experience in local government (from 3 May 2021).
- 7. Ntoyi L Vast experience in local government (from 3 May 2021).

In addition to the above National Cabinet requested on 06 April 2022 for National Treasury to intervene in the affairs of Mangaung Metropolitan Municipality. The Minister for Finance approved the national intervention in terms of section 139(7) of the Constitution of the Republic of South Africa Act, 1996 ("the Constitution") read with section 150 of the MFMA, on the 26th of April 2022 and was published on 28 April 2022.

The interim intervention team is comprised of the following members and their assumed positions:

- 1. Maseko E Interim National Cabinet Representative (resigned).
- 2. Motlashuping T (National CoGTA) Acting City Manager (term ended on 30 April 2022).
- 3. Dumalisile NR (Department of Human Settlements) Acting City Manager (from 25 April 2023).
- 4. Sediti T (National Treasury) Acting Chief Financial Officer (term ended on 18 December 2022).
- 5. Denge L (National Treasury) Acting Chief Financial Officer (from 19 December 2022).
- 6. Adv Mpangane N (National CoGTA) Acting HOD Corporate Services.
- 7. McLeod WR (MISA) Acting HOD Engineering Services.
- 8. Manyungwana XC (Department of Transport) Acting HOD Economic and Rural Development.
- 9. Nel F (Department of Forestry, Fisheries and the Environment) Waste and Fleet Management.
- 10. Mabunda N (MISA) Acting HOD Human Settlements and Housing (from 25 April 2023).

The National intervention team were as follows:

- 1. Malaza G National Cabinet Representative
- 2. Kunene V Finance Specialist
- 3. Cibane T Governance Specialist
- 4. Nkosi M Governance Specialist

There were no related party transactions with any of the administrators listed above during the current or prior year. All transactions with provincial and national departments were within normal operating parameters.

Related party balances

Investment in controlled entities

Centlec (SOC) Limited 100

Refer to note 15 for further details for the above investments.

Loan accounts - Owing by related parties

Centlec (SOC) Limited - Capital advances	47,744,789	54,348,938
Centlec (SOC) Limited - Intercompany loan	813,925,650	806,540,231
Centlec (SOC) Limited - Shareholders loan	803,609,368	803,609,368

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
rigaroo iii riana	2020	

60. Related parties (continued)

Refer to Notes 9 and 16 for further details for the above loan accounts.

During the 2020/21 financial year it was resolved that consumer debtor balances will be offset against the intercompany accounts.

Related party transactions

Interest received from related parties

Centlec (SOC) Limited - Capital advances	(4,483,787)	(4,270,255)
Centlec (SOC) Limited - Intercompany loan	(64, 188, 863)	(54,302,049)
Centlec (SOC) Limited - Shareholders loan	(165,649,995)	(150,956,860)
Expenses paid to / (income received from) related parties		
Centlec (SOC) Limited - Grants paid - Urban Settlements Development Grant	22,608,696	24,753,070
Centlec (SOC) Limited - Grants paid - ISPUG	18.501.209	-

Contide (CCC) Limited Grante paid Cream Cottionnente Bevelopment Grant	22,000,000	_ 1,,, 00,0,0
Centlec (SOC) Limited - Grants paid - ISPUG	18,501,209	-
Centlec (SOC) Limited - Free basic electricity	24,472,706	22,919,129
Centlec (SOC) Limited - Streetlight electricity consumption	99,876,206	91,172,917
Centlec (SOC) Limited - Municipal building electricity consumption	62,439,297	83,663,961
Centlec (SOC) Limited - Capital advance redemption	(6,604,149)	(6,654,710)
Centlec (SOC) Limited - Fuel issued to MMM by Centlec (SOC) Ltd	13,037	297,046

Receipts on behalf of related parties

Centlec (SOC) Limited - Bank Receipts	33,157	11,689
---------------------------------------	--------	--------

Transfers made to / (received from) related parties

Centlec (SOC) Limited - Cash transfers	(10,000,000)	-
MMM - Cash transfers	8,000,000	-

Refer to Note 38 for further details for Interest received from related parties.

Remuneration of management

Councillors / Mayoral committee members:

Refer to note 44 for details relating to remuneration of councillors.

Councillors also accounts with the entity for the provision of normal municipal services. These are not disclosed as related parties as it is done on terms and conditions which is no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and those terms and conditions are within the normal operating parameters established by the reporting entity's legal mandate.

Executive management:

Refer to note 43 for details relating to the remuneration of executive management.

Executive management have accounts with the entity for the provision of normal municipal services. These are not disclosed as related parties as it is done on terms and conditions which is no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and those terms and conditions are within the normal operating parameters established by the reporting entity's legal mandate.

No further transactions took place between the entity and key management personnel or their close family members during the reporting period.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023	2022
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61. 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.

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout the annual financial statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principals on interest rate risk, credit risk and the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

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.

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.

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.

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

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

The entity is exposed to a number of guarantees for housing loans to employees. Refer to Note 59 for additional details.

At 30 June 2023	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	162,818,218	307.007.045	_
Payables from exchange transaction	1,811,235,151	-	-
Payables from non-exchange transactions	266,302,030	-	-
	2,240,355,399	307,007,045	
At 30 June 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	198,773,523	470,121,326	-
Finance lease obligations	12,096,615	-	-
Payables from exchange transaction	1,828,973,417	-	-
Payables from non-exchange transactions	307,755,243	-	-
	2,347,598,798	470,121,326	-

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

-· · - ·	2000	0000
Figures in Rand	2023	2022

61. Risk management (continued)

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2023	2022
Consumer receivables from exchange transactions	767,291,782	871,291,931
Other receivables from exchange transactions	144,735,800	76,945,068
Centlec intercompany loan	813,925,650	806,540,231
Centlec receivables	851,354,157	857,958,306
Cash and cash equivalents	686,722,783	728,134,482
Investment in controlled entity	100	100
Non-current receivables - at fair value	143,770	124,259
Non-current receivables - at amortised cost	12,007	28,697

These balances represent the maximum exposure to credit risk.

There has been no change, since the previous financial year, to the entity's exposure to credit risks or the manner in which it manages and measures the risks.

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates.

At year end, the financial instruments exposed to interest rate risk were as follows:

- Call, notice and fixed deposits
- Development Bank of South Africa, Standard Bank of South Africa Limited and ABSA loans
- Finance lease obligations

The entity's interest rate risk arises from long-term borrowings and finance leases. Borrowings and finance leases issued at variable rates expose the entity to cash flow interest rate risk.

Borrowings and finance leases issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to maintain the majority of its borrowings and finance leases in fixed rate instruments. During 2023 and 2022, the entity's borrowings and finance leases at variable rate were denominated in the Rand.

Foreign exchange risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk.

The entity does not hedge foreign exchange fluctuations.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

Price risk

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

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

62. Going concern

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

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R12,118,506,049 (2022: R11,775,931,418) and that the municipality's total assets exceed its total liabilities by R13,021,460,547 (2022: R12,690,544,574).

The municipality had a surplus/(deficit) of R328,994,945 (2022: R(812,878,191)) for the year. The current assets exceed the current liabilities by R811,196,939 (2022: R462,620,553).

However, the following events or conditions, along with other matters as set forth in this note indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern:

As disclosed in note 19, the municipality is taking an average period of 385 days (2022: 359 days) to pay their creditors. The average number of days required for the municipality to receive payment from its consumers for bills/invoices issued to them for goods and/or services is 69 days (2022: 81 days). In addition to this, the municipality is expecting that 86% (2022: 83%) of their receivables will be uncollectable, as disclosed in note 49.

While the municipality's current assets exceed its current liabilities, the municipality will not be able to settle all its current and short-term obligations with cash and investments (i.e. liquid assets) as they fall due at any specific point. Additionally, 74% (2022: 90%) of generated revenue is used to re-pay municipal liabilities rather than spending on service delivery initiatives. This is further confirmed by the fact that only 1.8% (2022: 2.9%) of municipal expenditure was channelled to repairs and maintenance of critical service delivery infrastructure and the current overall spending on critical service delivery infrastructure amounts to 8.2% (2022: 13.2%) of total expenditure, leading growing service delivery backlogs. The costs incurred by the municipality in relation to refurbishment, rehabilitation and reconstruction of service delivery assets to ensure the sustainability of service delivery amounts to 22% (2022: 20%) of total capital expenditure. The municipality is not investing enough in service delivery infrastructure to improve the condition of existing infrastructure, that will ensure the continued delivery of services.

As at 30 June 2023, 36% (2022: 48%) of municipal current liabilities will have to be funded by next year's budget. This highlights possible future cash flow problems/shortfall that may lead to possible financial viability difficulties in future and a failure by the municipality to fund its current and future operations, without hampering or compromising strategic goals and basic service deliverables.

The outstanding amount owed for bulk water supplies is R821,395,331 (2022: R690,166,388) which was long overdue and the municipality incurred material water losses, refer to note 51 for further detail.

The municipality experienced a negative cash movement during the current year, refer to the Cash Flow Statement, while experiencing labour difficulties and vacancies in 100 % of its key positions (2022: 91% vacancy rate). This places strain on the municipality's ability to effectively govern its financial viability, while negatively impacting governance and accountability. The municipality has continuously overspent its allocated budget, refer note 63 for detail.

The municipality has received a credit rating of Caa1 – stable from Moody's Rating Agency. This rating reflects the city's weak operating performance and fragile liquidity as well as a low likelihood that the Government of South Africa (Ba2 stable) would provide support if the city were to face acute liquidity stress. The credit profile is further supported by the municipality's low debt levels compared to those of other rated Metropolitan Municipality's in the country and its medium-sized economic base.

The above factors, together with other financial constraints resulted in the municipality being placed under administration as per section 139(5)(a) & (c) of the Constitution, during the prior year. Subsequently, a financial recovery plan has been put in place and is closely monitored by Provincial Government. Adjustments were made to the budget of the current and next three financial years to ensure that financial stability is reached and maintained.

The following areas and key activities will be focussed on within the next 6-12 months after year end to improve on the financial situation of the municipality:

Funded Budget Status: Capital Budget – Ring-fencing and monitoring of unspent conditional grants. Monthly progress reports detailing the implementation of both the procurement plan and project implementation plans to be provided for monitoring purposes.

Revenue management – The municipality is planning to implement revenue enhancement initiatives including robust billing, collection, and credit control procedures that must be adhered to. Furthermore, aggressive debt collection mechanisms will be implemented by taking legal action. Payment agreements will be entered into with all revenue owing government departments where the municipality will be seeking Provincial Treasury intervention if necessary. The municipality will also engage with debtors to agree on payment arrangements.

Indigent Management - Updating and cleansing of data on the system to provide correct details of customers. A review of the data captured on the system will be done by senior personnel to ensure accuracy and completeness with correction of accounts done on a monthly basis.

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Bond	2023	2022
Figures in Rand	2023	2022

62. Going concern (continued)

Supply Chain Management Compliance and Value for Money Procurement – The municipality will embark on a process to interrogate all UIF&W expenditure with reasons therefore and which will be submitted to Council for their decision on what action should be taken based on management's recommendations. Appropriate legal action to be instituted and consequence management taken based on the outcomes of the investigations.

Cost Containment and Realistic Cash Flow Management – The municipality will implement a system of expenditure control where no expenditure/ order is authorised unless it is provided for in the cash flow management system.

Revenue Raising Measures - To increase revenue, an audit will be conducted on all Municipal owned billboards and facilities that can generate revenue, implement by-laws and charge penalties where there is transgression and implement billing at the landfill sites once the weighbridges are operational.

Creditor Management – The Service Level Agreement with Bloem Water will be reviewed and the bulk supply tariffs will be renegotiated as well as renegotiating parts of amounts owed such as penalties relating to Eskom.

Financial Control Environment – Conduct a review on the audit action plan immediately after the issue of the audit report, provide practical action plan and track progress thereof.

Debt Restructuring - ESKOM: Apply for MFMA Circular No. 124 - Municipal Debt Relief through National Treasury.

63. Unauthorised expenditure

Opening balance	5,257,878,732	4,003,897,417
Add: Unauthorised expenditure	1,195,214,671	1,253,981,315
Closing balance	6,453,093,403	5,257,878,732
Unauthorised expenditure per department		
Unauthorised expenditure - OPEX		
Corporate Services	92,714,005	127,891,731
Miscellaneous services	250,554,589	-
Engineering Services	416,769,635	388,436,939
Finance	47,048,377	13,443,234
Human Settlement and Housing	76,606,576	15,188,444
Naledi infrastructure	1,372,706	-
Social Services	-	16,112,888
Strategic Services & Service Delivery	-	852,651
Waste and Fleet Management	101,193,983	77,627,263
Public Safety	105,897,453	20,666,553
Water Services	103,057,347	560,315,820
Unauthorised expenditure - CAPEX		
Finance	-	68,920
Waste and Fleet Management		33,376,872
	1,195,214,671	1,253,981,315

Disciplinary steps taken/criminal proceedings

No investigations were performed or disciplinary steps taken during the year.

Other information

Unauthorised expenditure figures disclosed above have been presented in this set of AFS exclusive of VAT, for both the current and prior financial years.

64. Fruitless and wasteful expenditure

Opening balance	185,299,155	101,367,299
Add: Fruitless and wasteful - current year	140,687,849	83,931,856
Closing balance	325,987,004	185,299,155

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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64. Fruitless and wasteful expenditure (continued)

Disciplinary steps taken/criminal proceedings

No investigations were performed or disciplinary steps taken during the year.

Other information:

The amounts disclosed is including VAT.

Amount
369,808 242,002 422,818 24,240 28,235 300,000 1,251,830 65,310,812 23,445 682,671 1,762,232 1,352 3,900 7,046 46,910,316 19,351,080 3,603,623
140,687,848
Amount
135,167 114,783 66,001 36,868 225,747 636 1,609,439 4,543,030 24,228 2,029,155 23,731,624 51,415,178 83,931,856

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
65. Irregular expenditure		
Opening balance Add: Irregular Expenditure - current year Add: Irregular Expenditure - prior year expenditure identified in the current year	2,925,148,371 198,097,474 53,148	2,739,720,400 163,199,566 22,228,405
Closing balance	3,123,298,993	2,925,148,371
Disciplinary steps taken/criminal proceedings		
No investigations were performed or disciplinary steps taken during the year.		
Incidents/cases identified in the current and prior year include those listed below:		
Description Non-compliance with SCM processes Non-compliance with SCM processes - Prior year expenditure identified in the current year Contracts declared as irregular expenditure in the prior	196,603,579 53,148	151,526,519 22,228,405 11,648,819
year	1 402 006	
Overpayment of Councillors	1,493,896 198,150,623	24,228 185,427,971
The amounts disclosed is including VAT.		
66. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription Amount paid - current year	17,231,606 (17,231,606)	16,333,276 (16,333,276)
Contributions to organised local government consists of annual subscriptions paid to SALGA.		
Audit fees		
Opening balance Amount paid - previous years Current year audit fee Amount paid - current year	1,629,239 (1,629,239) 24,148,273 (23,554,836) 593,437	6,542,987 (6,542,987) 20,008,499 (18,379,260) 1,629,239
Amount excludes VAT.		
PAYE, UIF and SDL		
Opening balance Amount paid - previous years Current year declarations Current year penalties and interest Amount paid - current year	36,456,015 (36,469,231) 331,302,327 2,549 (308,470,632) 22,821,028	29,297,326 (29,339,332) 351,854,756 (315,356,735) 36,456,015

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
66. Additional disclosure in terms of Municipal Finance Management Act (co	ntinued)	
Pension and Medical Aid Deductions		
Opening balance Amount paid - previous years Current year payroll deductions and council contributions Amount paid - current year	35,778,313 (35,778,313) 442,673,288 (405,538,004)	36,002,391 (36,002,391) 434,625,309 (398,846,996)
	37,135,284	35,778,313
VAT		
VAT receivable	206,486,354	170,832,230

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

Councillors' arrear consumer accounts

Refer to Appendix A for details relating to Councillors' arrear debt.

Grants withheld

The following amounts were withheld by National Treasury due to the slow implementation of projects. The amounts were subsequently forfeited.

Expanded Public Works Programme Incentive Grant	14,136	364,394
Finance Management Grant	104,467	_
Informal Settlements Upgrading Partnership Grant	132,207,474	-
Integrated City Development Grant	-	3,714,313
Neighbourhood Development Partnership Grant	4,214,789	1,142,169
Programme and Project Preparation Support Grant	1,454,500	-
Public Transport Network Grant	92,786,580	-
Urban Settlement Development Grant	146,453,593	13,158,123
	377,235,539	18,378,999

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Figures in Rand 2023 2022

67. Deviation from supply chain management regulations

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

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

For the current financial year there were instances where goods and services were procured and deviated from the normal Supply Management Policy, as provided for in section 15.8.3 and 16.3.1 of the Supply Chain Management Policy:

Class of deviation	Number of deviations	2023
Burial services	318	1,205,865
Exceptional case	17	313,588
General repairs and maintenance of agent products	19	1,222,065
Impractical	15	9,794,719
Legislative books and documents	1	117,829
Medical products and services	1	64,574
Newspaper advertisements	5	176,998
Pre-determined conferences, delegations and training	2	46,818
Ratification of minor breaches of the procurement process	11	13,615,969
Scheduled medical examinations	1	4,666
Sole supplier	7	5,287,721
Strip and quote	3	296,146
Unforeseeable transport services	5	304,550
	405	32,451,508
Class of deviation	Number of deviations	2022
Burial services	300	1,248,409
General repairs and maintenance of agent products	161	6,746,863
Impractical	5	2,656,754
Newspaper advertisements	21	683,586
Sole supplier	4	10,422,736
Strip and quote	12	756,254
	503	22,514,602

Notes to the Annual Financial Statements

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Prior period errors

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

Financial Position 2022	As previously reported	Correction of errors 2021	Correction of errors 2022	Restated 2022
Current Assets				
Inventories Consumer receivables from exchange transactions Consumer receivables from non-exchange transactions	548,733,569 871,291,931 764,212	970,000 11,564,764 2,044,234	(10,963) (11,564,764) (2,042,171)	549,692,606 871,291,931 766,275
Other receivables from exchange transactions VAT receivable	74,359,142 153,696,392	158,940 12,020,048	2,426,985 5,115,790	76,945,067 170,832,230
Non-Current Assets				
Property, plant and equipment Heritage assets Living resources	11,664,648,498 244,666,687 3,675,801	(45,523,780) 7,448,584 -	(40,332,131) 852,640 30,401	11,578,792,587 252,967,911 3,706,202
Current Liabilities				
Payables from exchange transactions Provisions	(1,721,059,447) (98,748,234)	(60,538,143)	(47,375,828) (3,985,041)	(1,828,973,418) (102,733,275)
Non-Current Liabilities				
Provisions	(628,688,755)	-	(14,087,629)	(642,776,384)
Reserves				
Revaluation reserve Accumulated surplus (Opening balance)	(857,222,985) (11,987,009,667)	(3,216,132) 75,071,485	(25,034,054) 136,006,765	(885,473,171) (11,775,931,417)
	(1,730,892,856)			(1,730,892,856)

Notes to the Annual Financial Statements

Figures in Rand		2023	2022
68. Prior period errors (continued)			
Financial Performance 2022	As previously reported	Correction of errors 2022	Restated 2022
Revenue			
Rental of facilities and equipment Living resources Other income from exchange transactions	(49,216,654) (444,200) (75,984,591)	(537,625) (32,000) 3,198	(49,754,279) (476,200) (75,981,393)
Expenditure			
Depreciation and amortisation Finance costs Debt impairment and bad debt write off Contracted services Bulk purchases General expenses Loss on disposal of assets and liabilities Loss on revaluation of assets Fair value adjustments	673,217,075 232,429,588 1,780,309,540 508,843,210 835,315,570 420,974,517 8,197,606 113,405,317 (15,044,854)	1,469,365 374,372 11,721,642 96,714,170 10,963 (7,152) 2,109,285 1,252 24,179,295	674,686,440 232,803,960 1,792,031,182 605,557,380 835,326,533 420,967,365 10,306,891 113,406,569 9,134,441
•	4,432,002,124	136,006,765	4,568,008,889

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Notes to the Annual Financial Statements

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68. Prior period errors (continued)

The details of the correction of errors above and their effect on the comparative figures are explained below:

Inventories:

The comparative figure for inventories were restated due to the transfer of land which was not accounted for in previous financial years.

Other receivables from non-exchange transactions:

The comparative figure for other receivables from non-exchange transactions was restated due to expired traffic fines taken into account.

Other receivables from exchange transactions:

The comparative figure for other receivables from exchange transactions was restated due to errors identified in the deferred lease balance and a other receivable not recognised in the prior year.

VAT receivable:

The comparative figure for VAT receivable was restated due to various reasons, which include:

- The effect of a VAT recovery process that was undertaken during the current financial year; and
- The effect of accruals that were not accounted for in the prior year.

Property, plant and equipment:

The comparative figure for property, plant and equipment was restated due to various reasons, which include:

- Derecognition of assets which have been previously disposed of;
- Derecognition of expenditure items that were incorrectly capitalised as assets;
- Recognition of assets that were previously classified as expenditure;
- Recognition of assets that were unbundled from completed projects;

Heritage assets

The comparative figure for Heritage assets was restated due to additional Heritage assets idetified which was not accounted for or which was incorerctly accounted for in Property, plant and equipment.

Living resources:

The comparative figure for living resources were restated due to giraffes not accounted for in the prior year.

Payables from exchange transactions:

The comparative figure for payables from exchange transactions was restated due to various reasons, which include:

- Accounting for accruals that were identified during the current financial year that relate to the previous financial year; and
- Correction of accruals that were incorrectly raised during the previous financial year.

Provisions:

At year end the municipality noted that the post closure monitoring and maintenance costs were not part of provisions calculations. The post closure monitoring and maintenance of landfill sites were factored in the provisions calculations.

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Notes to the Annual Financial Statements

Figures in Rand 2023 2022

68. Prior period errors (continued)

Accumulated surplus:

The comparative figure for the accumulated surplus (2021 balance) was restated due to the cumulative effect of the various prior period errors which includes the following:

- Indigents incorrectly accounted for in the previous financial years, corrected during the current financial year.
- Corrections was made to VAT and expenditure due to a vat review performed by consultants.
- Land previously not accounted for was recognised during the year and some land was derecognised during the year which had an impact on the opening balances.
- Payables and provisions previously not accounted for was accounted for during the current year which had an impact on VAT, expenditure, payables, provisions and contracted services.
- Traffic fines older than 2 years was incorrectly accounted for in the financial statements, which was now expired and removed from the traffic fines receivables.

Revaluation Reserve:

The comparative figure for revaluation reserve was restated due to the effect of the prior period errors on property, plant and equipment.

Rental of facilities and equipment:

The comparative figure for rental of facilities and equipment was restated due to errors identified in the deferred lease balance.

Other income from exchange transactions:

The comparative figure for other income from exchange transactions was restated due to refunds not accounted for.

Depreciation and amortisation:

The comparative figure for depreciation and amortisation was restated due to the effect of the prior period errors on property, plant and equipment.

Finance costs:

The comparative figure for finance cost was restated due to the effect of the prior period errors on payables from exchange transactions.

Debt impairment and bad debt write off:

The comparative figure for debt impairment and bad debt write off was due to restatement of the traffic fines receivable amount which had an impact on the provision for impairment and correction of previously written off indigents.

Bulk purchases:

The comparative figure for bulk purchases was restated due to the impact of inventory losses in the prior financial year.

General expenses:

The comparative figure for general expenses was restated due to the effect of the prior period errors on VAT receivable and payables from exchange transactions.

Contracted services:

The comparative figure for contracted services was restated due to the effect of the prior period errors on VAT receivable, payables from exchange transactions and property, plant and equipment.

Loss on disposal of assets and liabilities:

The comparative figure for loss on disposal of assets and liabilities is due to the correction of capitalised assets recorded in the incorrect financial year.

Loss on revaluation of assets:

The comparative figure for loss on revaluation of assets is due to a VAT adjustment on capital certificates prior to revaluation of properties.

Living resources:

The comparative figure for loss on revaluation of assets is due to the non-recognition of giraffes.

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68. Prior period errors (continued)

Fair value adjustments

The comparative figure for fair value adjustments were restated due to the fair value on Heritage assets accounted for in the valuation reserves and not through the statement of financial performance.

69. Budget differences

Material differences between budget and actual amounts

The following are explanations for material variances of more than 10% between budget and actual amounts.

Financial Performance:

69.1 Other income from exchange transactions:

The variance is due to lower revenue collected for rendering of services than anticipated.

69.2 Interest received from exchange transactions:

The variance is due to an increase in cash and cash equivalents, resulting in an increase in interest received from exchange transactions.

69.3 Dividends received:

Immaterial difference amount.

69.4 Property rates

The difference is due a conservative budgeting approach on property rates and there were also new developments and building alterations during the year.

69.5 Interest received from non-exchange transactions:

The variance is due to an increase in accounts receivable, resulting in an increase in interest received from non-exchange transactions.

69.6 Government grants and subsidies (Operational):

The variance is due to additional funding spent during the year.

69.7 Public contributions and donations:

Immaterial difference amount.

69.8 Fines, penalties and forfeits:

The variance is mainly due to hampered performance regarding the implementation of the traffic management system.

69.9 Living resources:

Immaterial difference amount.

69.10 Depreciation and amortisation:

The variance is due to insufficient budget for depreciation and amortisation.

69.11 Finance cost:

The variance is due to insufficient budget for borrowings and the employee benefit obligation.

69.12 Debt impairment and bad debt write off

The variance is due to insufficient budget for debt impairment and high rate of collectability.

69.13 Bulk purchases:

The variance is due to the high increases in tariffs charged by bulk water supplier and the unexpected water losses incurred due to aging water infrastructure.

69.14 Grants and subsidies paid:

The variance is due to additional funding that was received to be transferred to Centlec (Pty) LTD.

69.15 General expenses:

The variance is due to increased costs of general expenditure items and electricity.

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69. Budget differences (continued)

69.16 Inventory losses:

Immaterial difference amount.

69.17 Actuarial gains:

The variance is due to unplanned estimates from actuaries.

69.18 Impairment loss:

The entity did not expect to lose any value in assets through impairment and thus did not budget for this type of expenditure.

69.19 Fair value adjustments:

The variance is mainly due to increase valuation on Investment Property.

69.20 Loss on disposal of assets and liabilities:

The anticipated loss on disposal of assets and liabilities did not realised during the year.

69.21 Government grants and subsidies (Capital):

The variance is mainly due to less capital grants spend than anticipated.

Financial Position:

69.22 Current assets

The variance is mainly due to an increase in inventories, other receivables from non-exchange transactions, consumer receivables from non-exchange transactions, other receivables from exchange transactions, vat receivable and the centlec intercompany loan. The variance is also due to a decrease in consumer receivables from exchange transaction and cash and cash equivalents.

69.23 Non-current assets

The variance is due to an increase in investment property, non-current receivables and intangible assets, The variance is also due to a decrease in property plant and equipment, centlec receivables and living resources.

69.24 Current liabilities:

The variance is mainly due to an increase in bulk water purchases, comprising of the price per kilolitre as well as the increase in quantity and low payment rate to trade payables.

69.25 Non-current liabilities:

The variance is due to under budgeted changes to borrowings and the reduction in the liabilities incurred on service concession assets.

69.26 Reserves:

The variance is due to the impact of the over and under performance on revenue and expenditure items as indicated above under financial performance and financial position.

Cash flow:

69.27 The variance is due to the impact of the over and under performance on revenue and expenditure items as indicated above under financial performance and financial position.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

70. Change in estimate

Property, plant and equipment

For the following classes of property, plant and equipment the remaining useful lives were adjusted to a minimum remaining usefil life of 3 years.

It is impracticable to estimate the effect on future periods as the remaining useful lives is reviewed at each reporting date.

The effect of the change has resulted in a change in depreciation as follows:

Asset Class Depreciation	Depreciation before change in estimate	Change in Depreciation	Depreciation after change in estimate
Community - Landfill sites and quarries	10,648,094	(3,539,718)	7,108,376
Community - Other	10,793,640	(3,506,362)	7,287,278
Fleet	5,237,798	(2,794,212)	2,443,586
Infrastructure - Roads and roads related	78,923,859	(25,825,646)	53,098,213
Infrastructure - Sanitation network	7,866,901	2,964,313	10,831,214
Infrastructure - Water network	8,502,515	(2,641,121)	5,861,394
Intangible assets	150,813	(34,592)	116,221
Other property, plant and equipment	7,467,552	(2,394,752)	5,072,800
	129,591,172	(37,772,090)	91,819,082

71. Subsequent events

On 24 October 2023 a security breach on the Mangaung Metro Municipal network occurred, which was caused by ransomware.

The cyber-attack rendered all applications used by the municipality inoperable, including critical application systems such as Solar (financial system) HR Focus, telephones, email and internet access for all users. Additionally, the cyber-attack has impeded service delivery, impacting payments to service providers, procurement of essentials such as diesel, building plan approvals, indigent funerals, issuance of clearance certificates etc.

Most significantly, the breach has hampered the municipality's ability to engage with its community and key stakeholders. This security breach poses a risk not only to the municipality's daily operations, but also the delivery of vital municipal services.

The financial impact of the security breach could not yet be determined.

The Minister approved a financial recovery plan (FRP) in August 2023. The aim of the FRP is to improve the municipalities financial viability.

This FRP is being implemented by the municipality.

The municipality has appointed a City Manager and new HOD's on a permanent basis on 1 November 2023. This appointment aims to bring stability and clear direction for the municipality.

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72. Segment information

General information

Identification of segments

The municipality considers internal sources of information in identifying reportable segments. These include the IDP, SDBIP, Budget and monthly and quarterly reporting.

For management purposes, the municipality is organised and operates in nine key functional segments (or business units). To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Segments were aggregated for reporting purposes.

Revenue and expenditure relate to segments are allocated at a transactional level.

Aggregated segments

The municipality operates throughout the Free State Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the Free State were sufficiently similar to warrant aggregation.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any):

Types of goods and/or services by segment

Corporate Services

Provision of effective strategic leadership and management to departments, ensures and oversee that all directorates are provided with adequate support in line with the mandate, vision and mission of the municipality. It consists but not limited to human resources, performance management, government communication and Information management & technology and legal services.

Finance

Finance department is charged with the responsibility of budget and treasury. It is also responsible for the financial wellness of the city including generating revenue and billing, maintaining financial records, financial reporting and encourages responsible spending in terms of relevant legislations.

Human Settlement & Housing

The directorate is charged with the responsibility of developing and providing housing and dwellings for the residents of the city.

Office of the City Manager

Office of the accounting officer where all the department heads report to. It ensures that structures and governance processes are in place and aligned to achieve the strategic objectives of the municipality in line with the relevant legislations.

Office of the Executive Mayor

Office of the Executive Mayor is a political head of the municipality appointed in terms of the Electoral Act. It ensures effective management of the city addressing agreed political priorities. It also ensures that citizens are given sufficient information, opportunity and encouragement to participate in and influence the affairs of the municipality.

Annual Financial Statements for the year ended 30 June 2023

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72. Segment information (continued)

Waste and Fleet management

Waste department manages and implements the collection of solid waste and cleaning of the city. Fleet management ensures that the municipality has sufficient and appropriate fleet to ensure service delivery. These fleet are also managed and maintained through the department.

Engineering and Water Services

The department is charged with developing and maintaining strategic infrastructure that mainly provides service delivery (e.g. water, sewer, refuse, etc.). The supply of water is also provided through the department.

Social and Public Safety

The department is charged with the responsibility of improving the well-being of every individual in society so they can reach their full potential. Social development means investing in people (e.g. maintaining of parks, Zoo and museums, interactions, wellness and health).

Public Safety is charged with the responsibility of keeping order in the city and ensuring compliance with relevant legislation (e.g. Criminal Procedures act). Public Safety includes traffic department and law enforcement. Social and Public Safety includes the Mangaung Metro Unit.

Planning, Economic and Rural Development

Planning department involves town planning and development for the City structurally. Building plans and town planning are processed through the department. While rural development strives to upgrade the well-being, living environment of rural areas surrounding the metro, the department intends to bridge the living gap between the City dwellers and those at the rural areas.

Notes to the Annual Financial Statements

Figures in Rand

72. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Fleet management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
Revenue										
Revenue from exchange transactions	1,234,035	302,957,278	42,871,384	139	-	204,932,426	2,016,531,564	9,984,523	48,663,323	2,627,174,672
Revenue from non-exchange transactions	1,225,079	3,032,141,182	-	-	-	261,852,156	459,267,996	11,392,954	3,411,930	3,769,291,297
Total segment revenue	2,459,114	3,335,098,460	42,871,384	139	-	466,784,582	2,475,799,560	21,377,477	52,075,253	6,396,465,969
Entity's revenue										6,396,465,969
Expenditure Bulk purchases Contracted services Debt impairment & bad debt written off Depreciation and amortisation Employee related cost	33,692,606 - 39,664,623 217,792,526	147,874,482 288,310,640 9,394,647 416,108,891	2,928,224 18,593,932 - 85,981,539	8,185,102 - - - 116,636,216	3,221,816 - - 48,263,220	91,266,480 45,229,277	810,881,498 191,646,389 1,203,934,251 467,423,994 333,226,144	3,757,155 2,097,924 9,134,624 49,214,323 240,389,580	12,737,165 212,868 2,222,443 84,361,110	814,638,653 455,575,042 1,611,452,795 613,149,307 1,792,791,761
Remuneration of councillors Finance cost	66.061.000	67,223,964	- 78,730,271	-	69,433,541	(5,018,893)	- 47,949,283	-	- 12,428,450	69,433,541 267,374,075
General expenses Grants and subsidies paid Gains and losses	132,191,719	121,847,551 41,109,904	19,509,723	1,740,181 -	19,456,251 -	76,965,186 [°]	54,715,190	16,810,190 -	4,511,676	447,747,667 41,109,904
-	(84,961,400)	1,925,480	(1,813,000)	100 501 400	140 074 000	14,665,745	23,619,996	1,157,943	(396,500)	(45,801,736)
Total segment expenditure	404,441,074	1,093,795,559	203,930,689	126,561,499	140,374,828	526,331,664	3,133,396,745	322,561,739	116,077,212	6,067,471,009
Total segmental surplus/(deficit)										328,994,960

Notes to the Annual Financial Statements

Figures in Rand

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Flee management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
72. Segment information (co	ontinued)									
Assets										
Current Assets										
Inventories	-	556,781,925	-	-		851,451	4,505,183	-	-	562,138,559
Consumer receivables from	-	418,907,795	-	-		-	-	-	-	418,907,795
non-exchange transactions										
Consumer receivables from	-	199,784,834	3,541,263	-		80,934,318	483,031,367	-	-	767,291,782
exchange transactions										
Other receivables from non-	-	-	-	-		-	-	1,116,700	-	1,116,700
exchange transactions	0.744	405 050 000	4.007.040						4 000 400	444 705 000
Other receivables from	9,711	135,252,396	4,607,213	-		-	-	-	4,866,480	144,735,800
exchange transactions VAT receivable		206,486,354							_	206,486,354
Centlec intercompany loan	-	813,925,650	_	-		·	_	_	_	813,925,650
Centlec intercompany loan Centlec receivable		6,554,416		_		_	_	_	_	6,554,416
Cash and cash equivalents	-	686,865,832	-	-			-	-	-	686,865,832
·		,,								,,
Non-Current Assets										
Investment property	-	-	1,587,424,015	-	•	-	-	-	-	1,587,424,015
Property plant and equipment	1,336,465,997	32,336,722	-	-	•	408,714,688	7,600,734,312	706,535,801	1,304,575,057	11,389,362,577
Intangible assets	14,913,309	-	-	-		-	-		27,505,707	42,419,016
Heritage assets	250,207,320	-	-	-		-	-	4,488,687	-	254,696,007
Investments in controlled	-	100	-	-	•	-	-	-	-	100
entities Centlec receivables		844,799,741								844,799,741
Non-current receivables	(202,788)	143,770	214,795	-	•	-	-	-	-	155,777
Living resources	(202,700)	143,770	214,795	-			-	3,171,000	-	3,171,000
•										
Total segment assets	1,601,393,549	3,901,839,535	1,595,787,286	-		490,500,457	8,088,270,862	715,312,188	1,336,947,244	17,730,051,121
Total assets as per Statement of financial Position										17,730,051,121

Notes to the Annual Financial Statements

Figures in Rand

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Fleet management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
72. Segment information (co	ntinued)									
Liabilities										
Current Liabilities										
Payables from exchange transactions	330,164,290	1,726,724,360	206,959	-		- (136)	(252,180,938)	-	6,320,605	1,811,235,140
Payables from non-exchange transactions	-	265,768,845	590,490	-			-	(57,304)	-	266,302,031
Consumer deposits	-	-	-	-			34,408,218	-	-	34,408,218
Unspent conditional grants and receipts	9,962,668	359,967,564	-	-			-	-	-	369,930,232
Borrowings	-	162,818,218	-	-			-	-	-	162,818,218
Provisions	-	117,539,100	-	-			-	-	-	117,539,100
Employee benefit obligation	34,593,000	=	-	-			-	-	-	34,593,000
Non-Current Liabilities										
Borrowings	-	.	-	-			260,647,866	-	46,359,180	307,007,046
Provisions	-	691,222,696	-	-			-	-	-	691,222,696
Employee benefit obligation	526,418,600	-	-	-			-	-	-	526,418,600
FRESHCO liability	-	135,392,341	-	-			-	-	-	135,392,341
Land availability liability	-	251,723,941	-	-		-	-	-	-	251,723,941
Total segment liabilities	901,138,558	3,711,157,065	797,449	-		- (136)	42,875,146	(57,304)	52,679,785	4,708,590,563
Total liabilities as per Statement of financial Position										4,708,590,563

Notes to the Annual Financial Statements

Figures in Rand

72. Segment information (continued)

2022

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Fleet management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
Revenue Revenue from non-exchange	-	2,910,110,064	-	-	-	282,422,485	353,718,950	3,882,324	2,900,908	3,553,034,731
transactions Revenue from exchange transactions	926,849	241,590,130	45,461,143	70	-	172,531,429	1,703,454,693	10,267,753	44,934,770	2,219,166,837
Total segment revenue	926,849	3,151,700,194	45,461,143	70	-	454,953,914	2,057,173,643	14,150,077	47,835,678	5,772,201,568
Entity's revenue										5,772,201,568
Expenditure Bulk purchases Contracted services Debt impairment & bad debt written off	54,718,274 -	131,782,862 21,979,321	31,631,493 283,931,495	26,687,089 -	- 2,245,617 -	36,762,446 1,383,762,380	835,315,570 301,046,187 100,995,320	10,963 2,787,692 1,224,865	17,895,719 137,801	835,326,533 605,557,379 1,792,031,182
Depreciation and amortisation Employee related cost Remuneration of councillors	45,646,284 208,805,347	8,368,335 374,197,063	89,905,122	105,474,855 -	120,156,656 67,894,941	74,031,222 254,445,743 -	492,098,551 327,636,911 -	52,233,151 247,382,079 -	2,308,898 80,896,708	674,686,441 1,808,900,484 67,894,941
Finance cost General expenses Grants and subsidies paid Gains and losses	56,060,000 118,741,922 - (155,235,318)	28,128,074 118,732,550 28,466,030 5,675,614	72,036,168 9,838,058 - (14,694,028)	1,788,173 - -	21,164,543 - -	1,774,713 70,423,954 - 21,457,414	58,694,442 62,467,813 - 33,125,677	15,087,998 - 105,542	16,110,563 2,722,352 - 228,010,546	232,803,960 420,967,363 28,466,030 118,445,447
Total segment expenditure	328,736,509	717,329,849	472,648,308	133,950,117	211,461,757	1,842,657,872	2,211,380,471	318,832,290	348,082,587	6,585,079,760
Total segmental surplus/(deficit)										(812,878,192)

Notes to the Annual Financial Statements

Figures in Rand

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Fleet management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
72. Segment information (co	ontinued)									
Assets										
Current Assets										
Inventories	-	543,896,557	-	-		1,299,734	4,496,316	-	-	549,692,607
Consumer receivables from	-	338,888,441	-	-		-	-	-	-	338,888,441
non-exchange transactions										
Consumer receivables from	-	199,784,834	3,550,403	-	•	63,856,733	604,099,960	-	-	871,291,930
exchange transactions										
Other receivables from non-	-	-	-	-	•	-	-	766,274	-	766,274
exchange transactions	71 404	00 700 450	0.001.100						4 170 000	70.045.007
Other receivables from exchange transactions	71,434	69,709,459	2,991,138	-	•	-	-	-	4,173,036	76,945,067
VAT receivable	_	170,832,230	_	_	_	_	_	_	_	170.832.230
Centlec intercompany loan	_	806,540,231		_			_		_	806,540,231
Centlec intercompany loan	_	6,604,149	_	_		_	_	_	_	6,604,149
Cash and cash equivalents	_	728,277,531	_	_			_	_	_	728,277,531
Non-Current Assets		0, ,00 .								0,,00.
Investment property	-	_	1,585,611,015	-		-	-	-	-	1.585.611.015
Property, plant and equipment	1,376,825,722	31,380,560	-	-		466,525,230	7,670,116,873	722,785,737	1,311,158,461	11,578,792,583
Intangible assets	11,638,741	-	-	-			-	· · · -	27,505,712	39,144,453
Heritage assets	248,479,224	-	-	-		-	-	4,488,687	-	252,967,911
Investments in controlled	=	100	-	-		-	-	-	-	100
entities										
Centlec receivables	-	851,354,157	-	-		-	-	-	-	851,354,157
Non-current receivables	(135,192)	124,259	163,889	-		-	-	-	-	152,956
Living resources	-	-	-	-	-	-	-	3,706,201	-	3,706,201
Total segment assets	1,636,879,929	3,747,392,508	1,592,316,445	-		531,681,697	8,278,713,149	731,746,899	1,342,837,209	17,861,567,836
Total assets as per Statement of financial Position										17,861,567,836

Notes to the Annual Financial Statements

Figures in Rand

	Corporate Services	Finance	Human Settlement & Housing	Office of the City Manager	Office of the Executive Mayor	Waste and Fleet management	Engineering & Water Services	Social & Public Safety	Planning, Economic and Rural Development	Total
72. Segment information (con	ntinued)									
Liabilities										
Current liabilities										
Payables from exchange transactions	365,796,355	1,493,287,588	231,550	-		- (143)	(36,213,108)	-	5,871,172	1,828,973,414
Payables from non-exchange transactions	-	307,229,019	583,528	-			-	(57,304)	-	307,755,243
Consumer deposits	-	-	-	-			33,839,791	-	-	33,839,791
Unspent conditional grants and receipts	5,299,588	565,739,456	-	-			-	-	-	571,039,044
Finance lease obligation	-	12,096,615	-	-			-	-	-	12,096,615
Borrowings	-	198,773,523	-	-			-	-	-	198,773,523
Provisions	-	102,733,275	-	-			-	-	-	102,733,275
Employee benefit obligation Non-current liabilities	32,007,000	-	-	-			-	-	-	32,007,000
Borrowings	-	-	-	-			382,087,800	-	88,033,524	470,121,324
Provisions	-	642,776,384	-	-			-	-	-	642,776,384
Employee benefit obligation	553,826,000	-	-	-			-	-	-	553,826,000
FRESHCO liability	-	149,520,237	-	-			-	-	-	149,520,237
Land availability liability	-	267,561,408	-	-			-	-	-	267,561,408
Total segment liabilities	956,928,943	3,739,717,505	815,078	-		- (143)	379,714,483	(57,304)	93,904,696	5,171,023,258
Total liabilities as per Statement of financial Position										5,171,023,258

Information about geographical areas

The municipality's operations are in the Free State Province (Mangaung district).

The municipality does not report on a geographical basis, therefore decision making is not based on geographical areas.

Councillors' arrear consumer accounts (over 90 days) - Audited

Surname & Initials	July 22	August 22	September 22	October 22	November 22	December 22	January 23	February 23	March 23	April 23	May 23	June 23
Ferreira TI	_	_	261	530	802	1,076	1,352	2,495	4,667	_	_	_
Jonas-Malephane V	_	_		-	-	-	-	-,	-	_	-	860
Lelala MC	-	523	753	931	1,111	1,293	1,476	1,661	1,848	2,036	2,227	-
Letawana MM	11,496	16,128	1,534	5,984	9,475	13,983	19,148	25,161	30,366	35,615	40,929	46,306
Makau PE	124,799	115,721	113,267	109,641	107,506	106,506	105,506	108,744	108,997	107,319	106,677	107,053
Mathae BL	-	_	- '	-	-	- '	-	-	29,509	16,036	9,299	-
Matsoetlane MJ	37,122	30,345	34,039	26,180	17,875	1,981	1,861	1,918	1,981	1,981	1,981	1,981
Mohibidu PM	32,743	33,797	34,869	36,288	37,731	39,184	40,666	42,159	43,661	45,174	46,726	48,290
Mokoakoa MI	9,461	9,806	10,156	10,527	10,906	11,286	11,675	12,066	12,459	12,855	-	-
Mokoena JI	4,488	3,783	3,963	5,307	1,163	-	479	1,873	3,230	4,569	2,422	3,788
Mothibi-Nkoane MM	9,288	9,765	10,249	10,974	11,709	12,449	13,201	13,959	14,723	15,492	-	-
Nthatisi GMS	-	-	-	-	-	-	-	-	-	-	-	1,703
Nyaphudi LJ	139,401	140,236	142,621	145,128	147,961	150,548	152,953	155,499	158,099	160,716	165,007	167,818
Pretorius JC	-	-	-	-	-	-	-	-	2,328	4,655	7,004	9,375
Pretoruis S	-	-	-	-	-	-	-	-	-	3,665	4,056	8,458
Sebolao JE	28,769	23,142	19,576	16,297	13,492	10,544	7,509	4,365	5,104	1,385	2,760	1,607
Soqaga VS	-	-	-	-	-	-	-	-	-	8,718	8,367	8,327
Thwala ZJ	2,607	1,629	-	-	-	-	-	-	-	-	-	-
Tsoleli SP	168	168	177	-	-	-	-	-	-	1,281	601	-
Van Der Ross KE	-	-	-	-	-	-	2,544	3,438	4,352	5,275	6,208	7,150
Total	400,342	385,043	371,465	367,787	359,731	348,850	358,370	373,338	421,324	426,772	404,264	412,716

Councillors' arrear consumer accounts (over 90 days) - Audited

Matsoetlane MJ - - - 83,313 84,039 85,022 85,752 86,824 56,963 3,490 Mlamleli SM - 572 3,436 3,416 - <td< th=""><th>Surname & Initials</th><th>July 21</th><th>August 21</th><th>September 21</th><th>October 21</th><th>November 21</th><th>December 21</th><th>January 22</th><th>February 22</th><th>March 22</th><th>April 22</th><th>May 22</th><th>June 22</th></td<>	Surname & Initials	July 21	August 21	September 21	October 21	November 21	December 21	January 22	February 22	March 22	April 22	May 22	June 22
Ferreira TI	Chaka NS	58 696	59 474	60 253	61.063	_	_	_	_	_	_	_	_
Mabale G 20,297 76,103 78,054 74,276 -		-	-			770	_	_	_	_	261	_	_
Mabena MJ - - 723 726 728 731 734 736 - Mahase MM 620 906 1,194 1,500 - - 29,258 32,500 51,312 70,116 78,637 - - 1 Matsoellane MJ - - - - 83,313 84,039 85,022 85,752 86,824 56,963 3,490 Malmelli SM -		20.297	76.103			-	_	_	_	_	-	_	_
Mahase MM 620 906 1,194 1,500 -			-	-		723	726	728	731	734	736	_	_
Makau PE - - - - 29,258 32,500 51,312 70,116 78,637 - - 1 Matsoetlane MJ - - - - 83,313 84,039 85,022 85,752 86,824 56,963 3,490 Mohibidu PM 20,759 21,686 22,618 23,602 24,591 25,585 26,585 27,590 28,605 29,626 30,658 38,778 Mokoakoa MI 5,527 5,832 6,138 6,462 6,787 7,113 7,441 7,771 8,105 8,439 8,778 Mokoena JI - - - 914 1,991 - - 3,054 132 1,003 Moleko ML 713 716 718 721 -		620	906	1.194	1.500	-	-	-	-	-	-	_	_
Matsoetlane MJ - - - 83,313 84,039 85,022 85,752 86,824 56,963 3,490 Mlamleli SM - 572 3,436 3,416 - <td< td=""><td></td><td>-</td><td>-</td><td>,</td><td>-</td><td>29.258</td><td>32.500</td><td>51.312</td><td>70.116</td><td>78.637</td><td>_</td><td>_</td><td>13,444</td></td<>		-	-	,	-	29.258	32.500	51.312	70.116	78.637	_	_	13,444
Mlamleli SM		_	_	_	-		,	,	,	- ,	56.963	3.490	-
Mohibidu PM 20,759 21,686 22,618 23,602 24,591 25,585 26,685 27,590 28,605 29,626 30,658 3 Mokoakoa MI 5,527 5,832 6,138 6,462 6,787 7,113 7,771 8,105 8,439 8,778 Mokoena JI - - - - 914 1,991 - - 3,054 132 1,003 Moleko ML 713 716 718 721 - <td></td> <td>_</td> <td>572</td> <td>3.436</td> <td>3.416</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>_</td>		_	572	3.436	3.416	-	-	-	-	-	-	-	_
Mokoakoa MI 5,527 5,832 6,138 6,462 6,787 7,113 7,441 7,771 8,105 8,439 8,778 Mokokona JI - - - 914 1,991 - - 3,054 132 1,003 Moleko ML 713 716 718 721 -		20.759				24.591	25.585	26.585	27.590	28.605	29.626	30.658	31,695
Mokoena JI - - - 914 1,991 - - 3,054 132 1,003 Moleko ML 713 716 718 721 -	Mokoakoa MI							,	,		,		9,117
Moleko ML 713 716 718 721 -	Mokoena JI	-,-	-	-,	-	,			- '	3.054	132	,	3,450
Moopela TM Motoring MV 25,349 25,441 25,534 25,626 -	Moleko ML	713	716	718	721	-	-	-	-	-	-	-	-
Moopela TM Motoring MV 25,349 1,432	Mononyane MB	10,188	11,211	12,241	13,384	-	-	-	-	-	-	_	-
Motloung MV 1,432 -		25,349	25,441	25,534	25,626	-	-	-	-	-	-	_	-
Nyaphudi LJ 123,474 125,469 127,412 129,143 131,301 132,223 134,417 13 Petersen JE		1,432	_	- 1	- 1	-	-	-	-	-	-	-	-
Nyaphudi LJ			67,647	68,908	70,468	-	-	-	-	-	-	_	-
Pongolo DX 6,667 7,100 7,535 7,994 - </td <td>Nyaphudi LJ</td> <td>-</td> <td>_</td> <td>- 1</td> <td></td> <td>123,474</td> <td>125,469</td> <td>127,412</td> <td>129,143</td> <td>131,301</td> <td>132,223</td> <td>134,417</td> <td>136,635</td>	Nyaphudi LJ	-	_	- 1		123,474	125,469	127,412	129,143	131,301	132,223	134,417	136,635
Pretorius S	Petersen JE	132	132	132	132	-	-	-	-	-	-	-	-
Pretorius S	Pongolo DX	6,667	7,100	7,535	7,994	-	-	-	-	-	-	-	-
Ranchobe T 21,924 31,354 21,859 27,671		-	_	- 1	-	1,856	-	-	-	-	-	-	-
Sebolao JE 28,182 28,837 29,530 30,120 30,728 31,340 31,974 32,743 63,537 33,949 31,120 2 Sefuthi NM 11,873 12,140 12,408 12,688 - <td< td=""><td>Ramolelle MS</td><td>-</td><td>-</td><td>-</td><td>-</td><td>724</td><td>726</td><td>729</td><td>731</td><td>734</td><td>737</td><td>-</td><td>-</td></td<>	Ramolelle MS	-	-	-	-	724	726	729	731	734	737	-	-
Sefuthi NM 11,873 12,140 12,408 12,688 - <	Ranchobe T	21,924	31,354	21,859	27,671	-	-	-	-	-	-	-	-
Shounyana MM 3,755 3,643 3,547 - </td <td>Sebolao JE</td> <td>28,182</td> <td>28,837</td> <td>29,530</td> <td>30,120</td> <td>30,728</td> <td>31,340</td> <td>31,974</td> <td>32,743</td> <td>63,537</td> <td>33,949</td> <td>31,120</td> <td>28,348</td>	Sebolao JE	28,182	28,837	29,530	30,120	30,728	31,340	31,974	32,743	63,537	33,949	31,120	28,348
Thomas JB 3,367 3,382 3,397 3,411 3,427 3,442 3,458 Thwala ZJ 2,011 2,034 2,079 2,089 2,113 1,865 1,985 2,292 3,530 3,543 3,064 Tsiane MMP 60,171 61,260 62,347 63,474	Sefuthi NM	11,873	12,140	12,408	12,688	-	-	-	-	-	-	-	-
Thwala ZJ 2,011 2,034 2,079 2,089 2,113 1,865 1,985 2,292 3,530 3,543 3,064 Tsiane MMP 60,171 61,260 62,347 63,474	Shounyana MM	3,755	3,643	3,547	-	-	-	-	-	-	-	-	-
Tsiane MMP 60,171 61,260 62,347 63,474	Thomas JB	-	-	-	-	3,367	3,382	3,397	3,411	3,427	3,442	3,458	-
Van Der Walt TB 37 37	Thwala ZJ	2,011	2,034	2,079	2,089	2,113	1,865	1,985	2,292	3,530	3,543	3,064	2,585
	Tsiane MMP	60,171	61,260	62,347	63,474	-	-	-	-	-	-	-	-
Total 244 261 416 000 410 770 425 104 200 610 214 726 226 505 260 200 400 505 070 051 045 000 00	Van Der Walt TB	-	-	-	-	-	-	-	-	37	-	-	-
- 10,000 410,100 410,110 425,194 300,010 314,130 330,305 300,280 408,325 210,031 213,988 22	Total	344,361	416,088	418,778	425,194	308,618	314,736	336,585	360,280	408,525	270,051	215,988	225,274