



Greater Tzaneen Municipality
Audited Annual Financial Statements
for the year ended 30 June 2024

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities

Greater Tzaneen Municipality is a local Municipality performing the functions as set out in the constitution (Act no 105 of 1996).

Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.

The main business operations of the Municipality is to engage in local government activities which includes planning and promotion of integrated development planning, economic and environmental development and provision of the following services to the community.

General services: All types of services rendered by a Municipality excluding the provision of housing to the community.

Electricity service: electricity is bought in bulk from ESKOM and distributed to communities.

Waste management services: The collection and disposal of waste.

Water and sewer services: Greater Tzaneen Municipality acts as service provider for Mopani District Municipality with regards to water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

Jurisdiction within which the Municipality operates

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardtsdal in the South

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

General Information

Executive committee

Mayor

Members of the Executive Committee

Councillor G.P. Molapisane
Councillor G.P. Molapisane (Exco)
Councillor T.T. Maunatlala (Finance)
Councillor R. Mabuza (Sports, Recreation, Arts and Culture)
Councillor M.C Ramothwala (Infrastructure)
Councillor M.M Mmola (Health, Environment and Social Development)
Councillor M.S. Raganya (Economic Development, Housing and Spatial Development Plan)
Councillor M.M. Makwala (Public Transport and Safety and Security)
Councillor M.R. Shingange (Corporate Governance and Shared Services)
Councillor R.E. Pohl (Exco)
Councillor D.G. Malemela (Exco) (Until 27 June 2024)
Councillor M.S. Tiba
Councillor G.M. Malatji

Speaker

Chief Whip

Other Councillors

Councillor N.G. Maunatlala (MPAC Chairperson)
Councillor M.E. Manyama
Councillor H.R. Malatji
Councillor S.V. Mahlawule
Councillor M.R. Ngomani
Councillor P.G. Mametja
Councillor E.N. Monyela
Councillor M.F. Maenetja - Makamu
Councillor M.S Baloyi
Councillor N.L. Mohale
Councillor I. Risiva
Councillor S.E. Ngobeni
Councillor C. Dreyer
Councillor C. Stoltz
Councillor N.L. Masinge
Councillor N.G. Mukansi
Councillor S.M. Matiane
Councillor W.T. Phiri
Councillor C. Mathevula
Councillor T.S. Lepulane
Councillor K. Ndlovu
Councillor P.M. Mayimele
Councillor M.B. Mashele
Councillor T.M. Shihangule
Councillor G.P. Makhubele
Councillor G. Nkhwashu
Councillor W.M. Maake
Councillor M.E. Mawasha
Councillor F.C. Mabitsele
Councillor T. Nkuna
Councillor S.J. Mokoena
Councillor M.E. Ralepelle
Councillor N.E. Ratopola

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

General Information

Proportional Representative (PR) Councillors

Councillor M.G. Mangena
Councillor D.G. Mkhabele
Councillor M.C. Morwatshehla
Councillor G.E. Ntimbane
Councillor S.B. Ramoshaba
Councillor T. Ngobeni
Councillor J. Mashele
Councillor M.M. Kgamedi
Councillor P.C. Mabunda
Councillor M.L. Ramalepe
Councillor S.N. Mohonone
Councillor C. Bredenkamp
Councillor J.M. Ratopola
Councillor S.S. Malatji
Councillor E.S. Mathole
Councillor N.R. Lefuphana
Councillor M.O. Shingange
Councillor N.S. Thobejane
Councillor C.M. Shokane
Councillor A. Moss
Councillor S.M. Makgoba
Councillor R.R. Shaai
Councillor M.D. Sejaphala
Councillor C.N. Ramathoka

Grading of local authority

Grade 4: High Capacity - in terms of the Public Office Bearers Act 20 of 1998

Chief Finance Officer (CFO)

Choene Maeta (From 1 March 2024)

Acting Chief Financial Officer (ACFO)

Arnold Mathebula (From 2 May 2023 to 31 October 2023)
Mokgadi Sono (From 1 November 2023 to 29 February 2024)

Accounting Officer

Donald Mhangwana

Registered office

38 Agatha Street
Civic Center
Tzaneen
0850

Business address

38 Agatha Street
Civic Center
Tzaneen
0850

Postal address

PO Box 24
Tzaneen
0850

Bankers

ABSA

Website address

www.tzaneen.gov.za

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

General Information

Audit Committee

M.P. Ramutsheli (Chairperson)
L.P.V. Malumbete-Baloyi
J.N. Mpjane
K. Mosupa
M.W. Khosa (Until 23 February 2024)

Level of Rounding

Auditor

Rounding to the nearest Rand
Auditor General of South Africa (AGSA)
Polokwane Office
Telephone number: 015 283 9338

Country of incorporation and domicile

South Africa

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Index

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

	Page
Accounting Officer's Responsibilities and Approval	7
Accounting Officer's Report	8 - 11
Statement of Financial Position	12
Statement of Financial Performance	13
Statement of Changes in Net Assets	14
Cash Flow Statement	15
Statement of Comparison of Budget and Actual Amounts	16 - 20
Notes to the Financial Statements: Accounting Policies	21 - 43
Notes to the Audited Annual Financial Statements	44 - 121
Appendix A: Schedule of External loans	122
Appendix B: Analysis of Property, Plant and Equipment	123 - 128
Appendix C: Segmental analysis of Property, Plant and Equipment	129
Appendix D: Segmental Statement of Financial Performance	130
Appendix: E(1) Budget Summary (Appropriation Statement)	131
Appendix E(2): Actual versus Budget (Revenue and Expenditure)	132 - 133
Appendix E(3): Budget analysis of capital expenditure	134
Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote)	135
Appendix G(3): Budgeted Financial Performance (revenue and expenditure)	136 - 137
Appendix G(4): Budgeted Capital Expenditure by vote, function and funding	138 - 139
Appendix G(5): Budgeted Cash Flows	140 - 141
Appendix G(6): Stands not yet transferred	142

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Index

ABBREVIATIONS

AGSA	Auditor General of South Africa
ASB	Accounting Standards Board
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
GTEDA	Greater Tzaneen Economic Development Agency
GTM	Greater Tzaneen Municipality
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IFRS	International Financial Reporting Standards
INEP	Integrated National Electrification Programme Grant
IPSAS	International Public Sector Accounting Standards
MDRG	Municipal Disaster Recovery Grant
MDRG	Municipal Disaster Response Grant
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MPAC	Municipal Public Accounts Committee
MSCOA	Municipal Standard Chart of Accounts
NERSA	National Energy Regulator of South Africa
PAYE	Pay As You Earn
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SETA	Sector Education and Training Authority
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WSA	Water Service Authority
WSP	Water Service Provider

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

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 audited annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the audited 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 audited annual financial statements and is given unrestricted access to all financial records and related data.

The audited 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 audited 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 set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited 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 cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Municipality's external auditors are responsible for expressing an opinion on the financial statements.

The Audited Annual Financial Statements set out on page 12 - 142 , which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2024 and were signed by:

Accounting Officer

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2024.

1. Introduction

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipal Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2023/2024 Budget on 29 May 2023. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

- The upgrading of the Municipality's Electricity Network to ensure the provision of an uninterrupted electricity service.
- Data cleaning and improvement of the Municipality's Revenue Collection.
- A strong administration to ensure a stable working environment through which future development can be established.
- The implementation of a revenue enhancement programme in support of revenue generation and the combatting of losses pertaining to electricity.

2. Implementation of the Municipal Standard Chart of Accounts (MSCOA)

Towards this end version 6.7 of the mSCOA Chart which is effective from 2023/2024 has been released and implemented by the Municipality.

Greater Tzaneen Municipality has:

- Acquired, upgraded and maintained the hardware, software and licenses required to be mSCOA compliant.
- The Municipality, budget, transact and report directly on all six (6) legislated mSCOA segments.
- Generate Regulated schedules directly from the core Municipal financial system, and
- Compiled the 2023/2024 Annual Financial Statements on version 6.7 of the mSCOA chart to comply with legislative requirements.

3. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2024 in accordance with applicable legislation which includes the standards of GRAP.

4. Review of operating results

The budget of Greater Tzaneen Municipality for the 2023/2024 financial year has been approved by Council on 29 May 2023 for implementation on 1 July 2023, and the adjusted budgets for the financial year were approved as follows:

- 1st Adjustment Budget 11 July 2023
- 2nd Adjustment Budget 27 February 2024

Sustainability of the Municipality's finances remains a key priority during the 2023/2024 financial year to ensure that service delivery continues in a sustainable manner and that the strategic objectives of the Municipality were met.

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the Annual Financial Statements.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 579 765 025 to R 1 770 987 868 while the operating expenditure increased from R 1 453 252 188 to R 1 526 539 619.

The operating revenue is mostly generated from assessment rates, electricity sales and government grants and subsidiaries. Revenue from these items represent the following percentage of the total revenue:

- Property rates 8.30%
- Service charges 45.38%
- Government grants and subsidiaries 37.64%

The Municipality's actual operating expenditure amounts to R 1 526 539 619 resulting in a surplus of R 243 195 355.

Employee related costs as a percentage of the total expenditure, amounts to 24.91% whilst contribution to bad debt impairment provision is 4.83%. Depreciation and amortisation for the year represents 7.66% of the total expenditure. Expenditure on bulk electricity purchases ended on 37.16% of the total expenditure.

The actual expenditure amounts to R 1 526 539 619 compared to the budgeted amount of R 1 591 661 563.

The expenditure amount includes R 383 133 956 for employee related costs, and R 570 292 315 for the purchase of bulk electricity.

The Municipality reported a net operating surplus of R 243 195 355 for the financial year under review, (2023 R 124 414 340).

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:

- Bulk purchases;
- Employee related costs;
- General Expenditure
- Depreciation and amortisation
- Debt Impairment
- Contracted Services

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors and rates as at 30 June 2024 amounts to R 975 613 609 (2023: R 850 737 880) of which R 519 595 904 (2023: R 481 413 561) were provided for impairment. Debtors to the amount of R 19 769 653 (2023: R0) have been written off as irrecoverable. The total provision for consumer debtors and rates impairment amounts to R 519 595 904 (2023: R 481 413 561).

Unspent conditional grants and receipts increased from R 5 333 835 in the previous financial year to R 6 166 838 in the current financial year with a 100% spending on the Municipal Infrastructure Grant. The unspent grant mainly relates to Municipal Disaster Recovery Grant which was transferred to the municipality in February 2024.

The outstanding loans which have been taken-up to finance capital projects amount to R 113 006 455 (2023: R 128 059 680) and the detail of this amount is contained in Note 14 and Appendix A.

5. Electricity losses

The electricity losses increased from 13.74 % in the previous financial year to 17.05% in the 2023/2024 financial year. This increase is mainly due to both technical and non-technical losses, which among others are copper losses and power which is lost due to the resistance of the conductors.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

6. Accounting officers interest in contracts

Employees of the Municipality, including the Accounting Officer completed a declaration of interest in contracts and other related transactions to comply with legislative requirements.

7. Corporate Governance

The Accounting Officer is committed to ensure business integrity, transparency and professionalism in all his activities and to comply with the Code of Corporate Practices and conduct laid out in the King Report on Corporate Governance.

8. Remuneration

8.1 Employees

Employees are remunerated according to the salary and wage collective agreement dated 15 September 2021 for the period 01 July 2021 to 30 June 2024.

8.2 Councillors

The upper limits of the remuneration of the councillors are determined in terms of government notice issued by the Minister of Co-operative Governance and Traditional Affairs as required by the remunerations of public officers' bearers Act No. 20 of 1998. Our Municipality complies with these legislative requirements.

9. Audit and Risk Committee

Audit Committee

The members of the audit committee are independent audit committee members which met on a regular basis during the financial year to review matters necessarily to fulfil its role. These members have been appointed by the Municipal Council in terms of section 166 of the Municipal Finance Management Act.

Risk Committee

The municipality has established the risk committee to monitor the implementation of risk mitigation strategies employed by municipal departments on a quarterly basis.

10. Compliance

10.1 Internal Audit

The Municipality established an internal audit function in terms of section 165 of the Municipal Finance Management Act 2003. The unit reports to the Accounting Officer administratively and functionally to the audit committee.

10.2 Risk management

A risk and compliance management unit has been established in terms of Chapter 8 Section 62, of the Municipal Finance Management Act. The unit reports administratively to the Accounting Officer and functionally to the risk committee.

11. Going concern

The audited 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.

Continued assessments will be performed to ensure that the demands are met without interruptions in service delivery.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the council will continue to procure funding for the ongoing operations for the municipality.

We draw attention to the fact that as at 30 June 2024 the municipality had an accumulated surplus of R 3 086 515 841, and that the municipality's total assets exceed its total Liabilities by R 3 086 515 841

The municipal council has taken a decision in March 2024 to de-establish the municipal entity and allowed the accounting officer and the board of GTEDA to embark on dissolution processes. The decision has been made following thorough review and consideration of the entity's operations. The process of dissolution is underway, and all necessary steps are being taken to ensure orderly and compliance with regulatory requirements of de-establishment of the entity.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

12. Subsequent events

Simphiwe Engineering//GTM

The Municipality is being sued by Simphiwe Engineering Technologies for unlawful termination of contract for services on upgrading of electrical network. The case was finalised in high court in May 2024, however the matter was reinstated by Simphiwe's attorneys on 12 August 2024

13. Accounting officer

Accounting Officer
D Mhangwana

Nationality
South African

14. Auditors

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

15. Accounting Policies

The audited annual financial statements were prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of MFMA (Act No 56 of 2003).

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	4	20 135 036	28 226 155
Operating lease asset	7	1 172 268	927 576
Receivables from exchange transactions	8	669 716 397	597 464 208
Receivables from non-exchange transactions	6	202 704 406	145 690 777
Cash and cash equivalents	9	231 359 050	177 311 460
		1 125 087 157	949 620 176
Non-Current Assets			
Investment property	10	761 690 901	760 660 900
Property, plant and equipment	11	1 690 680 298	1 635 989 336
Intangible assets	12	1 489 452	328 460
Heritage assets	13	200 958	200 958
Other financial assets	5	48 092 035	43 501 442
		2 502 153 644	2 440 681 096
Total Assets		3 627 240 801	3 390 301 272
Liabilities			
Current Liabilities			
Other financial liabilities	14	17 308 615	15 758 160
Finance lease obligation	15	1 011 996	1 915 951
Payables from exchange transactions	16	215 972 864	227 950 379
VAT payable	17	61 209 147	51 813 315
Consumer deposits	18	25 316 368	25 889 607
Employee benefit obligation	21	8 194 000	7 662 000
Unspent conditional grants and receipts	19	6 166 838	5 333 835
Provisions	20	977 867	349 781
		336 157 695	336 673 028
Non-Current Liabilities			
Other financial liabilities	14	95 697 840	112 301 520
Finance lease obligation	15	4 266	1 006 190
Employee benefit obligation	21	100 669 000	89 549 000
Provisions	20	8 196 159	7 451 053
		204 567 265	210 307 763
Total Liabilities		540 724 960	546 980 791
Net Assets		3 086 515 841	2 843 320 481
Accumulated surplus		3 086 515 841	2 843 320 481
Total Net Assets		3 086 515 841	2 843 320 481

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	800 095 216	690 221 367
Rental of facilities and equipment		1 858 501	2 193 991
Agency services	53	12 468 742	11 575 504
Licences and permits	54	503 485	505 524
Other income	23	26 129 240	24 067 273
Interest revenue	55	74 960 737	50 881 482
Total revenue from exchange transactions		916 015 921	779 445 141
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	146 292 976	138 299 006
Transfer revenue			
Government grants & subsidies	25	663 632 864	635 939 831
Public contributions and donations	26	11 660 085	-
Fines, Penalties and Forfeits	56	33 386 022	26 081 047
Total revenue from non-exchange transactions		854 971 947	800 319 884
Total revenue	27	1 770 987 868	1 579 765 025
Expenditure			
Employee related costs	28	(383 133 956)	(346 983 389)
Remuneration of councillors	29	(28 957 581)	(28 908 326)
Depreciation and amortisation	58	(117 490 687)	(112 187 436)
Impairments of assets	30	(6 165 737)	(6 761 621)
Finance costs	31	(12 929 086)	(15 677 350)
Debt Impairment	59	(64 971 675)	(133 215 681)
Bulk purchases	33	(570 292 315)	(495 844 915)
Contracted services	34	(150 661 062)	(121 880 443)
Transfers and Subsidies	35	(48 358 652)	(56 877 870)
Inventory Consumed	32	(32 542 535)	(26 096 612)
General Expenses	36	(111 036 333)	(108 818 545)
Total expenditure		(1 526 539 619)	(1 453 252 188)
(Loss)/Gain on disposal/Write off of assets	57	(1 172 895)	(2 098 497)
Fair value adjustments	52	(79 999)	-
Surplus for the year		243 195 355	124 414 340

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 736 146 667	2 736 146 667
Prior year adjustments	(17 236 896)	(17 236 896)
Balance at 01 July 2022 as restated*	2 718 906 141	2 718 906 141
Changes in net assets		
Surplus for the year Previously reported	124 840 161	124 840 161
Prior year adjustments	(425 821)	(425 821)
Balance at 01 July 2023 as restated*	2 843 320 486	2 843 320 486
Changes in net assets		
Surplus for the year	243 195 355	243 195 355
Total changes	243 195 355	243 195 355
Balance at 30 June 2024	3 086 515 841	3 086 515 841
Note(s)		

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Rates and Taxes		83 604 496	93 340 190
Sale of goods and services		751 998 099	657 612 841
Transfer Revenue		697 304 195	651 353 686
Interest income		31 906 502	19 123 799
		<u>1 564 813 292</u>	<u>1 421 430 516</u>
Payments			
Employee costs		(400 439 537)	(374 449 472)
Suppliers		(906 826 197)	(813 436 899)
Finance costs		(12 729 461)	(15 170 726)
		<u>(1 319 995 195)</u>	<u>(1 203 057 097)</u>
Net cash flows from operating activities	37	<u>244 818 097</u>	<u>218 373 419</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(167 523 947)	(177 264 172)
Proceeds from sale of property, plant and equipment	11	-	4 585 511
Proceeds from sale of investment property	10	17 321	4 140 000
Purchase of other intangible assets	12	(1 514 560)	-
Proceeds from sale of other intangible assets	12	-	32 140
Movement of financial assets		(4 590 593)	(3 484 183)
Net cash flows from investing activities		<u>(173 611 779)</u>	<u>(171 990 704)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(15 053 225)	(13 638 786)
Finance lease payments		(2 105 503)	(2 893 730)
Net cash flows from financing activities		<u>(17 158 728)</u>	<u>(16 532 516)</u>
Net increase/(decrease) in cash and cash equivalents		54 047 590	29 850 199
Cash and cash equivalents at the beginning of the year		177 311 460	147 461 260
Cash and cash equivalents at the end of the year	9	<u>231 359 050</u>	<u>177 311 459</u>

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	803 893 774	55 383 599	859 277 373	800 095 216	(59 182 157)	Note 51
Rental of facilities and equipment	1 100 000	-	1 100 000	1 858 501	758 501	Note 51
Interest received- Trading	39 734 777	-	39 734 777	43 054 235	3 319 458	Note 51
Income from agency services	15 664 291	-	15 664 291	12 468 742	(3 195 549)	Note 51
Licences and permits	817 000	(200 000)	617 000	503 485	(113 515)	Note 51
Other income	12 136 746	(1 199 000)	10 937 746	26 129 240	15 191 494	Note 51
Interest received - Investment	9 500 000	10 882 229	20 382 229	31 906 502	11 524 273	Note 51

Total revenue from exchange transactions	882 846 588	64 866 828	947 713 416	916 015 921	(31 697 495)	
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Revenue from non-exchange transactions

Taxation revenue

Property rates	150 141 836	-	150 141 836	146 292 976	(3 848 860)	
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Transfer revenue

Government grants & subsidies	672 513 000	2 928 835	675 441 835	663 632 864	(11 808 971)	
Public contributions and donations	-	-	-	11 660 085	11 660 085	Note 51
Fines, penalties and forfeits	21 557 011	-	21 557 011	33 386 022	11 829 011	Note 51

Total revenue from non-exchange transactions	844 211 847	2 928 835	847 140 682	854 971 947	7 831 265	
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Total revenue	1 727 058 435	67 795 663	1 794 854 098	1 770 987 868	(23 866 230)	
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Expenditure

Employee related costs	(399 349 012)	449 305	(398 899 707)	(383 133 956)	15 765 751	
Remuneration of councillors	(29 382 362)	-	(29 382 362)	(28 957 581)	424 781	
Depreciation and amortisation	(115 814 038)	-	(115 814 038)	(117 490 687)	(1 676 649)	Note 51
Impairment of assets	-	-	-	(6 165 737)	(6 165 737)	Note 51
Finance costs	(12 644 819)	(98 020)	(12 742 839)	(12 929 086)	(186 247)	
Debt Impairment	(59 600 000)	(8 400 000)	(68 000 000)	(64 971 675)	3 028 325	Note 51
Bulk purchases	(508 243 120)	(62 031 286)	(570 274 406)	(570 292 315)	(17 909)	Note 51
Contracted Services	(91 720 401)	(4 985 692)	(96 706 093)	(150 661 062)	(53 954 969)	Note 51
Transfers and Subsidies	(50 700 230)	(1 500 635)	(52 200 865)	(48 358 652)	3 842 213	Note 51
Inventory consumed	(94 806 693)	(20 128 250)	(114 934 943)	(32 542 535)	82 392 408	Note 51
General Expenses	(163 442 102)	30 735 792	(132 706 310)	(111 036 333)	21 669 977	Note 51

Total expenditure	(1 525 702 777)	(65 958 786)	(1 591 661 563)	(1 526 539 619)	65 121 944	
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Operating surplus

(Loss)/Gain on disposal/Write off of assets	-	-	-	(1 172 895)	(1 172 895)	Note 51
Fair value adjustments	-	-	-	(79 999)	(79 999)	

	-	-	-	(1 252 894)	(1 252 894)	
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Surplus before taxation	201 355 658	1 836 877	203 192 535	243 195 355	40 002 820	
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Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	201 355 658	1 836 877	203 192 535	243 195 355	40 002 820	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	20 482 214	7 743 939	28 226 153	20 135 036	(8 091 117)	Note 51
Operating lease asset	-	-	-	1 172 268	1 172 268	Note 51
Receivables from exchange transactions	516 397 548	95 683 856	612 081 404	669 716 397	57 634 993	Note 51
Receivables from non-exchange transactions	261 200 666	(115 741 559)	145 459 107	202 704 406	57 245 299	Note 51
Cash and cash equivalents	216 710 741	(107 496 636)	109 214 105	231 359 050	122 144 945	Note 51
	1 014 791 169	(119 810 400)	894 980 769	1 125 087 157	230 106 388	

Non-Current Assets

Investment property	785 120 900	(21 330 000)	763 790 900	761 690 901	(2 099 999)	Note 51
Property, plant and equipment	1 720 045 793	23 441 449	1 743 487 242	1 690 680 298	(52 806 944)	Note 51
Intangible assets	1 302 810	-	1 302 810	1 489 452	186 642	Note 51
Heritage assets	200 958	-	200 958	200 958	-	
Other financial assets	39 948 751	1 984 426	41 933 177	48 092 035	6 158 858	Note 51
	2 546 619 212	4 095 875	2 550 715 087	2 502 153 644	(48 561 443)	

Total Assets

3 561 410 381 (115 714 525) 3 445 695 856 3 627 240 801 181 544 945

Liabilities

Current Liabilities

Other financial liabilities	17 730 897	-	17 730 897	17 308 615	(422 282)	Note 51
Finance lease obligation	-	-	-	1 011 996	1 011 996	Note 51
Payables from exchange transactions	272 426 674	(48 023 751)	224 402 923	215 972 864	(8 430 059)	Note 51
VAT payable	79 962 195	-	79 962 195	61 209 147	(18 753 048)	Note 51
Consumer deposits	27 157 197	(1 267 590)	25 889 607	25 316 368	(573 239)	Note 51
Employee benefit obligation	7 662 000	-	7 662 000	8 194 000	532 000	Note 51
Unspent conditional grants and receipts	-	-	-	6 166 838	6 166 838	Note 51
Provisions	78 389 875	-	78 389 875	977 867	(77 412 008)	Note 51
	483 328 838	(49 291 341)	434 037 497	336 157 695	(97 879 802)	

Non-Current Liabilities

Other financial liabilities	112 301 520	-	112 301 520	95 697 840	(16 603 680)	Note 51
Finance lease obligation	1 006 190	-	1 006 190	4 266	(1 001 924)	Note 51
Employee benefit obligation	89 549 000	-	89 549 000	100 669 000	11 120 000	
Provisions	26 716 684	-	26 716 684	8 196 159	(18 520 525)	Note 51
	229 573 394	-	229 573 394	204 567 265	(25 006 129)	

Total Liabilities

712 902 232 (49 291 341) 663 610 891 540 724 960 (122 885 931)

Net Assets

2 848 508 149 (66 423 184) 2 782 084 965 3 086 515 841 304 430 876

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 848 508 149	(66 423 184)	2 782 084 965	3 086 515 841	304 430 876	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Rates and Taxes	147 120 802	(8 703 811)	138 416 991	83 604 496	(54 812 495)	Note 51
Sale of goods and services	771 382 211	110 076 658	881 458 869	751 998 099	(129 460 770)	Note 51
Transfer Revenue	672 513 000	2 907 931	675 420 931	697 304 195	21 883 264	Note 51
Interest income	45 295 994	11 642 229	56 938 223	31 906 502	(25 031 721)	Note 51
	1 636 312 007	115 923 007	1 752 235 014	1 564 813 292	(187 421 722)	

Payments

Employee costs	(399 349 012)	(1 350 695)	(400 699 707)	(400 439 537)	260 170	Note 51
Suppliers	(939 794 046)	(155 035 008)	(1 094 829 054)	(906 826 197)	188 002 857	Note 51
Finance costs	(12 644 819)	-	(12 644 819)	(12 729 461)	(84 642)	Note 51
	(1 351 787 877)	(156 385 703)	(1 508 173 580)	(1 319 995 195)	188 178 385	

Net cash flows from operating activities	284 524 130	(40 462 696)	244 061 434	244 818 097	756 663	
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Cash flows from investing activities

Additions property, plant and equipment and intangible assets	(190 704 744)	(55 563 342)	(246 268 086)	(167 523 947)	78 744 139	Note 51
Proceeds from sale of Investment Property	3 599	3 552 691	3 556 290	17 321	(3 538 969)	Note 51
Purchase of other intangible assets	-	-	-	(1 514 560)	(1 514 560)	Note 51
Movement in financial assets	-	-	-	(4 590 593)	(4 590 593)	Note 51
Net cash flows from investing activities	(190 701 145)	(52 010 651)	(242 711 796)	(173 611 779)	69 100 017	

Cash flows from financing activities

Repayment of other financial liabilities	(16 569 393)	-	(16 569 393)	(15 053 225)	1 516 168	
Finance lease payments	-	-	-	(2 105 503)	(2 105 503)	
Net cash flows from financing activities	(16 569 393)	-	(16 569 393)	(17 158 728)	(589 335)	

Net increase/(decrease) in cash and cash equivalents	77 253 592	(92 473 347)	(15 219 755)	54 047 590	69 267 345	
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Cash and cash equivalents at the beginning of the year	142 311 258	(40 927 822)	101 383 436	177 311 460	75 928 024	
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Cash and cash equivalents at the end of the year	219 564 850	(133 401 169)	86 163 681	231 359 050	145 195 369	
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Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

The audited 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 audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses 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 audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Presentation currency

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

1.2 Rounding

All figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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. Significant judgements include:

Trade receivables and loans and receivables

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

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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/up is included in the operation surplus/deficit note.

Fair value estimation

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

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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

Provisions

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

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 Investment property

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

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

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 entity, and the cost or fair value of the investment property can be measured reliably.

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

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

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.

If the Municipality 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 Municipality 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 Municipality 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 Municipality 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.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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.

Notes to the Financial Statements: Accounting Policies

1.6 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; 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, whilst land is carried at a revalued amount based on municipal valuations, less subsequent accumulated impairment

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.

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

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

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

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

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

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

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

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

Item	Depreciation method	Average useful life in years
Land	Straight line	Indefinite
Infrastructure	Straight line	
• Roads and road furniture		10 - 30
• Bridges, Culverts and Gabions		30
• Car Parks		20
• Airports		10 - 20
• Traffic Lights		20
• Electricity :		
- Transformers, Meters & Reticulation Networks		10 - 65
- Substations & switchgears		15 - 40
- Other Electricity Components		10 - 40
• Water		10 - 20
• Refuse Sites		15 - 30
• Buildings		30
• Security Fencing and Lighting		10 - 30
Community Assets	Straight line	
• Parks Improvements		30
• Community Buildings		30
• Recreational facilities		20
Other Assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3 - 10
• Furniture and fittings		3 - 10
• Bins and containers		5 - 10
• Plant and equipment		5 - 15
• Emergency and Health Equipment		5 - 10
• Security Access and Control		5

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

Land is not depreciated as it is regarded as having an unlimited life.

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

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

The Municipality assesses at each reporting date whether there is any indication that the entity 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 entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit as part of Contracted Services and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

Item	Average useful life
Computer software, other	3-5 years

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

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).

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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.

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.9 Financial instruments

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

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

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
- 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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

Classification

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

Class	Category
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost
Financial Assets	Financial asset measured at amortised cost
Inventories	Financial asset is measured at lower of cost or net realisable value

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

The Municipality 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 Municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability 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 Municipality 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.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

Reclassification

The Municipality 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.

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.

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 Municipality's expenditure pattern must be structured in line with the available cash resources.

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. 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 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.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality 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 Municipality 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 recognise 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 continue 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 Municipality 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).

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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.

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.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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.

1.10 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 Municipality's incremental borrowing rate.

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.

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

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

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.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

1.11 Inventories

Consumable and stands inventories consist of consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. The cost of inventories is determined using the first-in-first-out (FIFO) method. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow-moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

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

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.

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 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.

Basis for estimates of future cash flows

In measuring value in use the Municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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 entity 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.

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of impairment loss

The entity 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 Municipality estimates the recoverable amount of that asset.

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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.

1.13 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than 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.

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

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

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

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.

1.14 Employee benefits

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.

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a Municipality pays fixed contributions into a separate Municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 Provisions and contingencies

Provisions are recognised when:

- the entity 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 entity 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 deficits.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

Rendering of services

Service charges relating to electricity is based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

Revenue arising from application of the approved tariff of changes in recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Service charges relating to solid waste is levied monthly in terms of the approved tariffs.

Interest

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

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

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

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

1.18 Revenue from non-exchange transactions

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

Recognition

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

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

Measurement

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

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.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

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

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.

Transfers

Apart from Services in kind, which are not recognised, the entity 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 entity 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.

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.20 Comparative figures

When the presentation of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless if such restatements are not required by a Standard of GRAP. Where material accounting errors have been identified in the current year which relate to prior periods, a retrospective correction is made as far as is practicable and the prior year comparatives are restated accordingly.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

1.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

1.24 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The Municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

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

1.25 Budget information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, Statement of Comparison of Budget and Actual amounts.

The budgeted figures are those approved by Council after a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an annual basis by functional classification linked to performance outcome objectives.

The budget covers the fiscal period from 01 July 2023 to 30 June 2024.

The budget of Greater Tzaneen Municipality for the 2023/2024 financial year has been approved by Council on 29 May 2023 for implementation on 1 July 2023, and the adjusted budgets for the financial year were approved as follows:

- 1st Adjustment Budget: 11 July 2023
- 2nd Adjustment Budget: 27 February 2024

The budget for the economic entity includes its Municipal entity's approved budgets.

Variance explanations are provided in Note 51 giving motivations for over or under spending on items where it is found to be material.

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Financial Statements: Accounting Policies

1.26 Related parties

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

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

Related parties also include entities that are directly or indirectly controlled by the reporting entity.

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

1.27 Events after reporting date

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

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

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

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

1.28 Value Added Tax (VAT)

The Municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.29 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.30 Statutory Receivables

Identification

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

Initial recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset 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.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

2. Changes in accounting policies, estimates and errors

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Changes in accounting policies are applied retrospectively except to the extent that it is impractical to determine the specific effects of the change in policy in such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively. Details of changes in estimates are disclosed in the notes to the financial statements.

Correction of errors are applied retrospectively in the period in which the errors has occurred except to the extent that is impractical to determine the period specific effects. In such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

The aggregate effect of the changes in accounting policy on the audited annual financial statements for the year ended 30 June 2024 is as follows:

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

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

GRAP 107 Mergers

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not “label” the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Mergers issued in 2010.

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

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter “the local Standards”) were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard’s scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Accounting for an acquisition versus a transfer of functions not under common control

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 106 does not have an application guidance section as all the principles are included in the Standard itself.

Assessing control - GRAP 106 is not explicit that the principles in GRAP 35 should be applied in assessing control.

Identifying acquisition date, assets, and liabilities - GRAP 106 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer and the acquisition date. GRAP 106 also includes guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement. IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity. GRAP 106 requires that the terms and conditions in the binding arrangement should be considered to determine the acquisition date, and the assets and liabilities to be transferred. IPSAS 40 is not as specific that a binding arrangement needs to be in place to determine the acquisition date. To identify the assets and liabilities to be transferred or assumed, IPSAS 40 merely refers to "must be what the acquirer and acquiree has exchanged".

Non-controlling interests - Additional guidance is included in GRAP 106 on the measurement of a noncontrolling interest in an acquiree.

Subsequent measurement - For the subsequent measurement of a reacquired right, IPSAS 40 distinguishes between a right with a finite and indefinite period. A similar distinction is not made in GRAP 106.

Calculation of the excess in the acquisition - GRAP 106 requires that the excess in transfer of functions be recognised in surplus and deficit. IPSAS 40 requires that the excess be recognised as goodwill. As a result, IPSAS 40 includes additional guidance on the recognition and measurement of goodwill, which is not included in GRAP 106.

Acquisition achieved in stages - Both Standards include similar guidance on the accounting for an acquisition achieved in stages, except for the treatment of the resulting gain or loss. IPSAS 40 requires that the gain or loss be recognised in surplus or deficit or in net assets/equity, whereas GRAP 106 requires it to be recognised in surplus or deficit only.

Measurement period - Both IPSAS 40 and GRAP 106 allow for a measurement period if the initial accounting for the acquisition is incomplete by the end of the reporting period, in which the acquisition occurs. In IPSAS 40 the measurement period should not exceed one year from the acquisition date. GRAP 106 allows two years. The increase or decrease in the provisional amount is recognised in goodwill in IPSAS 40, while the provisional amount is adjusted against surplus or deficit in GRAP 106.

Pre-existing relationship - Both Standards include similar guidance on determining what is part of the acquisition transaction if there was a pre-existing relationship between the acquirer and the acquiree. However, IPSAS 40 includes an additional principle to explain that a transaction entered into before the acquisition, by or on behalf of the acquirer or primarily for the benefit of the acquirer, is likely to be a separate transaction. IPSAS 40 also includes additional guidance of factors to be considered to determine if a transaction is part of the exchange of the acquired operation.

There are certain guidance included in IPSAS40 but not in GRAP106, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control issued in 2010.

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

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

GRAP 105 Transfer of Functions Between Entities Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter “the local Standards”) were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard’s scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not “label” the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Under Common Control issued in 2010.

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

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions

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

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

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

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

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

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

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

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

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

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

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

The entity expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

GRAP 103 (as revised): Heritage Assets

Background

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

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

Key amendments to GRAP 103

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

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

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

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

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

The effective date of the standard is for years beginning on or after 01 April 2023.

The entity expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

GRAP 104 (as revised): Financial Instruments

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

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

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
4. Inventories		
Stands	3 805 000	3 805 000
Consumables	16 330 036	24 421 155
	20 135 036	28 226 155

The carrying value of inventories is disclosed at lower of cost or net realisable value.

No stands were sold during the year.

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Other financial assets

At amortised cost

Fixed deposit- listed	48 092 035	43 501 442
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Non-current assets

At amortised cost	48 092 035	43 501 442
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Council's valuation of listed investments

Standard Bank	26 766 012	24 214 958
ABSA	21 326 023	19 286 484
	48 092 035	43 501 442

Fair value of investments are at book value as at 30 June 2024.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

A fixed deposit of R 26 766 012 has been made with Standard Bank of South Africa to repay a loan of R 30 000 000 on maturity date.

A fixed deposit was made with ABSA to secure a loan of R 90 million taken up with DBSA. The Municipality established a debt service account of R 21 326 023 to cover the debt service repayment obligation, under the agreement for 12 (twelve) months.

Loans to staff and the public

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
6. Receivables from non-exchange transactions		
Fines	898 360	1 818 600
VAT - Statutory Receivables	4 915 811	2 079 616
Consumer debtors - Rates	196 890 235	141 792 561
	202 704 406	145 690 777

6.1) Fines

Reconciliation of traffic fines

Opening Balance	73 250 017	71 110 760
New fines issued	1 818 100	2 975 800
Less: Fines Reversed	(392 100)	(415 310)
Less: Fines Paid	(878 306)	(421 233)
	73 797 711	73 250 017
Less: Provision for impairment	(72 899 351)	(71 431 417)
Net outstanding fines receivable	898 360	1 818 600

Reconciliation of provision for impairment of traffic fines

Opening Balance	71 431 417	67 481 420
Additionally provided	1 467 934	3 949 997
	72 899 351	71 431 417

Pledged as security

No receivables from non-exchanged transactions has been pledged as security for any financial liability.

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non- exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non- payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all traffic fines issued during the current year amounted to R 1 426 000 (2023: R 2 560 490).The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.

6.2) Reconciliation of consumer debtors - rates

Gross Balances - rates	399 924 597	346 381 503
Less: Allowance for impairment	(203 034 363)	(204 588 942)
Net balance	196 890 234	141 792 561

Consumer debtors - rates pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Credit quality of consumer debtors - rates

The credit quality of consumer debtors - rates that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors - rates are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors - rates are limited due to the Municipality's large number of customers. the Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Consumer debtors- rates impairment

As of 30 June 2024, Consumer debtors rates of R 203 034 363 (2023: R 204 588 942) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R 9 145 385 (2023: R0) was written off during the year as irrecoverable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors- rates

Opening balance	204 588 942	165 500 213
Allowance for impairment	7 590 806	39 088 729
Amount written off as irrecoverable	(9 145 385)	-
Total	203 034 363	204 588 942

6.3) VAT - Statutory Receivables

VAT Input	14 916 065	10 186 223
VAT Output	(10 000 254)	(8 106 607)
Net balance	4 915 811	2 079 616

VAT receivable from or payable to SARS is not a financial instrument, and should be treated as a statutory receivable or payable. The amount of VAT receivable from or payable to SARS is calculated as the net amount of output VAT collected and input VAT paid: therefore, VAT due to be received from SARS is recognised as a statutory receivable as per GRAP 108

Statutory Receivables pledged as security

No portion of VAT statutory receivables was pledged as security for any financial liabilities

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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7. Operating lease asset

Current assets	1 172 268	927 576
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Municipality as lessor: Future minimum lease payments receivable

Less than one year	1 150 032	1 172 268
Between one year and five years	1 979 904	3 076 785
More than five years	4 962	21 015
	3 134 898	4 270 068

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and ninety - nine (99) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight-line basis over the lease term. The effect of accounting for operating leases on the straight-line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

8. Receivables from exchange transactions

Bursary loans	1 245 909	434 847
Consumer debtors - Electricity	421 401 287	365 694 399
Consumer debtors - Refuse	154 287 725	138 661 978
Trade debtors	447 781 398	418 985 627
	1 024 716 319	923 776 851

Less: Provision for impairment of receivables	(354 999 922)	(326 312 643)
	669 716 397	597 464 208

Reconciliation of provision for impairment of trade and other receivables

Opening Balance	326 312 643	236 135 689
Provision for impairment- other debtors	5 551 747	21 506 880
Amounts written off as irrecoverable	(27 225 657)	-
Provision for impairment- consumer debtors	50 361 189	68 670 074
	354 999 922	326 312 643

Impairment Allowance

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent, consumables, rental hawker stalls, private dumping, etc.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Credit quality of receivables from exchange transactions for trade and other debtors		
Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.		
Concentrations of credit risk with respect to other receivables are limited due to the Municipality's large number of customers. the Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.		
Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	399 924 597	346 381 503
Consumer debtors - Electricity	421 401 287	365 694 399
Consumer debtors - Refuse	154 287 725	138 661 978
	975 613 609	850 737 880
Less: Allowance for impairment		
Consumer debtors - Rates	(203 034 363)	(204 588 942)
Consumer debtors - Electricity	(200 366 631)	(176 975 152)
Consumer debtors - Refuse	(116 194 910)	(99 849 467)
	(519 595 904)	(481 413 561)
Net balance		
Consumer debtors - Rates	196 890 235	141 792 561
Consumer debtors - Electricity	221 034 656	188 719 247
Consumer debtors - Refuse	38 092 815	38 812 511
	456 017 706	369 324 319
Included in above is receivables from exchange transactions		
Electricity	221 034 656	188 719 247
Refuse	38 092 815	38 812 511
	259 127 471	227 531 758
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates (Note 6)	196 890 235	141 792 561
	456 017 706	369 324 319
Rates		
Current (0 -30 days)	24 992 488	17 257 336
31 - 60 days	6 947 314	8 059 225
61 - 90 days	6 636 892	6 671 990
91 - 120 days	6 544 856	6 212 777
121 days and older	354 803 047	308 180 175
	399 924 597	346 381 503

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Electricity		
Current (0 -30 days)	96 080 239	62 976 738
31 - 60 days	14 392 169	22 263 860
61 - 90 days	12 180 329	13 979 912
91 - 120 days	13 917 957	11 358 203
121 days and older	284 830 593	255 115 686
	421 401 287	365 694 399
Refuse		
Current (0 -30 days)	6 920 741	3 707 308
31 - 60 days	2 560 590	2 660 168
61 - 90 days	2 485 794	2 417 656
91 - 120 days	2 409 146	2 327 631
121 days and older	139 911 453	127 549 215
	154 287 724	138 661 978
Total	975 613 608	850 737 880
Summary of Debtors by customer classification		
Residential Property		
Current (0 -30 days)	23 007 841	20 387 022
31 - 60 days	12 892 005	12 395 780
61 - 90 days	11 692 019	11 024 587
91 - 120 days	18 632 015	18 543 884
121 days and older	376 626 735	349 841 585
	442 850 615	412 192 858
Industrial/commercial		
Current (0 -30 days)	29 134 678	28 069 958
31 - 60 days	26 890 432	25 307 131
61 - 90 days	26 187 025	25 009 030
91 - 120 days	36 945 872	36 453 575
121 days and older	301 469 477	264 994 774
	420 627 484	379 834 468
National and provincial government		
Current (0 -30 days)	5 012 589	3 810 679
31 - 60 days	1 109 821	1 059 522
61 - 90 days	2 014 389	1 915 040
91 - 120 days	2 104 575	1 907 341
121 days and older	30 558 011	26 978 015
	40 799 385	35 670 597
Other		
Current (0-30 days)	9 102 548	7 005 742
31 - 60 days	2 845 892	1 287 122
61 - 90 days	2 589 214	1 425 473
91 -120 days	2 998 812	1 547 445
121 days and older	53 799 659	11 774 175
	71 336 125	23 039 957
Total	975 613 609	850 737 880

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Consumer debtors pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2024, debtors including rates of R 519 595 904 (2023: R 481 413 561) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R 19 769 658 (2023: R -) was written off during the year as irrecoverable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors (excluding rates)

Opening balance	276 824 619	208 154 543
Allowance for impairment	50 361 189	68 670 076
Amounts written off as irrecoverable	(10 624 268)	-
Total Consumer Debtors	316 561 540	276 824 619

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3 000	-
Bank balances	231 356 050	177 311 460
	231 359 050	177 311 460

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note19 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Consolidated cash book balance	-	-	-	231 356 050	177 311 460	147 461 260
ABSA Bank - Cheque Account number 404 896 4222	44 357 994	30 234 950	41 562 323	-	-	-
ABSA Bank - Cheque Account number 908 197 4990	2 399 836	1 453 487	884 575	-	-	-
ABSA Bank - Liquidity plus account 9312433930 (MIG)	6 828 762	36 733 007	38 119 948	-	-	-
ABSA Bank - Liquidity plus account 9312434237 (INEP)	177 769 458	108 890 016	66 894 414	-	-	-
Total	231 356 050	177 311 460	147 461 260	231 356 050	177 311 460	147 461 260

An amount of R 6 166 838 (2023: R5 333 835) of the unspent conditional grants is included in cash and cash equivalents.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

10. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	761 690 901	-	761 690 901	760 660 900	-	760 660 900

Reconciliation of investment property - 2024

	Opening balance	Transfers	Change in Valuation	Total
Investment property	760 660 900	1 110 000	(79 999)	761 690 901

Reconciliation of investment property - 2023

	Opening balance	Disposals	Total
Investment property	783 830 900	(23 170 000)	760 660 900

Pledged as security

No investment properties was pledged as security for liabilities.

The Municipality generated income from rental of investment properties of R 154 875 monthly on average (2023: R144 832).

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 entity.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

Details of valuation

The Greater Tzaneen Municipal valuations are based on the valuation roll which is reviewed every five years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	243 814 658	(97 670 009)	146 144 649	242 695 658	(89 466 756)	153 228 902
Computer equipment	12 701 267	(11 198 441)	1 502 826	13 981 944	(12 405 455)	1 576 489
Construction work in progress	183 682 679	(304 764)	183 377 915	188 874 928	(304 764)	188 570 164
Furniture and office equipment	13 682 265	(6 547 398)	7 134 867	11 789 311	(5 263 484)	6 525 827
Infrastructure	2 704 241 530	(1 502 125 069)	1 202 116 461	2 579 166 861	(1 430 969 784)	1 148 197 077
Land	100 131 003	(114 999)	100 016 004	100 131 003	-	100 131 003
Leased assets	5 373 714	(4 397 241)	976 473	5 748 386	(3 046 388)	2 701 998
Other assets	45 081 260	(21 001 145)	24 080 115	37 947 820	(18 758 201)	19 189 619
Plant and machinery	24 866 324	(14 640 787)	10 225 537	20 533 089	(15 133 825)	5 399 264
Transport assets	55 210 629	(40 105 178)	15 105 451	47 692 413	(37 223 420)	10 468 993
Total	3 388 785 329	(1 698 105 031)	1 690 680 298	3 248 561 413	(1 612 572 077)	1 635 989 336

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Community	153 228 902	1 119 002	-	-	(8 203 255)	-	146 144 649
Computer equipment	1 576 489	524 406	(55 685)	-	(542 384)	-	1 502 826
Construction work in progress	188 570 164	150 560 996	-	(155 753 245)	-	-	183 377 915
Furniture and office equipment	6 525 827	2 246 014	(705)	-	(1 636 269)	-	7 134 867
Infrastructure	1 148 197 077	159 728 198	(996 160)	-	(98 761 917)	(6 050 737)	1 202 116 461
Land	100 131 003	-	-	-	-	(114 999)	100 016 004
Leased assets	2 701 998	11 861	-	-	(1 737 386)	-	976 473
Other assets	19 189 619	6 950 143	(4 188)	-	(2 055 459)	-	24 080 115
Plant and machinery	5 399 264	6 278 442	(133 476)	-	(1 318 693)	-	10 225 537
Transport assets	10 468 993	7 518 215	-	-	(2 881 757)	-	15 105 451
	1 635 989 336	334 937 277	(1 190 214)	(155 753 245)	(117 137 120)	(6 165 736)	1 690 680 298

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Community	161 563 169	-	-	-	(8 334 267)	-	153 228 902
Computer equipment	1 072 050	786 327	(4 726)	-	(277 162)	-	1 576 489
Construction work in progress	191 846 982	163 886 600	-	(166 858 654)	-	(304 764)	188 570 164
Furniture and office equipment	6 410 284	550 924	(7 499)	-	(427 882)	-	6 525 827
Infrastructure	1 087 864 567	164 642 255	(3 807 175)	-	(94 045 712)	(6 456 858)	1 148 197 077
Land	100 131 003	-	-	-	-	-	100 131 003
Leased assets	4 686 653	836 349	-	-	(2 821 004)	-	2 701 998
Other assets	18 190 010	3 024 607	(2 862)	-	(2 022 136)	-	19 189 619
Plant and machinery	1 882 823	5 424 817	(370 763)	-	(1 537 613)	-	5 399 264
Transport assets	7 906 676	4 970 945	(10 983)	-	(2 397 645)	-	10 468 993
	1 581 554 217	344 122 824	(4 204 008)	(166 858 654)	(111 863 421)	(6 761 622)	1 635 989 336

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R 3 475 909 (2023: R 3 711 857).

The assessment of impairment of assets resulted in an impairment of loss of R 6 050 737 (2023: R 6 761 621) (see note 30).

Repairs and Maintenance to the value of R 60 125 178 (2023: R 39 135 309) was spent on maintenance of assets. (see note 34)

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

Reconciliation of Construction Work-in-Progress 2024

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	7 252 086	40 176 840	-	(26 651 794)	-	20 777 132
Infrastructure: Roads	167 598 405	76 432 104	-	(129 101 451)	-	114 929 058
Community Assets	11 311 241	33 221 406	-	-	-	44 532 647
Other assets & Buildings	2 408 432	730 646	-	-	-	3 139 078
	188 570 164	150 560 996		- (155 753 245)		- 183 377 915

Reconciliation of Construction Work-in-Progress 2023

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	2 377 686	43 377 352	-	(38 502 952)	-	7 252 086
Infrastructure: Roads	186 315 893	109 638 214	-	(128 355 702)	-	167 598 405
Community assets	2 136 275	9 479 730	-	-	(304 764)	11 311 241
Other assets & Buildings	1 017 128	1 391 304	-	-	-	2 408 432
	191 846 982	163 886 600		- (166 858 654)	(304 764)	188 570 164

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Slow moving projects:

Other assets and buildings

- Installation of Dash Cameras - Installation of cameras was stalled due to contention by labour union that the dash cameras will invade privacy of drivers.

Roads

- Construction of Ext 13 Street - Turnkey Projects - the road is a multiyear project, and designs are completed. The project was not budgeted for implementation in the current year
- Paving of Risaba, Mnisi, Shado to Driving School - the project is at practical completion stage, the contractor is still in the process of installing road furniture and related.

Community

The projects are executed in phases and are at the advanced stage of completion (80%), the last phases were not budgeted for implementation in the current year.

- Nkowankowa Cemetery Ablution Blocks and Fencing
- Lenyenye Cemetery Ablution Blocks and Fencing
- Nkowankowa Cemetery Fencing Phase 2
- Lenyenye Cemetery Fencing Phase 2

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

12. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software, License & Website	5 896 816	(4 407 364)	1 489 452	5 448 387	(5 119 927)	328 460

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Software, License & Website	328 460	1 514 559	(353 567)	1 489 452

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Software, License & Website	684 618	(32 140)	(324 018)	328 460

Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

13. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

Reconciliation of heritage assets 2024

	Opening balance	Total
Mayoral Chain and Council Gowns	200 958	200 958

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayoral Chain and Council Gowns	200 958	200 958

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
14. Other financial liabilities		
Designated at fair value		
Loan stock - Standard Bank	30 000 000	30 000 000
At amortised cost		
Accrued interest	704 938	695 413
Annuity loan 1 - DBSA	12 091 096	14 268 637
Annuity loan 2 - ABSA	6 241 536	8 868 055
Annuity loan 3 - DBSA	24 533 263	28 846 084
Annuity loan 4 - DBSA	19 713 894	22 132 867
Annuity loan 5 - DBSA	19 721 728	23 248 624
	83 006 455	98 059 680
Total other financial liabilities	113 006 455	128 059 680
Non-current liabilities		
Loan stock	30 000 000	30 000 000
Annuity loans	65 697 840	82 301 520
	95 697 840	112 301 520
Current liabilities		
At amortised cost	17 308 615	15 758 160
	113 006 455	128 059 680

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Annuity loan 1: DBSA

A loan of R 20 000 000, with a current balance of R 12 091 096 (2023: R 14 268 637) was taken up on 15 August 2019. The loan bears interest at a fixed rate of 10.15% and will be fully redeemed on 30 September 2028.

Annuity loan 2: ABSA

This loan of R25 140 000, with a current balance of R 6 241 536 (2023: R 8 868 055), was taken up on 15 August 2010. The loan bears interest at a fixed rate of 11.66% and will be fully redeemed on 02 June 2026.

Annuity loan 3 : DBSA

A loan of R 40 000 000, with a current balance of R 24 533 263 (2023: R 28 846 084) has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

Annuity loan 4: DBSA

A loan of R41 000 000, with a current balance of R 19 713 894 (2023: R 22 132 867) was taken up to finance capital projects. This loan bears interest at a fixed rate of 6.75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan 5: DBSA

A loan of R 30 000 000, with a current balance of R 19 721 728 (2023: R 23 248 624) was taken up on 21 December 2020. The loan bears interest on a fixed rate of 10.27% and will be fully redeemed on 30 September 2028.

Loan stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09% per annum and will be redeemed on 16 October 2025.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2024.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
15. Finance lease obligation		
Minimum lease payments due		
- within one year	1 046 332	2 114 992
- in second to fifth year inclusive	4 455	1 039 648
	<u>1 050 787</u>	<u>3 154 640</u>
less: future finance charges	(34 525)	(232 499)
Present value of minimum lease payments	1 016 262	2 922 141
Present value of minimum lease payments due		
- within one year	1 011 996	1 915 951
- in second to fifth year inclusive	4 266	1 006 190
	<u>1 016 262</u>	<u>2 922 141</u>
Disclosed as follows:		
Non-current liabilities	4 266	1 006 190
Current liabilities	1 011 996	1 915 951
	<u>1 016 262</u>	<u>2 922 141</u>

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Municipality did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

16. Payables from exchange transactions

13th Cheque	8 792 129	8 327 375
Unknown direct deposits	9 118 353	5 301 729
Retention	31 414 550	28 797 331
Trade Payables	145 986 119	158 611 107
Staff leave	20 661 713	26 912 837
	<u>215 972 864</u>	<u>227 950 379</u>

The 2022/2023 comparative amount of R 228 Million on payables has been restated from R224.4 Million (see Note 61).

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

Staff leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits

This relates to payments or deposit made towards municipal accounts for rates and services where the payment source was unclear and/or use of incorrect reference. The deposits have not been allocated to the relevant accounts and the investigation is underway to determine the origin of the deposits. Common deposits relate to residential accounts for municipal services, payment for clearance certificates and ABSA system error for EFT transactions.

13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of it's conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated

17. VAT payable

Opening Balance	51 813 315	49 733 699
Movement for the year - VAT Statutory Receivables	(4 915 811)	(2 079 616)
Movement for the year - VAT Payable - Accrual basis	14 311 643	4 159 232
Closing Balance	61 209 147	51 813 315

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. VAT accrual does not represent amounts to be received or paid, but rather amounts that are associated with transactions that are yet to be declared to SARS. Interest on late payment is charged according to SARS policies.

18. Consumer deposits

Opening Balance	25 889 607	27 157 197
Movement for the year	(573 239)	(1 267 590)
Closing Balance	25 316 368	25 889 607

Guarantees held in lieu of electricity deposits	3 025 550	3 025 550
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No guarantees have been accepted after 1 July 2021 resulting in no change to Guarantees held in lieu of electricity deposits.

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

Business consumers are allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
19. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Grants	6 166 838	5 333 835
Movement during the year		
Balance at the beginning of the year	5 333 835	13 861 770
Additions during the year	148 900 966	152 954 073
Income recognition during the year	(126 314 514)	(136 036 381)
Administration fee recognised during the year	(5 646 100)	(5 236 176)
VAT	(16 107 349)	(18 742 451)
Rollover not Approved	-	(1 467 000)
	6 166 838	5 333 835

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized.

The total grants recognised in the statement of financial performance are disclosed in note 25 .

20. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	7 451 053	745 106	8 196 159
Provision for performance bonuses	349 781	628 086	977 867
	7 800 834	1 373 192	9 174 026

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reduction due to re-measurement	Total
Provision for rehabilitation of landfill site	6 773 684	677 369	-	7 451 053
Provision for performance bonuses	602 876	-	(253 095)	349 781
	7 376 560	677 369	(253 095)	7 800 834
Non-current liabilities			8 196 159	7 451 053
Current liabilities			977 867	349 781
			9 174 026	7 800 834

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. At its inception the provision had been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

21. Employee benefit obligation

Defined benefit plan

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

Carrying value

Defined benefit obligation - long service award	29 199 000	23 628 000
Defined benefit obligation - post retirement medical aid plan	79 664 000	73 583 000
	108 863 000	97 211 000

Non-current employee benefit obligations

Long service awards	24 817 000	19 273 000
Post retirement medical aid	75 852 000	70 276 000
	100 669 000	89 549 000

Current employee benefit obligations

Long service awards	4 382 000	4 355 000
Post retirement medical aid	3 812 000	3 307 000
	8 194 000	7 662 000

Post retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependents who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2024.

Plan assets

Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In service members	438	383
In service non-members	193	243
Continuation members	72	69
	703	695

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	79 664 000	73 583 000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	73 583 000	74 966 000
Benefits paid	(3 307 000)	(2 844 000)
Net expense recognised in the statement of financial performance	9 388 000	1 461 000
	79 664 000	73 583 000
Net expense recognised in the statement of financial performance		
Current service cost	2 770 000	3 094 000
Interest cost	8 976 000	8 697 000
Actuarial (gains) losses	(2 358 000)	(10 330 000)
	9 388 000	1 461 000
Calculation of actuarial gains and losses		
Actuarial (gains) losses	(2 358 000)	(10 330 000)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	12,25 %	12,47 %
Health care cost inflation rate	7,72 %	8,08 %
Net discount rate	4,21 %	4,06 %
Average retirement rate	62	62
Best estimate of contribution expected to be paid		
Expected benefit to be paid	3 812 000	3 307 000

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase		
Effect of aggregate service cost and interest cost	14 488 000	14 736 000
Effect on the defined benefit obligation	96 502 000	88 941 000
Decrease	-	-
Effect of aggregate service cost and interest cost	10 754 000	10 688 000
Effect on defined benefit obligation	74 113 000	68 370 000

Historical analysis

Amounts for the current and previous four years are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	79 664 000	73 583 000	74 966 000	70 019 000	58 926 000
Surplus/Deficit	(79 664 000)	(73 583 000)	(74 966 000)	(70 019 000)	(58 926 000)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 632 (2023: 627) employees that are entitled to long service leave awards on 30 June 2024. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	29 199 000	23 628 000
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	23 628 000	22 764 000
Past Service cost	4 914 000	-
Benefits paid	(4 355 000)	(2 821 000)
Net expense recognised in the statement of financial performance	5 012 000	3 685 000
	29 199 000	23 628 000

Net expense recognised in the statement of financial performance

Current service cost	1 858 000	1 934 000
Interest cost	2 397 000	2 337 000
Actuarial (gains) losses	757 000	(586 000)
	5 012 000	3 685 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	757 000	(586 000)
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Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,89 %	11,15 %
Expected increase in salaries	5,00 %	6,50 %
Net discount rate	6,00 %	4,36 %
Average retirement age	62	62

Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Increase		
Effect of aggregate service cost and interest cost	5 024 000	5 058 000
Effect on the defined contribution obligation	34 171 000	27 481 000
Decrease	-	-
Effect of aggregate service cost and interest cost	4 448 000	4 452 000
Effect on defined benefit obligation	30 944 000	24 836 000

Historical analysis

Amounts for the current and previous four years are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	29 199 000	23 628 000	22 764 000	21 900 000	17 202 000
Surplus/Deficit	(29 199 000)	(23 628 000)	(22 764 000)	(21 900 000)	(17 202 000)

Defined contribution plan

The entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	64 941 646	60 787 070
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The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 64.9 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 64 941 646 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 253 904 (2023: R 253 904) which represents the contributions for councillors.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Municipal Employees Pension Fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

2 706 153	2 663 882
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2024 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

7 440 290	7 486 715
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IMATU Retirement Fund

The above-mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

54 541 299	50 382 569
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Municipal Councillors Pension Fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

22. Service charges

Sale of electricity	759 147 764	651 012 942
Solid waste	40 947 452	39 208 425
	800 095 216	690 221 367

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services.

Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

23. Other income

Grant admin fees	5 646 100	5 236 176
Cemetery and burial fees	250 193	149 465
Motor vehicle and drivers licence	6 570 537	5 925 548
Other income	11 682 700	12 124 544
Impairment Reversal	1 341 713	-
Inspection Fees Facilities	637 997	631 540
	26 129 240	24 067 273

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 22 , which are billed to or paid for by the users of services as required according to councils approved tariffs.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
24. Property rates		
Rates levied		
Residential	74 656 966	71 897 887
Commercial	50 109 230	46 832 765
State	11 000 690	7 372 065
Farms	10 456 733	12 018 624
Other	69 357	177 665
	146 292 976	138 299 006

Valuations

	R'000	R'000
Residential	8 935 477	7 144 067
Commercial	3 130 091	3 087 635
State	1 416 512	1 962 143
Municipal	261 538	269 743
Agriculture	5 523 961	4 664 087
Other	152 284	72 951
	19 419 863	17 200 626

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2017. Extension was granted to extend the current general valuation roll for another 2 years. The new general valuation roll will come into effect on 1 July 2024. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate 1 July plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

25. Government grants and subsidies

Expanded Public Works Programme	5 110 000	8 065 000
Equitable share	521 211 000	481 161 000
Finance Management Grant	2 000 000	2 000 000
Energy Efficiency and Demand Side Management Grant	4 348 848	4 359 349
Municipal Disaster Recovery Grant	3 826 559	-
Municipal Disaster Response Grant	3 434 766	-
Municipal Infrastructure Grant	87 985 790	106 749 252
National - Electrification Grant	17 545 765	14 478 904
Sector Education and Training Authority	2 062 788	383 873
VAT on Grants	16 107 348	18 742 453
	663 632 864	635 939 831

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Unconditional Grants		
Equitable share		
Current year allocation	521 211 000	481 161 000
Transfer to Revenue	(521 211 000)	(481 161 000)
No conditions to be met - transferred to liabilities	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the Municipality by the National Treasury.

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

Conditional Grants

Sector Education and Training Authority (SETA)

Balance unspent at beginning of year	1 362 931	816 289
Current-year receipts	1 203 968	935 073
Conditions met - transferred to revenue	(2 062 788)	(383 873)
VAT on grant received (own revenue)	(233 107)	(4 558)
Conditions still to be met - transferred to liabilities	271 004	1 362 931

Conditions still to be met - remain liabilities (see note 19).

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	8 993 820
Current-year receipts	105 369 000	119 004 000
Conditions met - transferred to revenue	(87 985 790)	(106 850 312)
VAT on grant received (own revenue)	(11 737 110)	(16 012 388)
Administration fee	(5 646 100)	(5 236 176)
Transfers to own revenue	-	101 056
No conditions to be met - transferred to liabilities	-	-

Conditions still to be met - remain liabilities (see note 19).

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	-	4 030 760
Current-year receipts	19 968 000	14 000 000
Conditions met - transferred to revenue	(17 545 765)	(14 478 904)
VAT on grants	(2 422 235)	(2 084 856)
Rollover not approved	-	(1 467 000)
No conditions to be met - transferred to liabilities	-	-

Conditions still to be met - remain liabilities (see note 19).

The grant was used for electrification of villages.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Cleanest Town		
Balance unspent at beginning of year	20 904	20 904
Conditions still to be met - transferred to liabilities	20 904	20 904
Conditions still to be met - remain liabilities (see note 19).		
Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.		
Finance Management Grant		
Current-year receipts	2 000 000	2 000 000
Conditions met - transferred to revenue	(2 000 000)	(2 000 000)
No conditions to be met - transferred to liabilities	-	-
The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns).		
Expanded Public Works Programme (EPWP)		
Current-year receipts	5 110 000	8 065 000
Conditions met - transferred to revenue	(5 110 000)	(8 065 000)
No conditions to be met - transferred to liabilities	-	-
The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development.		
The grant is mainly used for rural waste removal.		
Municipal Disaster Recovery Grant		
Current-year receipts	10 250 000	-
Conditions met - transferred to revenue	(3 826 559)	-
VAT on Grants	(548 511)	-
Conditions still to be met - transferred to liabilities	5 874 930	-
This grant is utilized for maintenance of roads and storm water.		
Municipal Disaster Response Grant		
Balance unspent at beginning of year	3 950 000	-
Current-year receipts	-	3 950 000
Conditions met - transferred to revenue	(3 434 766)	-
VAT on Grants	(515 234)	-
Conditions still to be met - transferred to liabilities	-	3 950 000
Energy Efficiency and Demand Side Management Grant		
Current-year receipts	5 000 000	5 000 000
Conditions met - transferred to revenue	(4 348 848)	(4 359 349)
Vat on Grants	(651 152)	(640 651)
No conditions to be met - transferred to liabilities	-	-

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

26. Public contributions and donations

Assets donated by the Public and Public Entities	11 660 085	-
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Greater Tzaneen Municipality received the following donations in the form of assets in 2023/24 financial year:

- 1) Computer Equipment: An Asus Standard CPU and a Samsung Standard Monitor from the Department of Economic Development, Environment and Tourism amounting to R 19 595
- 2) Community Assets: A Park from MATUMI EIENDOMME CC who are developers for Tzaneen Ext 95 amounting to R1 119 000
- 3) Electricity Infrastructure Assets, Roads Infrastructure Assets and Stormwater Assets from MATUMI EIENDOMME CC amounting to R 10 521 490

27. Total Revenue

Service charges	800 095 216	690 221 367
Rental of facilities and equipment	1 858 501	2 193 991
Agency services	12 468 742	11 575 504
Licences and permits	503 485	505 524
Other income	26 129 240	24 067 273
Interest revenue	74 960 737	50 881 482
Property rates	146 292 976	138 299 006
Government grants & subsidies	663 632 864	635 939 831
Public contributions and donations	11 660 085	-
Fines, penalties and forfeits	33 386 022	26 081 047
	1 770 987 868	1 579 765 025

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	800 095 216	690 221 367
Rental of facilities and equipment	1 858 501	2 193 991
Agency services	12 468 742	11 575 504
Licences and permits	503 485	505 524
Other income	26 129 240	24 067 273
Interest revenue	74 960 737	50 881 482
	916 015 921	779 445 141

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	146 292 976	138 299 006
Transfer revenue		
Government grants & subsidies	663 632 864	635 939 831
Public contributions and donations	11 660 085	-
Fines, penalties and forfeits	33 386 022	26 081 047
	854 971 947	800 319 884

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
28. Employee related costs		
Basic	219 219 218	202 770 373
Bonus	19 669 643	17 587 296
Medical aid - company contributions	27 921 715	19 328 110
UIF	1 256 658	1 196 055
Covid and Danger Allowance	4 709 100	-
Leave pay	11 306 907	14 221 120
Travel allowance	17 990 564	17 178 576
Overtime payments	30 639 916	28 915 438
Housing allowance	1 214 191	1 269 775
Standby allowance	881 506	856 339
Social contributions	48 324 538	43 660 307
	383 133 956	346 983 389

Accounting Officer and Directors

A salary increase of 3% was approved for the Accounting Officer and Directors for 2022/2023. Refer to Gazette no. 48789.

A salary increase of 3.3% was approved for the Accounting Officer and Directors for the year under review. Refer to Gazette no. 50737.

Remuneration of Accounting Officer

Annual Remuneration	1 224 540	1 234 385
Car Allowance	276 000	266 000
Contributions to UIF, Medical and Pension Funds	218 125	214 062
Telephone Allowance	24 000	24 000
	1 742 665	1 738 447

Remuneration of Chief Financial Officer

Annual Remuneration - PM Makhubela	8 550	905 290
Annual Remuneration - CM Maeta	289 943	-
Car Allowance - PM Makhubela	-	271 941
Car Allowance - CM Maeta	55 152	-
Contributions to UIF, Medical and Pension Funds - PM Makhubela	-	213 151
Contributions to UIF, Medical and Pension Funds - CM Maeta	55 860	-
Telephone Allowance - PM Makhubela	-	20 000
Telephone Allowance - CM Maeta	8 000	-
Leave pay - PM Makhubela	-	150 683
Acting Allowance - AN Mathebula (Acting from 2 May 2023 - 31 Oct 2023)	71 269	21 678
Acting Allowance - ME Sono (Acting from 01 Nov 2023 - 29 Feb 2024)	57 015	-
	545 789	1 582 743

The former Chief Financial Officer, P Makhubela's contract expired on 30 April 2023. AN Mathebula was appointed as the Acting Chief Financial Officer from 02 May 2023 to 31 October 2023. ME Sono was appointed as the Acting Chief Financial Officer from 01 November 2023 to 29 February 2024. The Chief Financial Officer, CM Maeta was appointed from 01 March 2024.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Director Community Services		
Annual Remuneration - A Nkuna	8 550	829 434
Annual Remuneration - C Ntimbani	966 781	-
Car Allowance - A Nkuna	-	54 000
Car Allowance - C Ntimbani	205 286	-
Contributions to UIF, Medical and Pension Funds - A Nkuna	-	200 446
Contributions to UIF, Medical and Pension Funds - C Ntimbani	95 966	-
Telephone Allowance - A Nkuna	-	18 000
Telephone Allowance - C Ntimbani	22 000	-
Leave pay	-	120 949
Performance Bonus - A Nkuna	88 192	-
	1 386 775	1 222 829

The former Director Community Services, A Nkuna's contract expired on 31 March 2023. TM Machumele was appointed as the Acting Director from 01 April 2023 to 31 July 2023. The Director Community Services, C Ntimbani was appointed on 1 August 2023.

Director Engineering Services

Annual Remuneration - CM Molokomme	8 550	670 789
Annual Remuneration - HO Tshisevhe	1 043 980	-
Car Allowance - CM Molokomme	-	189 000
Car Allowance - HO Tshisevhe	220 188	-
Contributions to UIF, Medical and Pension Funds - CM Molokomme	-	20 627
Contributions to UIF, Medical and Pension Funds - HO Tshisevhe	143 659	-
Telephone allowance - CM Molokomme	-	14 000
Telephone allowance - HO Tshisevhe	24 000	-
Leave Pay	-	92 728
Acting allowance - HO Tshisevhe (Acting from 1 February 2023 to 30 June 2023)	-	65 783
	1 440 377	1 052 927

The former Director Engineering Services, CM Molokomme resigned on 31 January 2023 and HO Tshisevhe was appointed as the Acting Director Engineering Services from 01 February 2023 to 30 June 2023. The new Director Engineering Services, HO Tshisevhe, was appointed on 01 July 2023.

Director Planning and Economic Development

Annual Remuneration	1 048 162	706 306
Car Allowance	180 794	64 000
Contributions to UIF, Medical and Pension Funds	193 628	143 961
Telephone allowance	24 000	16 000
Performance Bonus	62 994	-
Leave pay	-	120 949
	1 509 578	1 051 216

The Director Planning and Economic Development's contract expired on 28 February 2023 and F Mthethwa was appointed as the Acting Director Planning and Economic Development from 01 March 2023 to 30 June 2023. The new Director Planning and Economic Development, BM Mathebula, was appointed on 01 July 2023.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Director Corporate Services		
Annual Remuneration - S Sepeng (until 28 June 2024)	876 073	831 759
Car allowance - S Sepeng (until 28 June 2024)	96 000	88 000
Contributions to UIF, Medical and Pension Funds - S Sepeng (until 28 June 2024)	322 210	166 948
Telephone allowance - S Sepeng (until 28 June 2024)	24 000	22 000
Leave Pay - S Sepeng (until 28 June 2024)	61 147	-
Acting Allowance - MW Baloyi (Acting until 07 August 2022)	-	7 692
	1 379 430	1 116 399

MW Baloyi was appointed as the Acting Director Corporate Services until 07 August 2022. The Director Corporate Services was appointed on 08 August 2022 and resigned on 28 June 2024.

Director Electrical Engineering

Annual Remuneration - F Mthethwa	1 182 957	789 455
Car allowance - F Mthethwa	111 594	88 000
Contributions to UIF, Medical and Pension Funds - F Mthethwa	368 704	274 117
Telephone allowance - F Mthethwa	24 000	22 000
	1 687 255	1 173 572

The Director Electrical Engineering was appointed on 08 August 2022.

29. Remuneration of councillors

Mayor	1 002 655	1 000 254
Other councillor's allowances	18 230 192	18 628 247
Executive Committee allowance	3 816 560	3 815 777
Speaker, Chief Whip and full-time councillors' allowances	5 908 174	5 464 048
	28 957 581	28 908 326

Councillors

Remuneration for the mayor, speaker and chief whip are disclosed as follows:

Mayor

Annual Remuneration - PG Molapisane	716 738	716 738
Car Allowance - PG Molapisane	238 913	238 912
Cellphone Allowance - PG Molapisane	47 004	44 604
	1 002 655	1 000 254

Speaker

Annual Remuneration - MS Tiba	573 389	571 845
Car allowance - MS Tiba	191 129	190 615
Cellphone allowance - MS Tiba	47 004	44 602
	811 522	807 062

Chief Whip

Annual Remuneration - GM Malatji	533 253	539 097
Car allowance - GM Malatji	179 185	179 699
Cellphone allowance - GM Malatji	46 404	41 043
	758 842	759 839

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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In-kind benefits

The Mayor, Speaker, Chief Whip and five Councillors are full-time councillors. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager, one personal assistant and a gender, youth and disability programme.

Remuneration of councillors

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 49142.

Councillors

2024

	Emoluments	Travel	Cellphone Allowance	Total
MR GP Molapisane (Mayor)	716 738	238 913	47 004	1 002 655
MR GM Malatji (Chief Whip)	533 253	179 185	46 404	758 842
MS MS Tiba (Speaker)	573 389	191 129	47 004	811 522
MS RE Pohl	296 286	99 961	47 004	443 251
MS MM Makwala	299 885	99 961	47 004	446 850
MR TC Letsoalo	2 691	897	638	4 226
MR DG Malemela	278 001	94 266	44 110	416 377
MR R Mabuza	299 885	99 961	47 004	446 850
MS MM Mmola	299 885	99 961	47 004	446 850
MS MS Raganya	537 554	179 185	47 004	763 743
MR TT Maunatlala	535 403	179 185	47 004	761 592
MR NG Maunatlala	537 554	179 185	47 004	763 743
MS MC Ramothwala	537 554	179 185	47 004	763 743
MR MR Shingange	537 554	179 185	47 004	763 743
MR MG Mangena	225 914	75 607	47 004	348 525
MS MS Baloyi	226 821	75 607	47 004	349 432
MR GP Makhubele	226 821	75 607	47 004	349 432
MR DG Mkhabela	289 156	97 356	47 004	433 516
MR SN Mohonone	225 006	75 607	47 004	347 617
MR NG Mukansi	225 914	75 607	47 004	348 525
MR SE Ngobeni	224 099	75 607	47 004	346 710
MS SB Ramoshaba	226 821	75 607	47 004	349 432
MS JM Ratopola	222 285	75 607	47 004	344 896
MS C Bredenkamp	226 821	75 607	47 004	349 432
MS C Dreyer	226 821	75 607	47 004	349 432
MS MM Kgamede	226 821	75 607	47 004	349 432
MR NR Lefuphana	226 821	75 607	47 004	349 432
MR TS Lepulane	226 821	75 607	47 004	349 432
MR WM Maake	225 006	75 607	47 004	347 617
MR FC Mabitsele	226 821	75 607	47 004	349 432
MR PC Mabunda	225 006	75 607	47 004	347 617
MS MF Maenetja - Makamu	224 099	75 607	47 004	346 710
MR SV Mahlawule	226 821	75 607	47 004	349 432
MR SS Malatji	225 914	75 607	47 004	348 525
MR PG Mameja	226 821	75 607	47 004	349 432
MR ME Manyama	226 821	75 607	47 004	349 432
MR MB Mashele	226 821	75 607	47 004	349 432
MS J Mashele	226 821	75 607	47 004	349 432

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

MR NL Masinge	225 914	75 607	47 004	348 525
MR C Mathevula	225 006	75 607	47 004	347 617
MS ES Mathole	225 006	75 607	47 004	347 617
MR ME Mawasha	226 821	75 607	47 004	349 432
MR PM Mayimele	225 006	75 607	47 004	347 617
MR NL Mohale	225 914	75 607	47 004	348 525
MR SJ Mokoena	226 821	75 607	47 004	349 432
MR A Moss	226 821	75 607	47 004	349 432
MR K Ndlovu	225 006	75 607	47 004	347 617
MR T Ngobeni	226 821	75 607	47 004	349 432
MR MR Ngomani	226 821	75 607	47 004	349 432
MR G Nkhwashu	225 914	75 607	47 004	348 525
MR T Nkuna	225 914	75 607	47 004	348 525
MS WT Phiri	226 821	75 607	47 004	349 432
MR ME Ralepelle	226 821	75 607	47 004	349 432
MR ML Ramalepe	220 016	75 607	47 004	342 627
MR CN Ramathoka	221 831	75 607	47 004	344 442
MR NE Ratopola	226 821	75 607	47 004	349 432
MR I Risiva	226 821	75 607	47 004	349 432
MR RR Shaai	219 358	83 070	47 004	349 432
MS MO Shingange	225 006	75 607	47 004	347 617
MS CM Shokane	224 099	75 608	47 004	346 711
MR NS Thobejane	224 099	75 608	47 004	346 711
MR C Stoltz	289 923	97 029	47 004	433 956
Mr GE Ntimbane	287 594	97 029	47 004	431 627
MR TM Shihangule	289 923	97 029	47 004	433 956
MS SM Matiane	289 923	97 029	47 004	433 956
MR EN Monyela	289 923	97 029	47 004	433 956
MR HR Malatji	289 923	97 029	47 004	433 956
MS MC Morwatshehla	288 943	96 702	47 004	432 649
MR SM Makgoba	291 086	97 028	47 004	435 118
MS MD Sejaphala	291 086	97 028	47 004	435 118
	19 261 327	6 455 834	3 240 420	28 957 581

2023

	Emoluments	Travel	Cellphone Allowance	Total
MR GP Molapisane (Mayor)	716 738	238 912	44 604	1 000 254
MR GM Malatji (Chief Whip)	539 097	179 699	41 043	759 839
MS MS Tiba (Speaker)	571 845	190 615	44 602	807 062
MS RE Pohl	299 562	99 854	46 474	445 890
MS MM Makwala	299 884	99 962	46 474	446 320
MR TC Letsoalo	251 733	83 911	39 074	374 718
MR DG Malemela	66 440	19 709	4 141	90 290
MR R Mabuza	299 884	99 962	46 474	446 320
MS MM Mmola	293 427	97 808	44 942	436 177
MS MS Raganya	537 553	179 184	47 004	763 741
MR TT Maunatlala	537 553	179 184	46 474	763 211
MR NG Maunatlala	537 553	179 184	47 004	763 741
MS MC Ramothwala	537 553	179 184	44 604	761 341
MR MR Shingange	537 553	179 184	47 004	763 741
MR MG Mangena	224 974	74 992	45 401	345 367
MS MS Baloyi	226 821	75 607	45 612	348 040
MR GP Makhubele	226 821	75 607	44 585	347 013
MR DG Mkhabela	252 618	80 766	46 474	379 858
MR SN Mohonone	226 821	75 607	44 707	347 135
MR NG Mukansi	226 821	75 607	44 588	347 016
MR SE Ngobeni	226 821	75 607	46 474	348 902
MS SB Ramoshaba	226 821	75 607	45 610	348 038

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

MS JM Ratopola	226 821	75 607	46 474	348 902
MS C Bredenkamp	226 821	75 607	46 474	348 902
MS C Dreyer	226 821	75 607	46 474	348 902
MS MM Kgamedi	226 821	75 607	46 474	348 902
MR NR Lefuphana	226 821	75 607	43 872	346 300
MR TS Lepulane	226 821	75 607	44 629	347 057
MR WM Maake	226 821	75 607	46 474	348 902
MR FC Mabitsele	226 821	75 607	46 474	348 902
MR PC Mabunda	226 821	75 607	45 612	348 040
MS MF Maenetja - Makamu	226 821	75 607	46 474	348 902
MR SV Mahlawule	226 821	75 607	44 749	347 177
MR SS Malatji	226 821	75 607	46 474	348 902
MR PG Mametja	226 821	75 607	46 474	348 902
MR ME Manyama	226 821	75 607	44 815	347 243
MR MB Mashele	226 821	75 607	46 474	348 902
MS J Mashele	226 821	75 607	46 474	348 902
MR NL Masinge	226 821	75 607	44 724	347 152
MR C Mathevula	226 821	75 607	46 586	349 014
MS ES Mathole	226 821	75 607	44 739	347 167
MR ME Mawasha	226 821	75 607	44 892	347 320
MR PM Mayimele	226 821	75 607	46 474	348 902
MR NL Mohale	226 821	75 607	44 751	347 179
MR SJ Mokoena	226 821	75 607	46 474	348 902
MR A Moss	226 821	75 607	46 474	348 902
MR K Ndlovu	226 821	75 607	47 004	349 432
MR T Ngobeni	226 821	75 607	46 474	348 902
MR MR Ngomani	226 821	75 607	46 474	348 902
MR G Nkhwashu	226 821	75 607	44 510	346 938
MR T Nkuna	226 821	75 607	44 630	347 058
MS WT Phiri	226 821	75 607	46 475	348 903
MR ME Ralepelle	226 821	75 607	44 838	347 266
MR ML Ramalepe	226 821	75 607	44 710	347 138
MR CN Ramathoka	226 821	75 607	44 624	347 052
MR NE Ratopola	226 821	75 607	44 722	347 150
MR I Risiva	226 821	75 607	46 475	348 903
MR RR Shaai	226 724	75 703	46 476	348 903
MS MO Shingange	226 821	75 607	45 613	348 041
MS CM Shokane	226 821	75 607	44 849	347 277
MR NS Thobejane	226 821	75 607	44 590	347 018
MR C Stoltz	291 087	97 029	46 475	434 591
Mr GE Ntimbane	288 736	96 245	46 475	431 456
MR TM Shihangule	288 736	96 245	44 805	429 786
MS SM Matiane	291 087	97 029	46 475	434 591
MR EN Monyela	291 087	97 029	46 475	434 591
MR HR Malatji	291 087	97 029	44 550	432 666
MS MC Morwatshehla	291 087	97 029	45 701	433 817
MR SM Makgoba	291 087	97 029	44 703	432 819
MS MD Sejaphala	291 087	97 029	44 719	432 835
	19 325 896	6 436 214	3 146 216	28 908 326

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

30. Impairment of assets

Impairments

Property, plant and equipment	6 165 737	6 761 621
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Impairment loss

In terms of GRAP21, "Impairment of non-cash generated assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and assets management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2024. The assessment of impairment of assets has resulted in an impairment loss of R 6 050 738 as a result significant loss in value of Electrical Infrastructure Assets with a carrying amount of R7 079 515,99 and Roads Infrastructure Assets with the carrying amount of R3 213 627,74 due to physical damage. Furthermore, the Municipality has performed impairment assessment of land illegally occupied which resulted in impairment loss of R114 999 and the asset was carried at a value of R1,00.

31. Finance costs

Finance leases	199 625	506 629
Service concession arrangements: Landfill site	74 511	67 737
Other interest paid	12 654 950	15 102 984
	12 929 086	15 677 350

32. Inventory consumed

Consumables	17 124 363	15 352 257
Material and supplies	15 418 172	10 744 355
	32 542 535	26 096 612

33. Bulk purchases

Electricity - Eskom	570 292 315	495 844 915
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Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

34. Contracted services

Valuation roll	515 659	780 000
Cleaning Services	15 889 008	15 764 425
EPWP	1 043 077	2 953 552
Information technology	2 388 316	2 901 917
Meter reading	2 253 307	1 285 844
Refuse Removal	20 501 222	17 146 152
Repairs and maintenance	60 125 178	39 135 309
Traffic and security services	29 832 818	26 411 968
Credit control	9 460 090	11 252 906
Council owned land	2 836 431	2 157 358
Town planning	925 546	1 062 222
Aerodrome	4 890 410	984 432
Employee Wellness	-	44 358
	150 661 062	121 880 443

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

35. Transfer and subsidies

Eskom EBSST	4 164 959	3 831 329
GTEDA	12 585 230	10 251 506
Donation - Investment properties to developer	-	16 550 000
Other grants	24 095 675	17 511 719
SETA (Training)	2 062 788	383 873
SPCA	150 000	100 000
Solid waste: EPWP	5 110 000	8 059 443
Sport Council	190 000	190 000
	48 358 652	56 877 870

Other grants are summarized as follows:

Finance Management Grant	1 865 512	1 779 120
Integrated National Electrification Programme	16 850 112	13 483 816
Employee Bereavement	10 000	-
Mayor Bursary Account	878 518	1 046 766
Mayor Special Account	142 685	27 000
Energy Efficiency and Demand Side Management Grant (Operational)	4 348 848	1 175 017
	24 095 675	17 511 719

36. General expenses

Advertising	1 482 981	1 786 759
Auditors remuneration	7 323 105	7 159 118
Bank charges	3 641 844	3 325 511
Cleaning	-	-
Electricity services and commission paid	2 285 534	3 367 123
Entertainment	751 386	515 191
Remuneration of Ward Committees	6 032 050	6 422 768
Insurance	6 967 329	5 907 513
Lease rentals on operating leases	251 308	410 700
Levies and membership fees	7 528 859	10 437 331
Municipal services	53 099 645	49 585 427
Other expenses	15 835 323	15 677 843
Postage and courier	25 883	25 433
Protective clothing	200 278	22 291
Telephone and fax	112 191	580 479
Title deed search fees	1 203 449	97 728
Travel - local	4 295 168	3 497 330
	111 036 333	108 818 545

Municipal services are summarized as follows

Performance Management	1 440 000	1 920 000
Asset management consultants	5 546 137	2 672 363
Legal Fees	26 530 993	25 865 081
Audit Committee	492 012	884 974
SEBATA EMS	6 558 498	9 934 064
Financial management support	2 938 249	540 603
Tax Consultants	2 385 071	3 190 470
Other	7 208 685	4 577 872
	53 099 645	49 585 427

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

37. Net cash flow from operating activities

Surplus	243 195 355	124 414 340
Adjustments for:		
Depreciation and amortisation	117 490 688	112 087 966
Loss on sale of assets and liabilities	1 172 893	258 496
Fair value adjustments	79 999	-
Finance costs - Finance leases	199 625	506 629
Impairment deficit	6 165 737	6 761 621
Debt impairment	64 971 675	133 215 680
Movements in operating lease assets and accruals	(244 692)	15 327
Movements in retirement benefit assets and liabilities	11 652 000	(519 000)
Movements in provisions	1 373 192	424 274
Donated Assets non cash	(11 660 085)	16 550 000
Changes in working capital:		
Inventories	8 091 119	(7 743 940)
Receivables from exchange transactions	(129 275 125)	(100 241 568)
Other receivables from non-exchange transactions	(66 072 368)	(47 392 199)
Payables from exchange transactions	(11 977 512)	(18 745 034)
VAT	9 395 832	8 150 530
Unspent conditional grants and receipts	833 003	(8 527 935)
Consumer deposits	(573 239)	(1 267 590)
Adjustment for non cash items in surplus	-	425 822
	244 818 097	218 373 419

38. Auditors' remuneration

Fees- Auditor General of South Africa	7 323 105	7 159 118
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39. Commitments

Authorised expenditure

Already contracted for but not provided for

• Property, plant and equipment	55 248 358	97 056 497
• Other financial assets	100 391 292	122 524 078
	155 639 650	219 580 575

Total capital commitments

Already contracted for but not provided for	155 639 650	219 580 575
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Total commitments

Total commitments

Authorised expenditure	155 639 650	219 580 575
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The total commitments represent future expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

The expenditure will be financed by:

Internal funding	105 853 947	124 196 284
MIG grants	41 834 403	95 384 291
MDRG	7 951 300	-
	155 639 650	219 580 575

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

40. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 114.7 million (2023 : R99.8 million). The merits must still be determined and could result in a lesser or greater amount.

Malunga Tax Consultants vs Greater Tzaneen Municipality

In 2015 Malunga Tax Consultant sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons is R 7 602 106 and estimated legal fees for the matter is R 2 700 000 and was an estimation of how much the claim would cost.

10 302 106

10 302 106

Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality

The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability and also the estimated legal fees of R1 100 000 for this matter. The case was finalised at high court in May 2024,

-

11 694 144

Letaba Pakkers vs Greater Tzaneen Municipality

The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by The Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim is R 175 969 and estimated legal fees is R 450 000 as indicated was an estimation of how much the damages would cost. The matter was finalised in the Magistrate court in August 2023 by means of withdrawal by plaintiff.

-

625 969

C Van Der Merwe vs Greater Tzaneen Municipality

Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2021 for this matter includes the actual amount claimed and estimated legal fees for the matter

1 666 511

1 666 511

Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality

Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.

32 564 330

32 564 330

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Bravospan 252 CC vs Greater Tzaneen Municipality		
In 2018, Bravospan sued the Municipality for damages of declaring their contract null and void in the amount of R 9 624 000 and the estimated legal fees amount is R 3 500 000. The case is still pending.	13 124 000	10 324 000
Tshepiso Gabriel Maponya / GTM		
The Municipality advertised the position of Manager : Financial Services and Reporting, shortlisting and interviews were conducted were a suitable candidate was appointed. One of the unsuccessful candidates took the Municipality to Labour Court to review the appointment the institution made. The matter is in Labour Court on review after the unsuccessful candidate lost the case at Arbitration at CCMA level. The case is ongoing in Labour Court from January 2021. Relief claimed, appointment or alternative compensation	900 000	900 000
Mpho Kobela / GTM		
In 2019, the Mpho Kobela sued the Municipality for injuries sustained during Hawkers ejection in the CBD of Tzaneen, where circumstances forced Municipal Law Enforcement Officer to use ammunition to disperse the unsatisfied crowd of people who were refusing to leave the demarcated area for none trading purpose. The amount claimed is R 3 600 000.00 and the estimated legal fees is R 1 000 000.00. The case is still pending in the High Court.	4 600 000	4 600 000
Nkuna Traditional Council / GTM x2		
In 2019, the Municipality received an application and action proceedings wherein the Nkuna Traditional Council is claiming ownership of land belonging to the state as their communal land. The Municipality realised that the result of the claim might lead to Council losing the Townships of Nkowankowa, Lenyenye and Letsitele. Land belonging and registered as Council property is claimed by Nkuna Traditional Council as their land. Both matters are still pending in the High Court and the estimated legal fees for this matter is R 1 100 000.00	1 100 000	1 100 000
GTM / Josephine Maake		
The Municipality suspended Josephine Maake as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. She was later dismissed after a fair disciplinary hearing. She then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of her reinstatement and payment of outstanding salaries due. The employee claim reinstatement to the Municipality as Traffic Officer. Ongoing in the Labour Court from October 2019.	900 000	900 000
Stanley Malatji / GTM		
The Municipality suspended Stanley Malatji as testing officer after his arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. He was later dismissed after a fair disciplinary hearing. He then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in the favour of the Municipality. The employee claim reinstatement to the Municipality as Traffic Testing Officer. Ongoing in the Labour court from March 2020.	900 000	900 000
Manoko & SAMWU / GTM		
The Municipality dismissed Mr Manoko for the theft of copper wires. The matter went through Arbitration and the arbitrator upheld the dismissal from the disciplinary hearing. Mr Manoko approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of his dismissal from the Municipality. (Ongoing in Labour Court from October 2020). Employees seek reinstatement to work.	800 000	800 000

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

TP Shiluvane / Councillors, Mayor and Accounting Officer

The applicant is suing the Municipality for vicarious liability because of members of Council who Hosi N'wamitwa alleged that they have insulted her and suing them for damages. Hosi N'wamitwa filed papers alleging vicarious liability on the basis that the individuals are Councillors as such the Municipality must compensate her for the sum of R 1 500 000 million for defamation of character and her good image. The matter was finalised in High Court on the 6th February 2024 in favour of the Municipality as the plaintiff withdrew the case.

- 1 500 000

GTM//GTM Managers

On or about 23 December 2008, the Municipal Council passed a resolution to the effect that all managers who were on fixed term contracts should be transmitted to permanent dispensations and that their salaries be adjusted accordingly to accommodate the new changes. The transformation from the fixed term contracts to permanent dispensation has created salary disparities situation within the Municipality between the Managers who were employed before the transmission and managers who were employed after the transmission. The amount of the claim cannot be determined at this stage and the estimated legal fees is R470 000. The matter was finalised on the 15th of August 2022 however the matter was reinstated in the labour court on the 22nd of November 2023.

470 000 -

SAMWU: OBO: SAMWU Members//GTM

The Municipality dismissed Five Samwu members for the theft of copper wire at the electrical workshop belonging to Electrical Department. The matter went through normal disciplinary hearing, Conciliation, Arbitration, and the arbitrator upheld the dismissal from the disciplinary hearing conducted by the Municipality. Samwu approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of the dismissal of their members from the Municipality. The matter is pending in Labour Court.

1 500 000 1 500 000

Mapheto Business Enterprise//GTM

The Greater Tzaneen Municipality had a lengthy litigation with the applicant over the termination of its physical security contract from 2014 until May 2017, where the Municipality decided to reinstate the service provider to continue with services after amicable settlement of the issue. At the end of the contract as agreed in line with the settlement agreement, the service provider applied to court on the basis that the municipality did not pay him in line with the PSIRA Rates as applied in the security industry. The Municipality adjusted the PSIRA Rates in line with the court order, however the service provider was not satisfied about the adjustments and decided to contest the dissatisfaction in court where a claim of R12 Million was lodged against the Municipality for not complying with the PSIRA rates as alleged by the service provider. The matter is still at pleading stage. Summons were issued and served to GTM. The matter is ongoing and pending in high court since January 2022.

12 727 225 12 727 225

Desco green energy vs Greater Tzaneen Municipality

The Service Provider submitted an unsolicited bid to the Municipality to construct the Green Energy Solar Plant within the jurisdiction of the Municipality. The Service Provider is suing the Municipality an amount of R7 726 363.63 for failure of the Accounting Officer to accept their unsolicited bid as they allege on their particulars of claim. The matter is still pending.

7 726 364 7 726 364

Glecia Kodi Ngobeni/GTM

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
Glecia is suing the GTM for damage allegedly suffered by her. The matter is pending in the magistrate court of Tzaneen. The actual amount claimed as per summons (R85 374,90) and estimated legal costs for (R40 000).	125 375	
Lindor Ondernemings CC//GTM The municipality was served with a letter of demand in terms of section 3 of the Institution of legal proceedings against certain organs of state where Lindor Ondernemings CC demands compensation to the amount of R23 253 664,32 from the Municipality. The estimated legal fees for the matter is R1 000 000,	24 253 664	
Pusela Irrigation Board//GTM Pusela Irrigation is suing GTM for the claim of payment amounting to R788 284,45 for account as a result of water allocation on the 5th of June 2024. The estimated legal fees for the matter is R300 000	1 088 284	
	114 747 859	99 830 649

Contingent assets

Outstanding insurance claims

The contingent asset for insurance claims estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the Municipality for inspection.

26 314 2 682 026

Phadima Group Holding vs Greater Tzaneen Municipality

The Municipality is involved in land dispute of illegal acquisition of Municipal land by a private developer without authorisation by the Municipality. The Municipality entered into land availability agreement between 2007 and 2009 with Phadima Phadima Group Holdings. Three written agreements regarding the development of an immovable property known as Avis Park Extension 53, Tzaneen("The Property") were concluded to implement development for residential area purposes. The process of developing the area did not proceed because of breach of contract by the developer, who did not have the financial means to carry out the project, despite promising the Council based on the concluded agreements that the development will be done within a period of (60) Months. The Municipality instituted motion proceedings in court to recover the properties valued at an amount of over R50 million to recover the land from the private developer which was transferred illegally without resolution by Council and without any sale amount paid by the developer which was agreed to be R11 500 000 in 2007. The case is still pending in High Court from December 2022

11 500 000 11 500 000

11 526 314 14 182 026

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

41. Related parties

Relationships/Management

Accounting Officer

Chief Financial Officer

Chief Financial Officer

Chief Financial Officer

Director Community Services

Director Community Services

Director Engineering Services

Director Corporate Services

Director Electrical Engineering

Director Planning and Economic Development

Councillors

D Mhangwana

AN Mathebula (acting from 02 May 2023 to 31 October 2023)

ME Sono (acting from 01 November 2023 to 29 February 2024)

CM Maeta (from 01 March 2024)

TM Machumele (acting from 01 April 2023 to 31 July 2023)

C Ntimbani (from 01 August 2023)

HO Tshisevhe

S Sepeng (until 28 June 2024)

F Mthethwa

B Mathebula

Refer to Note 29 for list of councillors

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality.

No business transactions took place between the Municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R12 585 230 (2023: R 10 251 506), excluding VAT.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Section 57 Managers and Councillors

Refer to note 28 for detail of remuneration paid to Section 57 Managers and to note 29 for remuneration paid to Councillors.

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of employee	Capacity	Successful Tenderer	Amount in Service
X Sibisi	Compliance Officer	Rivisi Electrical	20 530 861
NHM Maake	Manager Human Resources	Whitehall Trading	1 675 204
NMH Maake	Manager Human Resources	Baobab Promotions	13 083
Z Ramothwala	SCM Manager	Modjadji & Raphesu Attorney	429 510
MN Nhlangwini	General Worker	Khikhi Enterprise	56 618
MN Nhlangwini	General Worker	Glorify 04 Enterprise	74 351
MN Nhlangwini	General Worker	Bongani & Lerato	121 475
E N Monyela	Councillor	Tsatsi & Kgao	551 448
M C Morwatshehla	Councillor	Ram B Enterprise	25 875
TT Shingwenyani	Machine Operator	Madumelani	387 367
ME Sono	Manager Expenditure	Mokgethoa Kagiso	26 500
			23 892 292

42. Risk management

Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks and processes for measuring and managing risks. Quantitative disclosures are included in these financial statements.

Liquidity risk

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.

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. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2024.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	17 308 615	95 697 840	113 006 455
Finance lease obligation	1 011 996	4 266	1 016 262
Payables from exchange transactions	215 972 864	-	215 972 864
	234 293 475	95 702 106	329 995 581

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	15 758 160	112 301 520	128 059 680
Finance lease obligation	1 915 951	1 006 190	2 922 141
Trade and other payables	227 950 379	-	227 950 379
	245 624 490	113 307 710	358 932 200

Credit risk

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.

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

Potential concentrations of credit rate risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the Municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

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

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

Financial instrument	2024	2023
Receivables from exchange transactions	669 716 397	612 081 404
Receivables from non-exchange transactions	197 788 595	143 611 161
Cash and cash equivalents	231 359 050	177 311 460
Other financial assets	48 092 035	43 501 442
Inventories	20 135 036	28 226 155
Total	1 167 091 113	1 004 731 622

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

Interest rate risk

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.

The Municipality is exposed to interest rate risk on its investments and long-term borrowings.

A sensitivity analysis is done by the Municipality on a continuous basis to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the Municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest-bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the Municipality exposure to market risks on the manner which it manages and measures the risk.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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43. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the council will continue to procure funding for the ongoing operations of the municipality.

We draw attention to the fact that as at 30 June 2024 the municipality had an accumulated surplus of R 3 086 515 841, and that the municipality's total assets exceed its total liabilities by R 3 086 515 841

The municipal council has taken a decision in March 2024 to de-establish the municipal entity and allowed the accounting officer and the board of GTEDA to embark on dissolution processes. The decision has been made following thorough review and consideration of the entity's operations. The process of dissolution is underway, and all necessary steps are being taken to ensure orderly and compliance with regulatory requirements of de-establishment of the entity.

44. Unauthorised expenditure

Opening balance as previously reported	19 894 903	108 057 626
Add: Expenditure identified - current	-	19 894 903
Unauthorised expenditure written off (2020/2021)	-	(15 083 719)
Unauthorised expenditure written off (2021/2022)	-	(92 973 907)
Unauthorised expenditure written off (2022/2023)	(19 894 903)	-
Unauthorised Expenditure awaiting write off/further investigation	-	19 894 903

No unauthorised expenditure was incurred during the year under review.

45. Fruitless and wasteful expenditure

Opening balance as previously reported	42 974 553	27 946 875
Add: Expenditure identified - current	2 592 249	15 029 537
Fruitless and Wasteful expenditure written off (2021/2022)	-	(1 859)
Fruitless and Wasteful expenditure written off (2022/2023)	(1 063 156)	-
Fruitless and wasteful expenditure awaiting write off / further investigation	44 503 646	42 974 553

The fruitless and wasteful expenditure has been tabled to Council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

The fruitless and wasteful expenditure was mainly due to among others duplicate payment, overpayment on infrastructure project and historic system calculation error, and the error stemmed from an improperly configured calculation within our legacy system, which inadvertently led to fruitless expenditure in the current year and correction in prior year.

The municipality observed discrepancies in fuel consumption records of three vehicles, which relates to instances where fuel of more than R3000 in respective vehicle was refilled despite the vehicles travelled a relatively short distance. This unusual patterns reflect an indication of possible misuse or misappropriation of fuel cards. The detailed investigation is underway to validate transaction, assess logbooks and any other documentation/processes to determine irregularities. If any misuse is identified, corrective actions and consequence management will be taken.

46. Irregular expenditure

Opening balance as previously reported	187 044 590	89 729 005
Add: Irregular Expenditure - current	98 497 738	114 605 224
Irregular Expenditure written off (2021/2022)	-	(17 289 639)
Irregular Expenditure written off (2022/2023)	(49 097 809)	-
Irregular expenditure awaiting write off / further investigation	236 444 519	187 044 590

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

2024

2023

Analysis of expenditure awaiting write off per age classification

Current Year
Prior years

98 497 738	114 605 224
137 554 898	72 439 366
236 052 636	187 044 590

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
<p>The irregular expenditure is mainly due to non-compliance with SCM processes on long-term contracts (3 years), which were awarded in prior year(s). Any expenditure incurred on the said contracts are recorded as irregular expenditure. Mostly is as a result of bids not advertised within prescribed number of days. The irregular expenditure is reported to council and referred to MPAC for investigation, the municipality has since terminated some of the long-term contracts to curb irregular expenditure.</p>		
47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Current year subscription / fee	3 921 682	3 952 984
Amount paid - current year	(3 921 682)	(3 952 984)
	-	-
Skills Development Levy		
Current year subscription/fee	3 955 555	3 659 685
Amount paid - current year	(3 955 555)	(3 659 685)
	-	-
Audit fees		
Current year subscription / fee	7 323 105	7 159 118
Amount paid - current year	(7 323 105)	(7 159 118)
	-	-
PAYE and UIF		
Current year subscription / fee	83 985 401	77 376 412
Amount paid - current year	(83 985 401)	(77 376 412)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	101 250 190	93 135 357
Amount paid - current year	(101 250 190)	(93 135 357)
	-	-
Bargaining Council Levy		
Current year subscription/fee	186 129	170 500
Amount paid - current year	(186 129)	(170 500)
	-	-
VAT		
VAT Statutory Receivables - payment basis	(4 915 811)	(2 079 616)
VAT payable - accrual basis	61 209 147	51 813 315
	56 293 336	49 733 699

Vat Input and Output accruals are shown in Note 17 and Input and Output statutory receivables are shown in note 6.

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand 2024 2023

Councillors

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

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor MS Tiba	1 050	4 893	5 943
Councillor RR Shaaai	4 097	57 835	61 932
Councillor I Risiva	5 394	-	5 394
Councillor C Mathebula	4 486	69 118	73 604
Councillor SM Makgoba	13	432	445
	15 040	132 278	147 318

48. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

49. 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 Council and includes a note to the audited annual financial statements.

The awards listed below have been approved by the Accounting Officer and noted by Council.

The classification of deviations:

Emergencies on service delivery	7 261 650	3 920 352
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All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process was approved by the Accounting Officer in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

Deviation listing is available.

50. Distribution losses

Units purchased (kWh)	332 094 792	326 404 795
Units lost during distribution (kWh)	56 627 250	44 846 391
Percentage lost during distribution	17,05 %	13,74 %
Rand Value	99 793 864	68 080 234

Electricity losses:

The electricity distribution losses for the current year are 17.05% (2023: 13.74%). The increase in electricity losses is due to both technical and non- technical losses. Although allowable loss factor as per NERSA cost of supply framework is defined as 10% of total anticipated purchases and tolerable range for energy losses is 5-12%, copper losses is the main cause among other factors which include power losses due to the resistance of the conductors.

The Municipality has engaged in a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement programme in support of revenue losses/generation pertaining to electricity.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
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51. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance

Revenue

Service charges (-6,89%)

The decrease is due to lower than anticipated consumption, which affected the billed amounts. Variance is (2024: R (59 182 157)) and (2023: R(62 018 259)).

Rental of Facilities and equipment (68,95%)

High response on rental of investment property (Municipal council own land and building). Variance (2024: R758 501) and (2023: R1 393 991)

Interest received - outstanding debtors (8,35%)

The earned interest on outstanding debtors was due to late and non payment for rates and municipal rates by consumers. Variance (2024: R3 319 458) and (2023: R6 105 562)

Income from agency services (-20,40%)

High projection was made on agency fee during budget process. Variance is (2024:R (3 195 549)) and (2023: R (3 088 787)).

Licenses and permits (-18,40%)

The variance is due to low activities and transactions than expected on issuing of licences and permits on building plans and registration approval, clearance certificates and town planning application fees. Variance is (2024:R (113 515)) and (2023:R (311 477)).

Other income (138,89%)

High income was due to underbudgeting on Administration and Transaction Handling fees. No budget was allocated for Management fees with an actual of R5,6 million.Variance is (2024: R 15 191 494) and (2023 :R 11 698 719).

Interest Revenue (56,54%)

The increase is due to interest on short -term investment and on surplus amount on Bank Account during the year. Variance (2024: R 11 524 273) and (2023: R14 623 799)

Public contributions and donations (100,00%)

Provision was not made in the budget and donation of assets was realised by the Municipality. Variance (2024:R11 660 085) and (2023: R0)

Fines, penalties and forfeits (54,87%)

High revenue received on fines, Penalty and forfeits due to Interest charged on late payments for Property rate.Variance is (2024:R11 829 011) and (2023: R 1 975 964).

Government Transfers and Subsidies (1.75%)

Underspending on Government grants and subsidies is due to late receipt of MDRG which was not fully spent at financial year end and inclusion of grant admin fee budget. Variance (2024: R11 808 971) and (2023: R5 464 169)

Expenditure

Employee costs (3,95%)

The underspending is due to vacant posts/ late filling of posts and resignation during the year. Variance (2024: R 15 765 751) and (2023: R21 155 677)

Depreciation and amortisation (-1,45%)

The depreciation and amortisation increased due to additional assets that were procured during the year and also projects that were completed and capitalised. Variance is (2024:R(1 676 649)) and (2023: R9 640 743).

Impairment of assets (100,00%)

Impairment of assets is due to assessment outcome after review of the assets condition, and provision was not allocated for this item. Variance is (2024:R(6 165 737)) and (2023: R(4 861 621)).

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Debt impairment (-9,04%)

The variance is due to non payment of property rates and municipal services by consumers. Variance is (2024: R 3 028 325) and (2023: (R61 515 691)).

Contracted services-(55,79)%

The variance is due to reclassification of inventory consumed item to Contracted services. Variance is 2024 ((53 954 969)) and 2023 (R44 007 862).

Transfers and subsidies paid (7,36%)

The underspending is due to unspent conditional grants not fully spent. Variance (2024: R 3 842 213) and (2023: R8 790 064)

Inventory consumed (71,68%)

The decrease is due to reclassification to contracted services. Variance is (2024: R82 392 408) and (2023: R48 267 310)

General expenses (16,33%)

The variance is due to implementation of Cost containment measures to minimise for non essential services and use internal resources. Variance is (2024: R 21 669 977) (2023: R9 806 616)

(Gain)/Loss on disposal of assets (-100,00%)

The loss is due to stolen, broken, replaced and redundant assets and amounts to R 1 120 769 (2023: 6 716 148)

Statement of Financial Position

Current assets

Inventory (-28,67%)

Low purchase of stock than anticipated during the year Variance is (2024: R(8 091 117)) and (2023: R 7 744 155).

Operating lease asset (100,00%)

Provision not made in the budget, renewal of lease agreements and on servitudes. Variance is (2024: R1 172 268) and (2023: (R 927 576)).

Receivables from non-exchange transactions (39,35%)

Increase in consumer debtors accounts due to non payment of services by consumers. Variance is (2024: R57 245 299) and (2023: R13 690 777).

Receivables from exchange transactions (9,42%)

Increase in Consumer debtors accounts due to non payment of services by consumers and other debtors. Variance is (2024: R57 634 993) and (2023: R -49 280 162).

Cash and cash equivalents (111,84%)

The municipality closed with a positive bank balance of R231,359,436 due to interest earned on investments and bank, and revenue collection on certain accounts. Variance is (2024: R122 144 945) and (2023: (R 29 850 200)).

Non-current assets

Property, plant and equipment (-3,03%)

Reduction is as a result of the assets that their useful lives were assessed, depreciated, impaired and written off. Variance is 2024 R(52 806 944) (2023:R77 254 924).

Intangible assets (14,33%)

Increase is as a result of the review of useful lives of Intangible assets. The current service provider issued legal litigation .Variance is (2024: R 186 642) and (2023: R - 355 540).

Other financial assets (14,69%)

The increase is due to favourable variable market rates for long-term investment. Variance is (2024: R6 158 858) and (2023: R3 556 290).

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Current Liabilities

Other financial liabilities (current) (-2,38%)

Reduction on short term borrowing due to payment for Annuity loans. Variance is (2024:R(422 282)) and (2023: R 531 087).

Finance lease obligation (100%)

Variance is due to unexpected cancelled stands that were held for sale.

Payables from exchange transactions (-3,76%)

The Municipality had outstanding payables and retention amounts to be paid out at year end to Contractors. Variance is (2024: R (8 430 059)) and (2023: (R (-26 214 287))).

VAT Payable (-23,45%)

Decrease in Vat payable was due to MDM vat incorrectly accounted for in GTM.. Variance is (2024: R(18 753 048)) and (2023: R -4 775 826).

Unspent conditional grants and receipts (-100%)

The unspent conditional grants is due to late allocation funds by Treasury for Municipal disaster recovery grant and Cleanest town. Variance is (2024: R6 166 838) and (2023: R 5 333 835).

Employee benefit obligations (6.94%)

The amount relates to figures received from actuaries on retirement benefits obligation Variance is (2024: R 532 000) and (2023: R1 754 000)

Provisions (98,75%)

Variance is due to performance bonuses for employees after evaluation of assessments. Variance is (2024:R 77 412 008) and (2023: R (5 918 094)).

Non-current liabilities

Other financial liabilities (-14.78%)

The increase is due to high budgeting of other financial liabilities Variance is (2024:R(16 603 680)) and (2023: R(17 180 476)).

Finance lease obligation (-99,58%)

Decrease is due to ended contracts or expired and also contracts with less than 12 months to be terminated. Variance (2024: R(1 001 924)) and (2023: R(1 111 536)).

Provisions (-69.32%)

The decrease is due to provision for Landfill site rehabilitation used for waste disposal. Variance is (2024: (R (18 520 525))) and (2023: R(6 026 351)).

Employee benefit obligation (12,42%)

The increase is due to valuation for post-retirement medical aid plan and long service award Variance is (2024: R 11 120 000) and (2023: R -2 665 536)

Statement of Cash Flows

Interest income (-43,96%)

High variance is due to earned interest from consumer debtors accounts. Variance is (2024: R (25 031 721)) and (2023 : R 11 028 322).

Rates and Taxes (-33.87%)

Less income due to low Cash collection on billing of Property rate. Variance is (2024: R (46 880 424)) and (2023:R 34 755 746)

Sale of Goods and Services (-14.69%)

This was due to fluctuation of services, there was lower than anticipated demand on some of the municipal services and low revenue collection, which impacted on collected revenue.. Variance is (2024: R (129 460 770) and (2023: R81 295 966)

Suppliers (-13.59%)

The variance is due to implementation of Cost containment measures to minimise for non essential services and use internal resources. Variance is (2024:R 142 786 415) and (2023:R-33 229 772)

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

Employee costs (-0.26%)

The underspending is due to vacant posts/ late filling of posts and resignation during the year. Variance is (2024: R 1 047 525) and (2023: R8 271 651)

Additions to property, plant and equipment (22,51%)

Variance is due to low purchase of movable assets and additional work in progress assets Variance is (2024:R 55 423 918) and (2023: R-11 671 907)

Purchase of Investment Property

Variance is due to unexpected cancelled stands that were held for sale.

Proceeds from sale of investment property (- 99.51%)

Lesser sales incurred for Investment property than expected. Variance is (2024: R 3 538 969) and (2023: R-3 205 376)

Purchases of other intangible assets(- 100%)

Additional software were procured during the financial year Variance is (2024: R -1 514 560)

Movement in financial asset (-100,00%)

The high income is due to interest on market rate for investment which was unexpected .Variance is (2024: R(4 590 593)) and (2023: (R 2 402 447).

Repayment of other financial liabilities (9,15%)

The variance is due to high budgeted amount. Variance is (2024: R1 516 167) and (2023: R1 301 252).

Finance lease payments (-100,00%)

Provision was not made in the budget.Variance is (2024: R(-2 105 503) and (2023: (R2 557 960).

52. Fair value adjustments

Investment property (Fair value model)	(79 999)	-
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GRAP 16 Paragraph 38 states:

"This Standard requires all entities to determine the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to determine the fair value of investment property 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 Municipality made use of an independent valuer for the revaluation of investment property for the 2023/2024 Financial Year and the value of the investment properties will remain unchanged in the 2023-24 financial year.

The value of R760 690 901 of the Investment properties includes property carried at a value of R1 as a result of illegal occupation.

53. Agency services

Mopani District Municipality and Department of Transport	12 468 742	11 575 504
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54. Licences and permits

Trading	502 492	504 271
Road and Transport	993	1 253
	503 485	505 524

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

55. Interest revenue

Interest revenue

Interest received - investment and bank	31 906 502	19 123 799
Interest received - trading	43 054 235	31 757 683
	74 960 737	50 881 482

The amount of R 14 887 146 (2023: R 7 394 853) is included in investment arising from fixed deposit transactions, while the balance of R 17 019 482 (2023: R11 728 946) arises from interest received on the Municipalities current bank account.

56. Fines, Penalties and Forfeits

Revenue for traffic fines issued	1 426 000	2 560 490
Fines: Library books	1 235	1 053
Deposits Forfeits	59 505	18 314
Retentions Forfeits	-	115 500
Unclaimed Money Forfeits	-	3 241 883
Fines, Penalties and Forfeits: Property rates	31 899 282	20 143 807
	33 386 022	26 081 047

57. (Loss) / gain on disposal/ write off of assets

Property, plant and equipment	(1 190 216)	381 503
Investment property	17 321	(2 480 000)
	(1 172 895)	(2 098 497)

58. Depreciation and amortisation

Property, plant and equipment	117 137 120	111 863 421
Intangible assets	353 567	324 015
	117 490 687	112 187 436

59. Debt impairment movements

Receivables from exchange transactions	55 912 935	90 176 955
Receivables from non-exchange transactions	9 058 740	43 038 726
	64 971 675	133 215 681

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

60. Change in estimate

The municipality has reassessed the useful lives of property, plant and equipment which resulted in changes of remaining useful lives changing. The effect of the change in accounting estimates has resulted in a decrease in depreciation and amortisation amounting to R -2 026 830.21 for the current period and depreciation and amortisation for future periods will increase by (R 2 026 830.21).

The change in estimate affected the following classes of assets:

Asset Class	Depreciation Before Review of Useful Lives	Depreciation After Review of Useful Lives
Moveable Assets: Furniture and Office Equipment	1,636,269.03	1,822,752.69
Moveable Assets: Computer Equipment	542,383.91	1,167,533.91
Moveable Assets: Transport Assets	2,881,757.30	3,171,111.74
Moveable Assets: Machinery and Equipment	1,318,692.66	1,662,849.14
Moveable Assets: Other Assets	2,036,048.07	2,264,507.76
Leased Assets	1,737,384.91	2,013,213.80
Intangible Assets	353,566.83	430,963.87

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors

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

Prior period correction of errors

Statement of Financial Position 2023

Payables from Exchange Transactions

R (3 547 456)

2023/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Basic Salary - Salary Backpay accounted for in incorrect Financial year. -R 702 557

2023/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Travel Allowance - Backpay accounted for in incorrect Financial year. -R 234 316

2023/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Cell Phone Allowance - Backpay accounted for in incorrect Financial year. -R 179 676

2023/06/30 - Decrease in Other Payable Exchange Employee Related Costs due to the salary settled against long service award in 2023 Financial Year R71 313

2023/06/30 - Increase in Other Payable Exchange relating to Long service award due to the understatement of Long service award in 2023 Financial Year -R 71 313

2023/06/30 - Increase in Payables from Exchange Transactions due to CFO acting allowance accounted for in the Prior year. Acting Chief Finance Officer -R 3 025

2023/06/30 - Increase in Payables from Exchange Transactions due to Engineering Director acting allowance accounted for in the Prior year. Acting Director Engineering Services -R 9 180

2023/06/30 - Increase in Payables from Exchange Transactions due to the overpayment of SARS statutory payments in the 2023 Financial Year -R 14 020

2023/06/30 - Increase in Trade Payables due to Medical Contributions for Continuous Members previously not accounted for-R 3 487 117

2023/06/30 - Decrease in Retention due to incorrect retention which was raised written back to other income R 1 716 806

2023/06/30 - Decrease in Staff Leave due to reversal of incorrect inclusion of overtime in Staff Leave calculation R 2 380 874

2023/06/30 - Decrease in Trade Payables due to reversal of incorrect inclusion of overtime in Long Services calculation R 273 752

2023/06/30 - Increase in Trade Payables due to Medical Contributions for Continuous Members previously not accounted for - R3 288 987

VAT Payable

R 14 401 881

2023/06/30 - Decrease in VAT Payable due to MDM Vat on Payment Basis incorrectly accounted for under GTM R 4 188 172

2023/06/30 - Decrease in VAT Payable due to MDM Vat on Accrual Basis incorrectly accounted for under GTM R 5 290 674

2023/06/30 - Decrease in VAT Payable due to MDM Vat on Payment Basis incorrectly accounted for under GTM R 2 708 214

2023/06/30 - Decrease in VAT Payable due to MDM Vat on Accrual Basis incorrectly accounted for under GTM R 2 446 491

2023/06/30 - Increase in VAT Payable due to MDM Vat Statutory incorrectly accounted for under GTM - R 231 670

Receivables from Exchange Transactions

R (14 617 196)

2023/06/30 - Increase in Bursary loans due to understatement of outstanding bursaries in 2023 Financial year R 2 335

2023/06/30 - Increase in receivables from exchange transactions due to the overpayment of SARS Statutory Payments in the 2023 Financial Year R 14 020

2023/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Payment Basis incorrectly accounted for under GTM -R 2 708 214

2023/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Accrual Basis incorrectly accounted for under GTM -R 2 446 491

2023/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Payment Basis incorrectly accounted for under GTM -R 4 188 172

2023/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Accrual Basis incorrectly accounted for under GTM -R 5 290 674

Receivables from Non-Exchange Transactions

R 231 670

2023/06/30 -Increase in Receivable from Non-exchange due to MDM Vat Statutory Payable incorrectly accounted for under GTM R 231 670

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

PPE

R (11 932 764)

2023/06/30 - Increase in Cost of Electrical Infrastructure Assets due to completed projects previously not recognized R2 392 947

2023/06/30 - Decrease in WIP due to completed projects previously not capitalised - R2 392 947

2023/06/30 - Increase in Acc Dep for Electricity Infrastructure assets due to depreciation not recognised -R49 737

2023/06/30 - Decrease in WIP due to Inventory Consumed: Material and supplies erroneously capitalised - R38 970

2023/06/30 - Increase in WIP due to Capital expenditure erroneously expensed R343 633

2023/06/30 - Increase in WIP due to Capital expenditure erroneously expensed R995 088

2023/06/30 - Increase in Acc Dep of Community Assets due to community assets previously donated but not recognised -R45 070

2023/06/30 - Increase in Acc Dep of Furniture & Office Equipment due to assets previously donated but not recognised -R4 664

2023/06/30 - Reclassification of cost and accumulated depreciation of expired leased assets to moveable assets. This reclassification has a zero effect to carrying amount of PPE

2023/06/30 - Increase in Cost of Community Assets due to community assets previously classified incorrectly as Land R5 607 654

2023/06/30 - Decrease in Cost of Land Assets due to community assets previously classified incorrectly as Land -R5 607 654

2023/06/30 - Decrease in Cost of Land due to land previously not recognized R4 200 000

2023/06/30 - Increase in cost of Community Assets due to community assets previously donated but not recognised R1 352 086

2023/06/30 - Increase in Acc Dep of Community Assets due to community assets previously donated but not recognised -R335 393

2023/06/30 - Increase in cost of Other assets due to assets previously donated but not recognised R27 948

2023/06/30 - Increase in cost of Furniture and Office Equipment due to assets previously donated but not recognised R41 809

2023/06/30 - Increase in Acc Dep of Other assets due to assets previously donated but not recognised -R27 897

2023/06/30 - Increase in Acc Dep of Furniture and Office Equipment due to assets previously donated but not recognised - R34 711

2023/06/30 - Decrease in leased assets due to intangible assets incorrectly accounted for - R 907

2023/06/30 - Decrease in Acc Dep of Roads Infrastructure due to Storm Water incorrectly classified as Road Infrastructure Asset R25 234,96

2023/06/30 - Increase in Acc Dep of Storm Water Infrastructure due to Storm Water incorrectly classification as Road Infrastructure -R25 234,96

2023/06/30 - Decrease in Cost of Community Assets due to Land incorrectly classified as Community Asset -R2 240 000

2023/06/30 - Increase in Cost of Land Assets due to Land incorrectly classified as Community R2 240 000

2023/06/30 - Decrease in Cost of Roads Infrastructure due to Storm Water incorrectly classified as Road Infrastructure Asset - R515 872,84

2023/06/30 - Increase in Cost of Storm Water Infrastructure due to Storm Water incorrectly classification as Road Infrastructure R515 872,84

2023/06/30 - Decrease in Acc Dep of Roads Infrastructure due to Storm Water incorrectly classified as Road Infrastructure Asset R73 265,32

2023/06/30 - Increase in Acc Dep of Storm Water Infrastructure due to Storm Water incorrectly classification as Road Infrastructure -R73 265,32

2023/06/30 - Increase in Cost of Community Assets due to valuation of parks R1 301 094,45

2023/06/30 - Decrease in the Cost of Land due to valuation -R19 657 086,12

Investment Property

R (3 130 000)

2023/06/30 - Decrease in Investment Properties previously disposed and not derecognised - R1 840 000

2023/06/30 - Decrease in Investment Properties due to Investment properties previously disposed but not recognised -R1 100 000

2023/06/30 - Decrease in Investment Properties due to Investment properties previously disposed but not recognised -R190 000

Intangible Assets

R 907

2023/06/30 - Increase in Intangible asset cost due to addition R 907

Operating Lease Asset

R926 611

2023/06/30 - Increase in operating lease asset due to operating leases not updated in the prior year R456 001

2023/06/30 - Increase in operating lease asset due to operating leases not updated in the prior year R470 610

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Statement of Financial Performance 2023

Employee Related Costs

R 844 696

2023/06/30 - Increase in Employee Related Costs - Allowances due to CFO acting allowance accounted for in the Prior year. Acting Chief Finance Officer R 3 025

2023/06/30 - Increase in Employee Related Costs - Allowances due to Director Engineering acting allowance accounted for in the Prior year. Acting Director Engineering Services R 9 180

2023/06/30 - Increase in Employee related costs due to Medical Contributions for Continuous Members previously not accounted for R 3 487 117

2023/06/30 - Decrease in Staff Leave due to reversal of incorrect inclusion of overtime in Staff Leave calculation -R2 380 874

2023/06/30 - Decrease in Trade Payables due to reversal of incorrect inclusion of overtime in Long Services calculation -R 273 752

Remuneration of councillors

R 1 116 549

2023/06/30 - Increase in Remuneration of Councillors - Basic Salary - Salary Backpay accounted for in incorrect Financial year R 702 557

2023/06/30 - Increase in Remuneration of Councillors - Travel Allowance - Backpay accounted for in incorrect Financial year R234 316

2023/06/30 - Increase in Remuneration of Councillors - Cell Phone Allowance - Backpay accounted for in incorrect Financial year R 179 676

Inventory Consumed

R (304 663)

2023/06/30 - Increase in Inventory Consumed: Material and supplies erroneously capitalised R38 970

2023/06/30 - Decrease in Inventory Consumed: Material and supplies erroneously capitalised -R343 633

Transfers and subsidies

R (995 088)

2023/06/30 - Decrease in Transfers and Subsidies:Capital:Monetary Allocations:Households:Social Assistance:Poverty Relief erroneously expensed -R995 088

Gains/loss on disposal of PPE

R 1 840 000

2023/06/30 - Increase in Gains/loss due to Investment property previously disposed and not derecognised R1 840 000

Depreciation

R (99 470)

2023/06/30 - Increase in Depreciation for Electricity Infrastructure assets due to depreciation not recognised -R49 737,26

2023/06/30 - Increase in Depreciation for Community assets due to depreciation previously not recognised -R45 069

2023/06/30 - Increase in Depreciation for Furniture & Office Equipment due to depreciation previously not recognised -R4 664

General Expenses

R (2 335)

2023/06/30 - Decrease in Bursary loan expenditure due to understatement of outstanding bursaries in 2023 Financial year -R2 335

Rental of facilities and equipment

R 456 001

2023/06/30 - Increase in Rental of facilities and equipment due to increase operating lease revenue R 456 001

Other Income

R(1 716 806)

2023/06/30 - Increase in Other Income due to incorrect retention which was raised written back -R 1 716 806

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Cashflow Statement

Suppliers

R1 299 752

2023/06/30 - Decrease in suppliers due to Transfers and Subsidies:Capital:Monetary Allocations:Households:Social Assistance:Poverty Relief erroneously expensed R995 088

2023/06/30 - Increase in suppliers due to Inventory Consumed: Material and supplies erroneously capitalised -R38 970

2023/06/30 - Decrease in Suppliers due to Inventory Consumed: Material and supplies erroneously capitalised R343 633

Purchase of Property Plant and Equipment

-R1 299 752

2023/06/30 - Increase due to Transfers and Subsidies:Capital:Monetary Allocations:Households:Social Assistance:Poverty Relief erroneously expensed -R995 088

2023/06/30 - Decrease due to Inventory Consumed: Material and supplies erroneously capitalised R38 970

2023/06/30 - Increase due to Inventory Consumed: Material and supplies erroneously capitalised -R343 633

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Statement of Financial Position

Assets

Current Assets

Inventories	28 226 155	-	28 226 155
Operating lease asset	965	926 611	927 576
Receivables from exchange transactions	612 081 404	(14 617 196)	597 464 208
Receivables from non-exchange transactions	145 459 107	231 670	145 690 777
Cash and cash equivalents	177 311 460	-	177 311 460

Non - Current Assets

Investment property	763 790 900	(3 130 000)	760 660 900
Property, plant and equipment	1 647 922 100	(11 932 764)	1 635 989 336
Intangible assets	327 553	907	328 460
Heritage assets	200 958	-	200 958
Other Financial assets	43 501 442	-	43 501 442

Liabilities

Current Liabilities

Other financial liabilities	(15 758 160)	-	(15 758 160)
Finance lease obligation	(1 915 951)	-	(1 915 951)
Payables from exchange transactions	(224 402 923)	(3 547 456)	(227 950 379)
VAT Payable	(66 215 196)	14 401 881	(51 813 315)
Consumer deposits	(25 889 607)	-	(25 889 607)
Employee benefit obligation	(7 662 000)	-	(7 662 000)
Unspent conditional grants and receipts	(5 333 835)	-	(5 333 835)
Provisions	(349 781)	-	(349 781)

Non-Current Liabilities

Other financial liabilities	(112 301 520)	-	(112 301 520)
Finance lease obligation	(1 006 190)	-	(1 006 190)
Employee benefit obligation	(89 549 000)	-	(89 549 000)
Provisions	(7 451 053)	-	(7 451 053)

Accumulated surplus

2023 Previously reported	Adjustment of errors	2023 Restated
2 860 986 828	(17 666 347)	2 843 320 481

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Statement of Financial Performance

	2023 Previously reported	Adjustment of errors	2023 Restated
Revenue			
Revenue from exchange transactions			
Service charges	690 221 367	-	690 221 367
Rental of facilities and equipment	1 737 990	456 001	2 193 991
Interest Revenue	50 881 482	-	50 881 482
Agency services	11 575 504	-	11 575 504
Licenses and permits	505 524	-	505 524
Other income	22 350 467	1 716 806	24 067 273
Taxation revenue			
Property rates	138 299 006	-	138 299 006
Transfer revenue			
Government grants & subsidies	635 939 831	-	635 939 831
Fines, Penalties and Forfeits	26 081 047	-	26 081 047
Expenditure			
Employee related cost	(346 138 693)	(844 696)	(346 983 389)
Remuneration of councillors	(27 791 778)	(1 116 548)	(28 908 326)
Depreciation and amortisation	(112 087 966)	(99 470)	(112 187 436)
Impairment of assets	(6 761 621)	-	(6 761 621)
Finance costs	(15 677 350)	-	(15 677 350)
Debt impairment	(133 215 681)	-	(133 215 681)
Bulk purchases	(495 844 915)	-	(495 844 915)
Contracted services	(121 880 443)	-	(121 880 443)
Transfers and subsidies	(57 872 958)	995 088	(56 877 870)
General expenses	(108 820 880)	2 335	(108 818 545)
(Loss)/Gain on disposal/Write off of assets	(258 497)	(1 840 000)	(2 098 497)
Inventory consumed	(26 401 275)	304 663	(26 096 612)
Surplus/(loss) for the year	124 840 161	(425 821)	124 414 340

Fruitless and Wasteful Expenditure

	2023 Previously Reported	Adjustment of errors	2023 Restated
Opening balance	26 540 858	1 406 017	27 946 875
Fruitless and wasteful expenditure current year	13 329 202	1 700 335	15 029 537
Fruitless and wasteful Expenditure written off (20/21)	(1 859)	-	(1 859)
Fruitless expenditure awaiting further investigation/write off	39 868 201	3 106 352	42 974 553

Operating Lease Asset

	2023 Previously Reported	Adjustments of errors	2023 Restated
Municipality as lessor: Future minimum lease payments receivables	-	-	-
Less than one year	1 651	1 170 617	1 172 268
Between one year and five years	8 210	3 068 575	3 076 785
More than five years	100 165	(79 150)	21 015
	110 026	4 160 042	4 270 068

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Municipality Acting as an Agent (Prior Period Corrections)

	2023 Previously Reported	Adjustments of errors	2023 Restated
Receivables			
Mopani District Municipality	365 879 523	(14 633 551)	351 245 972
	365 879 523	(14 633 551)	351 245 972

Cash flow statement

	2023 Previously reported	Reclassificati on	2023 Restated
Cash flows from operating activities			
Receipts			
Rates and Taxes	93 340 190	-	93 340 190
Sale of goods and services	657 612 841	-	657 612 841
Grants	651 353 686	-	651 353 686
Interest income	19 123 799	-	19 123 799
Payments			
Employee costs	(374 449 471)	-	(374 449 471)
Suppliers	(814 736 651)	1 299 752	(813 436 899)
Finance cost	(15 170 726)	-	(15 170 726)
Cash flows from investing activities			
Purchase of property, plant and equipment	(175 964 422)	(1 299 752)	(177 264 174)
Proceeds from sale of property, plant and equipment	4 585 511	-	4 585 511
Proceeds from sale of Investment Property	4 140 000	-	4 140 000
Proceeds from sale of other intangible assets	32 140	-	32 140
Movement in Financial Assets	(3 484 183)	-	(3 484 183)
Cash flow from financing activities			
Repayment of other financial liabilities	(13 638 786)	-	(13 638 786)
Finance lease payments	(2 893 730)	-	(2 893 730)
Net increase/(decrease) in cash and cash equivalents	29 850 198	-	29 850 198

Statement of Financial Position 2022

PPE

R(13 133 055)

2022/06/30 - Increase in Cost of Community Assets due to community assets previously classified incorrectly as Land R5 607 654

2022/06/30 - Decrease in Cost of Land Assets due to community assets previously classified incorrectly as Land -R5 607 654

2022/06/30 - Increase in Cost of Land due to land previously not recognized R4 200 000

2022/06/30 - Increase in cost of Community Assets due to community assets previously donated but not recognised R1 352 087

2022/06/30 - Increase in Acc Dep of Community Assets due to community assets previously donated but not recognised -R335 393

2022/06/30 - Increase in cost of Other assets due to assets previously donated but not recognised R27 948

2022/06/30 - Increase in cost of Furniture and Office Equip due to assets previously donated but not recognised R41 809

2022/06/30 -Increase in Acc Dep of Other assets due to assets previously donated but not recognised -R27 897

2022/06/30 - Increase in Acc Dep of Furniture and Office Equip due to assets previously donated but not recognised - R34 711

2022/06/30 - Reclassification of cost and accumulated depreciation of expired leased assets to moveable assets. This reclassification has a zero effect to carrying amount of PPE.

2022/06/30 - Decrease in leased assets cost due to intangible assets incorrectly accounted for -R1 944 627

2022/06/30 - Increase in leased assets accumulated depreciation due to intangible assets incorrectly accounted for R 1 943 720

2022/06/30 - Decrease in Cost of Community Assets due to Land incorrectly classified as Community Asset -R2 240 000

2022/06/30 - Increase in Cost of Land Assets due to Land incorrectly classified as Community R2 240 000

2022/06/30 - Decrease in Cost of Roads Infrastructure due to Storm Water incorrectly classified as Road Infrastructure Asset - R515 872,84

2022/06/30 - Increase in Cost of Storm Water Infrastructure due to Storm Water incorrect classification as Road Infrastructure R515 872,84

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

2022/06/30 - Decrease in Acc Dep of Roads Infrastructure due to Storm Water incorrectly classified as Road Infrastructure Asset R73 265,32

2022/06/30 - Increase in Acc Dep of Storm Water Infrastructure due to Storm Water incorrect classification as Road Infrastructure -R73 265,32

2022/06/30 - Increase in Cost of Community Assets due to valuation of parks R1 301 094,45

2022/06/30 - Decrease in the Cost of Land due to valuation -R19 657 086,12

Investment Property

R (1 290 000)

2022/06/30 - Decrease in Investment Properties due to Investment properties previously disposed but not recognised -R1 100 000

2022/06/30 - Decrease in Investment Properties due to Investment properties previously disposed but not recognised -R190 000

Intangible Assets

R 4 535

2022/06/30 - Increase in cost of Intangible assets due to expired Intangible finance lease contract incorrectly classified as lease assets R1 944 627

2022/06/30 - Increase in Acc Amortisation of Intangible assets due to expired Intangible finance lease contract incorrectly classified as lease assets -R1 940 092

Operating Lease Asset

R 470 610

2022/06/30 - Increase in operating lease asset due to operating leases not updated in the prior year R470 610

Payables from Exchange Transactions

-R3 288 987

2022/06/30 - Increase in Trade Payables due to Medical Contributions for Continuous Members previously not accounted for - R3 288 987

Accumulated Surplus

-R17 031 903

2022/06/30 - Increase in Accumulated Surplus due to land previously not recognised -R4 200 000

2022/06/30 - Decrease in Accumulated surplus due to Investment properties previously disposed but not recognised R1 100 000

2022/06/30 - Increase in Accumulated Surplus due to Community Assets previously donated but not recognised -R1 352 086

2022/06/30 - Decrease in Accumulated Surplus due to Acc Dep for Community Assets previously donated but not recognised R335 390

2022/06/30 - Increase in Accumulated Surplus due to Other assets and Furniture previously donated but not recognised -R69 757

2022/06/30 - Decrease in Accumulated Surplus due to Acc Dep for Furniture and Other Assets previously donated but not recognised R62 608

2022/06/30 - Increase in Accumulated Surplus due to operating leases not updated in the prior year -R470 610

2022/06/30 - Increase in Employee related costs due to Medical Contributions for Continuous Members previously not accounted for R3 288 987

2022/06/30 - Decrease in Accumulated surplus due to Investment properties previously disposed but not recognised R190 000

2022/06/30 - Increase in Accumulated surplus due to Community Assets valued -R1 301 094,45

2022/06/30 - Decrease in Accumulated surplus due to Land valued R19 657 086,12

VAT Payable

R 9 478 846

2022/06/30 - Decrease in VAT Payable due to MDM Vat on Payment Basis incorrectly accounted for under GTM R 4 188 172

2022/06/30 - Decrease in VAT Payable due to MDM Vat on Accrual Basis incorrectly accounted for under GTM R 5 290 674

Receivables from Exchange Transactions

-R 9 478 846

2022/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Payment Basis incorrectly accounted for under GTM -R 4 188 172

2022/06/30 - Decrease in Receivables from Exchange due to MDM Vat on Accrual Basis incorrectly accounted for under GTM - R 5 290 674

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

61. Prior period errors (continued)

Statement of Financial Position	2022 Previously reported	Adjustment of errors	2022 Restated
Assets			
Current Assets			
Inventories	20 482 215	-	20 482 215
Operating lease asset	16 292	470 611	486 903
Receivables from exchange transactions	602 016 789	(9 478 846)	592 537 943
Receivables from non-exchange transactions	141 105 534	-	141 105 534
Cash and cash equivalents	147 461 260	-	147 461 260
Non - Current Assets			
Investment property	785 120 900	(1 290 000)	783 830 900
Property, plant and equipment	1 594 687 272	(13 133 055)	1 581 554 217
Intangible assets	683 710	4 535	688 245
Heritage assets	200 958	-	200 958
Other Financial assets	40 017 259	-	40 017 259
Liabilities			
Current Liabilities			
Other financial liabilities	(14 334 194)	-	(14 334 194)
Finance lease obligation	(3 002 623)	-	(3 002 623)
Payables from exchange transactions	(244 447 722)	(3 288 987)	(247 736 709)
VAT Payable	(58 064 566)	9 478 846	(48 585 720)
Consumer deposits	(27 157 197)	-	(27 157 197)
Employee benefit obligation	(5 665 000)	-	(5 665 000)
Unspent conditional grants and receipts	(13 861 770)	-	(13 861 770)
Provisions	(602 876)	-	(602 876)
Non-Current Liabilities			
Other financial liabilities	(127 364 272)	-	(127 364 272)
Finance lease obligation	(2 306 618)	-	(2 306 618)
Employee benefit obligation	(92 065 000)	-	(92 065 000)
Provisions	(6 773 684)	-	(6 773 684)
Accumulated surplus	2 736 146 667	(17 236 896)	2 718 909 771

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

62. Municipality acting as an agent

Agency fees received

Mopani District Municipality	1 741 899	1 654 806
Department of Transport	10 726 843	9 920 698
	12 468 742	11 575 504

Receivables

Mopani District Municipality	391 821 581	351 245 972
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Payables

Department of Transport	3 860 353	3 540 822
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Mopani District Municipality

Greater Tzaneen Municipality is the water and sewer service provider is responsible for the management of the water and sewer service system in accordance with the business plan and approved budget so that it is operational and efficient, which includes but not limited to leakage control and repairs automation and replacement of certain parts, equipment's and machinery.

The Municipality is the WSP and is providing water service to the consumers within the water service area in accordance with the Cooperative Governance Agreement entered into between the WSP and WSA on 1 July 2022.

Department of Transport

Greater Tzaneen Municipality shall be obligated to perform motor vehicle and licensing functions and shall be responsible for, in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement that commenced on the 01 April 2021 expired on the last day of March 2024 and the new agreement commenced on 01 April 2024 for a period of three years.

63. Events after the reporting date

The following event and transaction occurred subsequent to 30 June 2024.

Simphiwe Engineering//GTM

The municipality is being sued by Simphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network. The case was finalised in high court in May 2024, however the matter was reinstated by Simphiwe's attorneys on 12 August 2024.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

64. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: trading services, community and public safety services and economic environmental services. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

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

Types of goods and/or services by segment

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

Reportable segment

Segment 1
Segment 2
Segment 3

Services

Trading Services
Community and public safety services
Economic environmental services

Segment surplus or deficit, assets and liabilities

2024

	Trading services	Community and public safety	Economic environmental services	Total
Revenue				
Revenue from exchange transactions	(849 780 610)	(18 427)	(233 002)	(850 032 039)
Revenue from non- exchange transactions	(34 453 069)	(1 235)	(9 231)	(34 463 535)
Total segment revenue	(884 233 679)	(19 662)	(242 233)	(884 495 574)
Entity's revenue				1 770 987 868
Expenditure				
Salaries and wages	113 212 757	13 357 386	27 212 456	153 782 599
Other expenses	129 466 655	1 494 893	20 778 264	151 739 812
Bulk purchases	570 292 315	-	-	570 292 315
Depreciation and amortisation	94 332 899	438 112	118 777	94 889 788
Total segment expenditure	907 304 626	15 290 391	48 109 497	970 704 514
Total segmental surplus/(deficit)				(86 208 939)
Assets				
Non-current assets	345 324 621	-	1 110 000	346 434 621
Total assets as per Statement of financial Position				3 627 240 801
Liabilities				
Current liabilities	(8 449 687)	428 444 357	(366 672 292)	53 322 378
Total liabilities as per Statement of financial Position				540 724 960

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

	Trading services	Community and public safety	Economic environmental services	Total
Revenue				
Revenue from exchange transactions	(725 950 667)	(23 040)	(343 946)	(726 317 653)
Revenue from non - exchange transactions	(31 095 760)	(1 053)	(22 319)	(31 119 132)
Total segment revenue	(757 046 427)	(24 093)	(366 265)	(757 436 785)
Entity's revenue				1 579 765 025
Expenditure				
Salaries and wages	107 190 276	10 597 708	17 107 626	134 895 610
Other expenses	104 848 893	1 045 948	12 906 827	118 801 668
Bulk purchases	495 844 915	-	-	495 844 915
Depreciation and amortisation	89 415 074	889 890	258 753	90 563 717
Total segment expenditure	797 299 158	12 533 546	30 273 206	840 105 910
Total segmental surplus/(deficit)				(82 668 924)
Assets				
Non Current assets	24 598 399	-	3 072 973	27 671 372
Total assets as per Statement of financial Position				3 390 301 272
Liabilities				
Current liabilities	4 718 941	388 946 806	28 709 040	422 374 787
Total liabilities as per Statement of financial Position				546 980 791

Greater Tzaneen Municipality
Appendix A

Schedule of external loans for the year ended 30 June 2024

	Balance at 30 June 2023	Received during the period	Redeemed written off during the period	Balance at 30 June 2024
	Rand	Rand	Rand	Rand
Loan Stock				
STANDARD BANK	30 000 000	-	-	30 000 000
	30 000 000	-	-	30 000 000
Annuity loans				
DBSA	23 248 621	-	3 526 893	19 721 728
DBSA	22 132 868	-	2 418 974	19 713 894
ABSA	8 868 055	-	2 626 519	6 241 536
DBSA	28 846 084	-	4 312 821	24 533 263
DBSA	14 268 637	-	2 177 541	12 091 096
ACCRUED INTEREST	695 415	-	(9 523)	704 938
	98 059 680	-	15 053 225	83 006 455
Total external loans				
Loan Stock	30 000 000	-	-	30 000 000
Annuity loans	98 059 680	-	15 053 225	83 006 455
	128 059 680	-	15 053 225	113 006 455

Greater Tzaneen Municipality Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2024	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land														
Land	100 131 003	-	-	-	-	-	100 131 003	-	-	-	-	(114 999)	(114 999)	100 016 004
	100 131 003	-	-	-	-	-	100 131 003	-	-	-	-	(114 999)	(114 999)	100 016 004
Infrastructure														
Roads	1 376 989 312	95 479 234	(3 993 663)	-	-	-	1 468 474 883	(850 671 492)	3 579 930	-	(48 594 802)	(1 266 673)	(896 953 037)	571 521 846
Storm water	217 396 391	35 626 276	-	-	-	-	253 022 667	(75 181 178)	-	-	(8 875 609)	-	(84 056 787)	168 965 880
Electricity	996 454 189	28 622 688	(1 677 096)	-	-	-	1 023 399 781	(546 553 042)	1 094 669	-	(39 524 896)	(4 784 065)	(589 767 334)	433 632 447
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(24 293 008)	-	-	(1 766 609)	-	(26 059 617)	27 996 287
	2 644 895 796	159 728 198	(5 670 759)	-	-	-	2 798 953 235	(1 496 698 720)	4 674 599	-	(98 761 916)	(6 050 738)	(1 596 836 775)	1 202 116 460
Community Assets														
Airports	18 685 376	-	-	-	-	-	18 685 376	(11 434 753)	-	-	(505 769)	-	(11 940 522)	6 744 854
Parks & Gardens	13 946 885	-	-	-	-	-	13 946 885	(2 311 995)	-	-	(7 246)	-	(2 319 241)	11 627 644
Community halls	24 656 671	-	-	-	-	-	24 656 671	(9 266 495)	-	-	(822 357)	-	(10 088 852)	14 567 819
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(724 377)	-	-	(156 464)	-	(880 841)	1 788 144
Municipal offices	21 142 141	1 119 000	-	-	-	-	22 261 141	(11 705 538)	-	-	(335 475)	-	(12 041 013)	10 220 128
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 132 453)	-	-	(20 173)	-	(1 152 626)	6 390 262
Museums	1 307 643	-	-	-	-	-	1 307 643	(300 229)	-	-	(3 715)	-	(303 944)	1 003 699
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(45 409 528)	-	-	(5 263 852)	-	(50 673 380)	76 038 553
Taxi ranks	22 709 138	-	-	-	-	-	22 709 138	(7 181 388)	-	-	(1 088 203)	-	(8 269 591)	14 439 547
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	242 695 660	1 119 000	-	-	-	-	243 814 660	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	146 144 650

Greater Tzaneen Municipality Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2024	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Construction Work in Progress														
Work in progress	188 570 163	150 560 997	-	(155 753 245)	-	-	183 377 915	-	-	-	-	-	-	183 377 915
	188 570 163	150 560 997	-	(155 753 245)	-	-	183 377 915	-	-	-	-	-	-	183 377 915
Computer equipment	13 981 945	524 406	(1 805 083)	-	-	-	12 701 268	(12 405 455)	1 749 398	-	(542 384)	-	(11 198 441)	1 502 827
Furniture & Office equipment	11 789 309	2 246 015	(353 061)	-	-	-	13 682 263	(5 263 483)	352 356	-	(1 636 269)	-	(6 547 396)	7 134 867
Machinery and equipment	20 533 090	6 278 445	(1 935 127)	-	-	-	24 876 408	(15 133 827)	1 801 651	-	(1 318 693)	-	(14 650 869)	10 225 539
Transport assets	47 692 414	7 518 216	-	-	-	-	55 210 630	(37 223 421)	-	-	(2 881 757)	-	(40 105 178)	15 105 452
Leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets	5 356 219	11 861	(102 402)	-	-	-	5 265 678	(2 654 221)	102 402	-	(1 737 386)	-	(4 289 205)	976 473
	5 356 219	11 861	(102 402)	-	-	-	5 265 678	(2 654 221)	102 402	-	(1 737 386)	-	(4 289 205)	976 473
Other assets														
Land & Buildings	31 966 467	6 546 536	-	-	-	-	38 513 003	(15 988 897)	-	-	(1 213 918)	-	(17 202 815)	21 310 188
Health equipment	170 812	58 548	(45 108)	-	-	-	184 252	(170 140)	45 108	-	(1 193)	-	(126 225)	58 027
Security measures	4 630 120	-	(22 022)	-	-	-	4 608 098	(1 903 857)	17 972	-	(730 151)	-	(2 616 036)	1 992 062
Weapons	105 048	-	-	-	-	-	105 048	(103 153)	-	-	(312)	-	(103 465)	1 583
Minor assets	904 027	19 434	(33 705)	-	-	-	889 756	(900 540)	33 567	-	(19 415)	-	(886 388)	3 368
Storage	557 878	325 624	-	-	-	-	883 502	(78 147)	-	-	(90 474)	-	(168 621)	714 881
	38 334 352	6 950 142	(100 835)	-	-	-	45 183 659	(19 144 734)	96 647	-	(2 055 463)	-	(21 103 550)	24 080 109

Greater Tzaneen Municipality

Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2024

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land	100 131 003	-	-	-	-	-	100 131 003	-	-	-	-	(114 999)	(114 999)	100 016 004
Infrastructure	2 644 895 796	159 728 198	(5 670 759)	-	-	-	2 798 953 235	1 496 698 720	4 674 599	-	(98 761 916)	(6 050 738)	1 596 836 775	1 202 116 460
Community Assets	242 695 660	1 119 000	-	-	-	-	243 814 660	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	146 144 650
Construction Work in Progress	188 570 163	150 560 997	-	(155 753 245)	-	-	183 377 915	-	-	-	-	-	-	183 377 915
Computer equipment	13 981 945	524 406	(1 805 083)	-	-	-	12 701 268	(12 405 455)	1 749 398	-	(542 384)	-	(11 198 441)	1 502 827
Furniture and office equipment	11 789 309	2 246 015	(353 061)	-	-	-	13 682 263	(5 263 483)	352 356	-	(1 636 269)	-	(6 547 396)	7 134 867
Machinery and plant	20 533 090	6 278 445	(1 935 127)	-	-	-	24 876 408	(15 133 827)	1 801 651	-	(1 318 693)	-	(14 650 869)	10 225 539
Transport assets	47 692 414	7 518 216	-	-	-	-	55 210 630	(37 223 421)	-	-	(2 881 757)	-	(40 105 178)	15 105 452
Leased assets	5 356 219	11 861	(102 402)	-	-	-	5 265 678	(2 654 221)	102 402	-	(1 737 386)	-	(4 289 205)	976 473
Other assets	38 334 352	6 950 142	(100 835)	-	-	-	45 183 659	(19 144 734)	96 647	-	(2 055 463)	-	(21 103 550)	24 080 109
	3 313 979 951	334 937 280	(9 967 267)	(155 753 245)	-	-	3 483 196 719	1 677 990 617	8 777 053	-	(117 137 122)	(6 165 737)	1 792 516 423	1 690 680 296
Intangible assets														
Computer- software	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
Investment properties														
Investment property	760 850 900	-	-	-	-	-	760 850 900	-	-	-	-	-	-	760 850 900
	760 850 900	-	-	-	-	-	760 850 900	-	-	-	-	-	-	760 850 900
Heritage assets														
Mayors chain & council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Total														
Land	100 131 003	-	-	-	-	-	100 131 003	-	-	-	-	(114 999)	(114 999)	100 016 004
Infrastructure	2 644 895 796	159 728 198	(5 670 759)	-	-	-	2 798 953 235	1 496 698 720	4 674 599	-	(98 761 916)	(6 050 738)	(1 596 836 775)	1 202 116 460
Community Assets	242 695 660	1 119 000	-	-	-	-	243 814 660	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	146 144 650
Construction Work in Progress	188 570 163	150 560 997	-	(155 753 245)	-	-	183 377 915	-	-	-	-	-	-	183 377 915
Computer equipment	13 981 945	524 406	(1 805 083)	-	-	-	12 701 268	(12 405 455)	1 749 398	-	(542 384)	-	(11 198 441)	1 502 827
Furniture and office equipment	11 789 309	2 246 015	(353 061)	-	-	-	13 682 263	(5 263 483)	352 356	-	(1 636 269)	-	(6 547 396)	7 134 867
Machinery and plant	20 533 090	6 278 445	(1 935 127)	-	-	-	24 876 408	(15 133 827)	1 801 651	-	(1 318 693)	-	(14 650 869)	10 225 539
Transport assets	47 692 414	7 518 216	-	-	-	-	55 210 630	(37 223 421)	-	-	(2 881 757)	-	(40 105 178)	15 105 452
Leased assets	5 356 219	11 861	(102 402)	-	-	-	5 265 678	(2 654 221)	102 402	-	(1 737 386)	-	(4 289 205)	976 473
Other assets	38 334 352	6 950 142	(100 835)	-	-	-	45 183 659	(19 144 734)	96 647	-	(2 055 463)	-	(21 103 550)	24 080 109
Intangible assets	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Investment property	760 850 900	-	-	-	-	-	760 850 900	-	-	-	-	-	-	760 850 900
	4 080 480 195	336 451 839	(9 967 267)	(155 753 245)	-	-	4 251 211 522	1 683 110 544	8 777 053	-	(117 490 689)	(6 165 737)	(1 797 989 917)	2 453 221 605

Greater Tzaneen Municipality
Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2023
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Prior year Adjustments Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	118 955 743	-	-	-	-	(18 824 740)	100 131 003	-	-	-	-	-	-	100 131 003
	118 955 743	-	-	-	-	(18 824 740)	100 131 003	-	-	-	-	-	-	100 131 003
Infrastructure														
Roads	1 276 019 628	100 969 684	-	-	-	-	1 376 989 312	(805 452 103)	-	-	(45 219 389)	-	(850 671 492)	526 317 820
Storm water	190 010 374	27 386 017	-	-	-	-	217 396 391	(67 606 055)	-	-	(7 575 123)	-	(75 181 178)	142 215 213
Electricity	980 883 753	33 893 606	(20 716 118)	-	-	2 392 947	996 454 188	(517 520 536)	16 908 943	(49 737)	(39 434 855)	(6 456 858)	(546 553 043)	449 901 145
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(22 526 398)	-	-	(1 766 609)	-	(24 293 007)	29 762 897
	2 500 969 659	162 249 307	(20 716 118)	-	-	2 392 947	2 644 895 795	1 413 105 092	16 908 943	(49 737)	(93 995 976)	(6 456 858)	(1 496 698 720)	1 148 197 075
Community Assets														
Airports	18 685 376	-	-	-	-	-	18 685 376	(10 902 273)	-	-	(532 480)	-	(11 434 753)	7 250 623
Parks & Gardens	9 278 136	-	-	-	-	4 668 748	13 946 884	(2 278 416)	-	-	(33 580)	-	(2 311 996)	11 634 888
Community halls	24 656 671	-	-	-	-	-	24 656 671	(8 444 138)	-	-	(822 357)	-	(9 266 495)	15 390 176
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(567 913)	-	-	(156 464)	-	(724 377)	1 944 608
Municipal offices	19 790 051	-	-	-	-	1 352 087	21 142 138	(11 034 627)	-	(335 393)	(335 518)	-	(11 705 538)	9 436 600
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 112 280)	-	-	(20 173)	-	(1 132 453)	6 410 435
Museums	1 307 643	-	-	-	-	-	1 307 643	(296 514)	-	-	(3 715)	-	(300 229)	1 007 414
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(40 067 752)	-	-	(5 341 775)	-	(45 409 527)	81 302 406
Taxi Ranks	22 709 138	-	-	-	-	-	22 709 138	(6 093 185)	-	-	(1 088 203)	-	(7 181 388)	15 527 750
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	236 674 821	-	-	-	-	6 020 835	242 695 656	(80 797 098)	-	(335 393)	(8 334 265)	-	(89 466 756)	153 228 900

Greater Tzaneen Municipality
Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2023
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Prior year Adjustments Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Construction Work in Progress														
Work in progress	191 846 980	163 886 599	-	(165 765 457)	-	(1 093 196)	188 874 926	-	-	-	-	(304 764)	(304 764)	188 570 162
	191 846 980	163 886 599	-	(165 765 457)	-	(1 093 196)	188 874 926	-	-	-	-	(304 764)	(304 764)	188 570 162
Computer Equipment	5 790 376	786 327	(461 379)	-	-	7 866 621	13 981 945	(5 276 130)	456 653	(7 308 816)	(277 162)	-	-	1 576 490
Furniture & Office Equipment	5 173 091	550 923	(611 634)	-	-	6 676 930	11 789 310	(3 538 747)	604 135	(1 900 989)	(427 882)	-	-	6 525 827
Machinery and Equipment	11 792 240	5 424 817	(837 735)	-	-	4 153 768	20 533 090	(8 047 620)	466 972	(6 015 565)	(1 537 612)	-	-	5 399 265
Transport assets	50 496 380	4 970 945	(1 966 492)	-	-	(5 808 420)	47 692 413	(39 722 623)	1 955 509	2 941 339	(2 397 645)	-	-	10 468 993
Leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets	19 703 753	836 349	(392 167)	-	-	(14 791 717)	5 356 218	(14 418 422)	392 167	14 193 039	(2 821 004)	-	-	2 701 998
	19 703 753	836 349	(392 167)	-	-	(14 791 717)	5 356 218	(14 418 422)	392 167	14 193 039	(2 821 004)	-	-	2 701 998
Other assets														
Buildings	31 966 467	-	-	-	-	31 966 467	(14 903 507)	-	-	(1 085 390)	-	-	(15 988 897)	15 977 570
Health equipment	170 812	-	-	-	-	170 812	(169 514)	-	-	(627)	-	-	(170 141)	671
Security measures	2 181 574	2 454 348	-	(5 802)	-	4 630 120	(1 063 100)	2 985	-	(843 742)	-	-	(1 903 857)	2 726 263
Weapons	105 048	-	-	-	-	105 048	(101 287)	-	-	(1 866)	-	-	(103 153)	1 895
Minor assets	872 543	12 383	-	(8 846)	27 948	904 028	(869 079)	8 801	(27 897)	(12 366)	-	-	(900 541)	3 487
Storage	-	557 878	-	-	-	557 878	-	-	-	(78 147)	-	-	(78 147)	479 731
	35 296 444	3 024 609	-	(14 648)	-	27 948	(17 106 487)	11 786	(27 897)	(2 022 138)	-	-	(19 144 631)	19 189 617

Greater Tzaneen Municipality

Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2023

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Prior year Adjustments Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	118 955 743	-	-	-	-	(18 824 740)	100 131 003	-	-	-	-	-	-	100 131 003
Infrastructure	2 500 969 659	162 249 307	(20 716 118)	-	-	2 392 947	2 644 895 795	1 413 105 092	16 908 943	(49 737)	(93 995 976)	(6 456 858)	(1 496 698 720)	1 148 197 075
Community Assets	236 674 821	-	-	-	-	6 020 835	242 695 656	(80 797 098)	-	(335 393)	(8 334 265)	-	(89 466 756)	153 228 900
Construction Work in Progress	191 846 980	163 886 599	-	(165 765 457)	-	(1 093 196)	188 874 926	-	-	-	-	(304 764)	(304 764)	188 570 162
Computer Equipment	5 790 376	786 327	(461 379)	-	-	7 866 621	13 981 945	(5 276 130)	456 653	(7 308 816)	(277 162)	-	(12 405 455)	1 576 490
Furniture and Office Equipment	5 173 091	550 923	(611 634)	-	-	6 676 930	11 789 310	(3 538 747)	604 135	(1 900 989)	(427 882)	-	(5 263 483)	6 525 827
Machinery and Plant	11 792 240	5 424 817	(837 735)	-	-	4 153 768	20 533 090	(8 047 620)	466 972	(6 015 565)	(1 537 612)	-	(15 133 825)	5 399 265
Transport Assets	50 496 380	4 970 945	(1 966 492)	-	-	(5 808 420)	47 692 413	(39 722 623)	1 955 509	2 941 339	(2 397 645)	-	(37 223 420)	10 468 993
Leased Assets	19 703 753	836 349	(392 167)	-	-	(14 791 717)	5 356 218	(14 418 422)	392 167	14 193 039	(2 821 004)	-	(2 654 220)	2 701 998
Other Assets	35 296 444	3 024 609	(14 648)	-	-	27 948	38 334 353	(17 106 487)	11 786	(27 897)	(2 022 138)	-	(19 144 736)	19 189 617
	3 176 699 487	341 729 876	(25 000 173)	(165 765 457)	-	(13 379 024)	3 314 284 709	1 582 012 219)	20 796 165	1 495 981	(111 813 684)	(6 761 622)	(1 678 295 379)	1 635 989 330
Intangible assets														
Computer- Software	4 406 786	-	(903 026)	-	-	1 944 627	5 448 387	(3 723 076)	870 886	(1 943 720)	(324 017)	-	(5 119 927)	328 460
	4 406 786	-	(903 026)	-	-	1 944 627	5 448 387	(3 723 076)	870 886	(1 943 720)	(324 017)	-	(5 119 927)	328 460
Heritage assets														
Mayors chain & Council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Investment properties														
Investment property	785 120 900	-	-	(21 330 000)	-	(2 940 000)	760 850 900	-	-	-	-	-	-	760 850 900
	785 120 900	-	-	(21 330 000)	-	(2 940 000)	760 850 900	-	-	-	-	-	-	760 850 900
Total														
Land and buildings	118 955 743	-	-	-	-	(18 824 740)	100 131 003	-	-	-	-	-	-	100 131 003
Infrastructure	2 500 969 659	162 249 307	(20 716 118)	-	-	2 392 947	2 644 895 795	(1 413 105 092)	16 908 943	(49 737)	(93 995 976)	(6 456 858)	(1 496 698 720)	1 148 197 075
Community Assets	236 674 821	-	-	-	-	6 020 835	242 695 656	(80 797 098)	-	(335 393)	(8 334 265)	-	(89 466 756)	153 228 900
Construction Work in Progress	191 846 980	163 886 599	-	(165 765 457)	-	(1 093 196)	188 874 926	-	-	-	-	(304 764)	(304 764)	188 570 162
Computer equipment	5 790 376	786 327	(461 379)	-	-	7 866 621	13 981 945	(5 276 130)	456 653	(7 308 816)	(277 162)	-	(12 405 455)	1 576 490
Furniture and office equipment	5 173 091	550 923	(611 634)	-	-	6 676 930	11 789 310	(3 538 747)	604 135	(1 900 989)	(427 882)	-	(5 263 483)	6 525 827
Machinery and plant	11 792 240	5 424 817	(837 735)	-	-	4 153 768	20 533 090	(8 047 620)	466 972	(6 015 565)	(1 537 612)	-	(15 133 825)	5 399 265
Transport assets	50 496 380	4 970 945	(1 966 492)	-	-	(5 808 420)	47 692 413	(39 722 623)	1 955 509	2 941 339	(2 397 645)	-	(37 223 420)	10 468 993
Leased assets	19 703 753	836 349	(392 167)	-	-	(14 791 717)	5 356 218	(14 418 422)	392 167	14 193 039	(2 821 004)	-	(2 654 220)	2 701 998
Other assets	35 296 444	3 024 609	(14 648)	-	-	-	38 306 405	(17 106 487)	11 786	-	(2 022 138)	-	(19 144 736)	19 189 617
Intangible assets	4 406 786	-	(903 026)	-	-	1 944 627	5 448 387	(3 723 076)	870 886	(1 943 720)	(324 017)	-	(5 119 927)	328 460
Investment property	785 120 900	-	(21 330 000)	-	-	(2 940 000)	760 850 900	-	-	-	-	-	-	760 850 900
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	3 966 428 131	341 729 876	(47 233 199)	(165 765 457)	-	(13 406 972)	4 080 757 006	(1 585 735 295)	21 667 051	(419 842)	(112 137 701)	(6 761 622)	(1 683 415 306)	2 397 369 648

Greater Tzaneen Municipality Appendix C

Segmental analysis of property, plant and equipment for the year ended 30 June 2024

	Opening Balance Rand	Additions Rand	Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Municipal Manager	4 333 773	170 682	(125 728)	-	-	-	4 378 727	(2 529 468)	125 461	-	(405 326)	-	(2 809 333)	1 569 394
Budget and Treasury	2 432 212	757 229	(187 810)	-	-	-	3 001 631	(1 814 571)	187 449	-	(214 862)	-	(1 841 984)	1 159 647
Planning and Development/Economic Development/Plan	100 334 075	746 454	(322 706)	-	-	-	100 757 823	(1 837 347)	322 683	-	(242 502)	-	(1 757 166)	99 000 657
Financial Service	2 369 691	-	(100 353)	-	-	-	2 269 338	(1 679 055)	100 344	-	(354 213)	-	(1 932 924)	336 414
Corporate Service	13 575 200	559 050	(1 417 483)	-	-	-	12 716 767	(10 443 739)	1 361 984	-	(1 302 340)	-	(10 384 095)	2 332 672
Engineering Service	1 937 442 505	220 571 869	(4 588 976)	(129 101 452)	-	-	2 024 323 946	(1 022 452 067)	4 158 031	-	(62 867 329)	(1 266 673)	1 082 428 038	941 895 908
Community Service	233 612 643	39 792 161	(533 842)	-	-	-	272 870 962	(81 450 454)	518 249	-	(10 161 763)	(114 999)	(91 208 967)	181 661 995
Electrical Engineering	1 019 653 124	72 339 836	(2 689 695)	(26 651 794)	-	-	1 062 651 471	(555 734 559)	2 002 180	-	(41 551 608)	(4 784 065)	(600 068 052)	462 583 419
Mayors office	232 270	-	(674)	-	-	-	231 596	(54 990)	671	-	(37 178)	-	(91 497)	140 099
	3 313 985 493	334 937 281	(9 967 267)	(155 753 246)	-	-	3 483 202 261	1 677 996 250)	8 777 052	-	(117 137 121)	(6 165 737)	1 792 522 056)	1 690 680 205
Total	3 313 985 493	334 937 281	(9 967 267)	(155 753 246)	-	-	3 483 202 261	1 677 996 250)	8 777 052	-	(117 137 121)	(6 165 737)	1 792 522 056)	1 690 680 205

Greater Tzaneen Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2023
Prior Year **Current year**

Actual Income	Actual Expenditure	Surplus /(Deficit)	Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand	Rand	Rand	Rand
Municipality					
-	40 481 788	(40 481 788)	-	38 815 186	(38 815 186)
1 023 406 611	339 542 108	683 864 503	1 159 879 455	296 012 194	863 867 261
366 265	30 277 871	(29 911 606)	242 233	48 160 940	(47 918 707)
		Development/Plan			
-	29 156 125	(29 156 125)	-	29 158 370	(29 158 370)
24 293	1 412 448	(1 388 155)	19 662	11 236 854	(11 217 192)
2 394 302	45 077 405	(42 683 103)	2 413 547	49 036 869	(46 623 322)
15 176 865	89 983 939	(74 807 074)	13 910 109	77 667 218	(63 757 109)
273 148	32 623 687	(32 350 539)	336 894	33 087 869	(32 750 975)
48 740 425	60 533 465	(11 793 040)	46 645 093	81 620 115	(34 975 022)
122 412 201	53 322 675	69 089 526	104 098 484	109 923 254	(5 824 770)
366 970 915	732 939 174	(365 968 259)	443 442 391	753 073 644	(309 631 253)
1 579 765 025	1 455 350 685	124 414 340	1 770 987 868	1 527 792 513	243 195 355

Greater Tzaneen Municipality
Appendix E1
Budget Summary (Appropriation statement)
for the year ended 30 June 2024

2023/2024

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Financial Performance							
Property rates	150 141 836	-	150 141 836		150 141 836	146 292 976	(3 848 860)
Service charges	803 893 774	55 383 599	859 277 373		859 277 373	800 095 216	(59 182 157)
Investment Revenue	9 500 000	10 882 229	20 382 229		20 382 229	31 906 502	11 524 273
Transfers recognised operational	559 237 850	1 481 835	560 719 685		560 719 685	568 502 867	7 783 182
Other own Revenue	91 009 825	(1 399 000)	89 610 825		89 610 825	109 468 157	19 857 332
Total Revenue (excluding capital transfers and contributions)	1 613 783 285	66 348 663	1 680 131 948		1 680 131 948	1 656 265 718	(23 866 230)
Expenditure By Type							
Employee cost	399 349 012	2 350 695	401 699 707	(2 800 000)	398 899 707	383 133 956	(15 765 751)
Remuneration of councillors	29 382 362	-	29 382 362	-	29 382 362	28 957 581	(424 781)
Debt impairment	59 600 000	8 400 000	68 000 000	-	68 000 000	64 971 675	(3 028 325)
Depreciation & asset impairment	115 814 038	-	115 814 038	-	115 814 038	123 656 424	7 842 386
Finance charges	12 644 819	-	12 644 819	98 020	12 742 839	12 929 086	186 247
Materials and bulk purchases	603 049 813	48 283 762	651 333 575	33 875 774	685 209 349	602 834 850	(82 374 499)
Transfers and grants	50 700 230	1 481 835	52 182 065	18 800	52 200 865	48 358 652	(3 842 213)
Other Expenses	255 162 503	5 442 494	260 604 997	(31 192 594)	229 412 403	262 950 289	33 537 886
Total Expenditure	1 525 702 777	65 958 786	1 591 661 563	-	1 591 661 563	1 527 792 513	(63 869 050)
Surplus/(Deficit)	88 080 508	389 877	88 470 385		88 470 385	128 473 205	40 002 820
Transfers recognised- capital	113 275 150	4 447 000	117 722 150		117 722 150	114 722 150	(3 000 000)
Surplus/(Deficit) after capital transfers & contributions	201 355 658	4 836 877	206 192 535		206 192 535	243 195 355	37 002 820
Transfers recognised - capital	113 275 150	4 447 000	117 722 150		117 722 150	114 722 150	(3 000 000)
Borrowings	4 000 000	-	4 000 000		4 000 000	-	(4 000 000)
Internally generated funds	73 429 594	18 994 417	92 424 011		92 424 011	64 460 884	(27 963 127)
Total sources of capital funds	190 704 744	23 441 417	214 146 161		214 146 161	179 183 034	(34 963 127)
Financial Position							
Total current assets	1 014 791 168	(119 810 400)	894 980 768		894 980 768	1 125 087 157	230 106 389
Total non current assets	2 546 619 212	4 095 875	2 550 715 087		2 550 715 087	2 502 153 644	(48 561 443)
Total current liabilities	483 328 838	(49 291 341)	434 037 497		434 037 497	336 157 695	(97 879 802)
Total non-current liabilities	229 573 394	-	229 573 394		229 573 394	204 567 265	(25 006 129)
Community wealth/equity	2 848 508 148	(66 423 184)	2 782 084 964		2 782 084 964	3 086 515 841	304 430 877
Cash Flows							
Net cash from (used) operating	284 524 130	(40 462 696)	244 061 434		244 061 434	244 818 097	756 663
Net cash from (used) investing	(190 701 145)	(52 010 651)	(242 711 796)		(242 711 796)	173 611 779	416 323 575
Net cash from (used) financing	16 569 393	-	16 569 393		16 569 393	17 158 728	589 335
Cash/Cash equivalents at the year end	219 564 850	(133 401 169)	86 163 681		86 163 681	231 359 050	145 195 369

Greater Tzaneen Municipality
Appendix E(2)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024

	Current year 2024 Act. Bal.	Current year 2024 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Property rates	146 292 976	150 141 836	(3 848 860)	(2,6)	The insignificant variance was due to low collection on billed Property rates than anticipated . Variance (2024: R3,848,860) and (2023: R7,038,822)
Service charges	800 095 216	859 277 373	(59 182 157)	(6,9)	This was due to fluctuation of service, there was higher and lower than anticipated demand on some of municipal services, which impacted on billed amounts. Variance (2024: R46,803,896) and (2023: R62,018,259)
Fines, penalties and forfeits	25 453 954	21 557 011	3 896 943	18,1	Revenue realised than anticipated from Traffic fine, penalties and forfeits. Variance (2024: R3,8396,943) and (2023: R1,975,964)
Rental of facilities and equipment	1 858 501	1 100 000	758 501	69,0	High response on rental of investment property (Municipal council own land and building). Variance (2024: R758,501) and (2023: R937,990)
Income from agency services	12 468 742	15 664 291	(3 195 549)	(20,4)	High projection was made on agency fee during budget process. Variance (2024: R3,195,549) and (2023: R3,088,787)
Licences and permits	503 485	617 000	(113 515)	(18,4)	High revenue collection than anticipate from issuing of licences and permits on building plans and registration approval, clearance certificates and town planning application fees. Variance (2024: R113,515) and (2023: R311,477)
Other income	26 129 240	10 937 746	15 191 494	138,9	High income received due to reversal of impairment loss and reallocation of Grant admin fee. Variance (2024: R15,191,494) and (2023: R11,698,719)
Government grants and subsidies	663 632 864	675 441 835	(11 808 971)	(1,7)	The variance on transfer and subsidies received is due to unspent conditional grant- MDRG, which was transferred in February 2024 and the expenditure is exclusive of VAT . Variance (2024: R11 808 971) and (2023: R9,785,152))
Interest revenue - external investments	31 906 502	20 382 229	11 524 273	56,5	The increase is due to interest on short -term investment and on surplus amount on Bank Account during the year. Variance (2024: R11,524,273) and (2023: R14,623,799)
Interest received - outstanding receivables	50 986 303	39 734 777	11 251 526	28,3	The earned interest on outstanding debtors was due to late and non payment for rates and municipal rates by consumers. Variance (2024: R3,319,458) and (2023: R6,105,562)
Public Contributions and donation	11 660 085	-	11 660 085	-	Provision was not made in the budget and donation of assets was realised by the Municipality.
	1 770 987 868	1 794 854 098	(23 866 230)	(1,3)	
Expenses					
Employee costs	(383 133 956)	(398 899 707)	15 765 751	(4,0)	The underspending is due to vacant posts/ late filling of posts and resignation . Variance (2024: - R16,553,108) and (2023: -R21,167,885)
Remuneration of councillors	(28 957 581)	(29 382 362)	424 781	(1,4)	
Depreciation and amortisation	(117 490 687)	(115 814 038)	(1 676 649)	1,4	The depreciation and amortisation increased due to additional assets that were procured during the year and also projects that were completed and capitalised, Variance (2024: R1,676,649) and (2023: -R9,740,213)
Inventory consumed	(32 542 535)	(114 934 943)	82 392 408	(71,7)	Underspending is due to reclassification to contracted services. Variance (2024: -R82,405,203) and (2023: - R47,962,647)
Impairment of assets	(6 165 737)	-	(6 165 737)	-	Impairment of assets is due to assessment outcome after review of the assets condition, and provision was not allocated for this item.
Finance costs	(12 929 086)	(12 742 839)	(186 247)	1,5	
Debt Impairment	(64 971 675)	(68 000 000)	3 028 325	(4,5)	The variance is due to non payment of property rates and municipal services by consumers . Variance (2024: R6,147,893) and (2023: R61,515,691)
Bulk purchases	(570 292 315)	(570 274 406)	(17 909)	-	
Contracted Services	(150 661 062)	(96 706 093)	(53 954 969)	55,8	The variance is due to reclassification of inventory consumed item to Contracted services. Variance(2024: R53,954,969) and (2023: -R44,007,862)

Greater Tzaneen Municipality
Appendix E(2)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024

	Current year 2023 Act. Bal.	Current year 2023 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget					
Transfers and subsidies	(48 358 652)	(52 200 865)	3 842 213	(7,4)	The underspending is due to unspent conditional grants not fully spent, . Variance (2024: -R3,842,213) and (2023: R9,785,152)				
General Expenses	(111 036 334)	(132 706 310)	21 669 976	(16,3)	The variance is due to implementation of Cost containment measures to minimise for non essential services and use internal resources . Variance (2024: -R21,669,977) and (2023: -R9,804,281)				
Other revenue and costs	(1 526 539 620)	(1 591 661 563)	65 121 943	(4,1)					
Gain or loss on disposal of assets	(1 172 894)-	- -	(1 172 894)-	-	-	-	-	-	-
Fair value adjustments	(79 999)-	- -	(79 999)-	100,0	-	-	-	-	-
Net surplus/ (deficit) for the year	243 195 355	203 192 535	40 002 820	19,7					

Greater Tzaneen Municipality
Appendix E(3)

**Budget Analysis of Capital Expenditure for the year
ended 30 June 2024**

	Additions	Revised	Variance	Variance	Explanation of significant
	Rand	Budget	Rand	%	variances from budget
		Rand			
Municipality					
Finance & Admin/Finance	17 734 939	22 090 216	4 355 277	20	The Item Project for office furniture was centralized to Budget and Treasury Office to procure furniture for the Municipal Offices
Planning and Development/Economic Development/Plan Housing	-	2 279 594	2 279 594	100	
Road transport	730 646	1 643 662	913 016	56	Rollover was approved to complete the construction of Civil centre roof.
Electricity /Electricity Distribution	133 212 500	144 761 670	11 549 170	8	The MIG budget was 100% spent, only some of the internal funding projects were appointed late. Variance (2023: R3,451,292) and (2022: R18,300,647)
	27 504 949	43 371 019	15 866 070	37	INEP Budget was also 100% spent, and the delay was due to late project plan of Service provider
	179 183 034	214 146 161	34 963 127	16	

Greater Tzaneen Municipality
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2024

	2024/2023							2023/2022						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote														
Vote 1 - Municipal Manager	1 300	-	1 300		1 300	-		(1 300)	- %	- %				-
Vote 2 - Planning & Economic Development	305 100	-	305 100		305 100	242 233		(62 867)	(21)%	(21)%				366 265
Vote 3 - Financial Services	1 110 803 354	37 215 830	1 148 019 184		1 148 019 184	1 156 218 099		8 198 915	1 %	4 %				1 022 668 740
Vote 4 - Corporate Services	800 000	1 762 931	2 562 931		2 562 931	2 295 895		(267 036)	(10)%	187 %				388 431
Vote 5 - Community Services	66 035 913	1 519 904	67 555 817		67 555 817	60 911 758		(6 644 059)	(10)%	(8)%				64 214 732
Vote 7 - Electrical Engineering Services	433 597 000	24 800 000	458 397 000		458 397 000	444 563 160		(13 833 840)	(3)%	3 %				366 970 915
Vote 8 - Engineering Services	115 515 768	2 497 000	118 012 768		118 012 768	106 756 723		(11 256 045)	(10)%	(8)%				125 155 942
Total Revenue by Vote	1 727 058 435	67 795 665	1 794 854 100		1 794 854 100	1 770 987 868		(23 866 232)	(1)%	3 %				1 579 765 025
Expenditure by Vote to be appropriated														
Vote 1 - Municipal Manager	90 590 412	(26 000)	90 564 412	6 275 000	96 839 412	93 083 675	-	(3 755 737)	(4)%	3 %	-	-	-	89 999 570
Vote 2 - Planning & Economic Development	46 426 407	2 150 695	48 577 102	6 100 000	54 677 102	48 160 940	-	(6 516 162)	(12)%	4 %	-	-	-	30 277 871
Vote 3 - Financial Services	146 288 982	1 104 593	147 393 575	(9 688 833)	137 704 742	175 857 944	-	38 153 202	28 %	20 %	-	-	-	224 636 062
Vote 4 - Corporate Services	83 221 726	1 812 931	85 034 657	246 445	85 281 102	72 679 928	-	(12 601 174)	(15)%	(13)%	-	-	-	64 880 801
Vote 5 - Community Services	260 551 649	(281 096)	260 270 553	(31 559 255)	228 711 298	230 119 035	-	1 407 737	1 %	(12)%	-	-	-	212 748 966
Vote 7 - Electrical Engineering Services	702 008 501	55 347 663	757 356 164	28 671 643	786 027 807	742 880 131	-	(43 147 676)	(5)%	6 %	-	-	-	732 641 199
Vote 8 - Engineering Services	196 615 100	5 850 000	202 465 100	(45 000)	202 420 100	165 010 860	-	(37 409 240)	(18)%	(16)%	-	-	-	100 166 216
Total Expenditure by Vote	1 525 702 777	65 958 786	1 591 661 563	-	1 591 661 563	1 527 792 513	-	(63 869 050)	(4)%	- %	-	-	-	1 455 350 685
Surplus/(Deficit) for the year	201 355 658	1 836 879	203 192 537		203 192 537	243 195 355		40 002 818	20 %	21 %				124 414 340

Greater Tzaneen Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2024

	2024/2023							2023/2022						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source														
Property rates	150 141 836	-	150 141 836		150 141 836	146 292 976		(3 848 860)	(3)%	(3)%				(138 299 006)
Service charges - electricity revenue	763 000 000	53 883 599	816 883 599		816 883 599	759 147 764		(57 735 835)	(7)%	(1)%				(651 012 942)
Service charges - refuse revenue	40 893 774	1 500 000	42 393 774		42 393 774	40 947 452		(1 446 322)	(3)%	- %				(39 208 425)
Rental of facilities and equipment	1 100 000	-	1 100 000		1 100 000	1 858 501		758 501	69 %	69 %				(2 193 991)
Interest revenue	9 500 000	10 882 229	20 382 229		20 382 229	31 906 502		11 524 273	57 %	236 %				(19 123 799)
Interest earned - outstanding debtors	39 734 777	-	39 734 777		39 734 777	43 054 235		3 319 458	8 %	8 %				(31 757 683)
Fines, penalties and forfeits	21 557 011	-	21 557 011		21 557 011	33 386 022		11 829 011	55 %	55 %				(26 081 047)
Licences and permits	817 000	(200 000)	617 000		617 000	503 485		(113 515)	(18)%	(38)%				(505 523)
Agency services	15 664 291	-	15 664 291		15 664 291	12 468 742		(3 195 549)	(20)%	(20)%				(11 575 504)
Transfers recognised- operational	559 237 850	1 481 835	560 719 685		560 719 685	566 444 980		5 725 295	1 %	1 %				(513 178 191)
Other revenue	12 136 746	(1 199 000)	10 937 746		10 937 746	26 129 240		15 191 494	139 %	115 %				(24 067 273)
Gain on disposal/Write off of assets	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	1 613 783 285	66 348 663	1 680 131 948		1 680 131 948	1 662 139 899		(17 992 049)	(1)%	3 %				1 457 003 384)

Greater Tzaneen Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2024

2024/2023										2023/2022			
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Employee related costs	399 349 012	2 350 695	401 699 707	(2 800 000)	398 899 707	383 133 956	-	(15 765 751)	(4)%	(4)%	-	-	(346 983 388)
Remuneration of councillors	29 382 362	-	29 382 362	-	29 382 362	28 957 581	-	(424 781)	(1)%	(1)%	-	-	(28 908 326)
Debt impairment	59 600 000	8 400 000	68 000 000	-	68 000 000	64 971 675	-	(3 028 325)	(4)%	9 %	-	-	(133 215 681)
Depreciation & asset impairment	115 814 038	-	115 814 038	-	115 814 038	123 656 424	-	7 842 386	7 %	7 %	-	-	(118 949 057)
Finance charges	12 644 819	-	12 644 819	98 020	12 742 839	12 929 086	-	186 247	1 %	2 %	-	-	(15 677 350)
Bulk purchases	508 243 120	39 447 663	547 690 783	22 583 623	570 274 406	570 292 315	-	17 909	- %	12 %	-	-	(495 844 915)
Inventory Consumed	94 806 693	88 236 099	183 042 792	11 292 151	194 334 943	32 542 535	-	(161 792 408)	(83)%	(66)%	-	-	(26 096 612)
Contracted services	91 720 401	-	91 720 401	4 985 692	96 706 093	150 661 062	-	53 954 969	56 %	64 %	-	-	(121 880 443)
Transfers and subsidies	50 700 230	1 481 835	52 182 065	18 800	52 200 865	48 358 652	-	(3 842 213)	(7)%	(5)%	-	-	(56 877 870)
Other expenditure	163 442 102	5 442 494	168 884 596	(36 178 286)	132 706 310	111 036 333	-	(21 669 977)	(16)%	(32)%	-	-	(108 818 545)
Fair Value adjustment	-	-	-	-	-	79 999	-	79 999	DIV/0 %	DIV/0 %	-	-	-
Loss on sale off assets	-	-	-	-	-	1 172 895	-	1 172 895	DIV/0 %	DIV/0 %	-	-	(2 098 497)
Total Expenditure	1 525 702 777	145 358 786	1 671 061 563	-	1 671 061 563	1 527 792 513	-	(143 269 050)	(9)%	- %	-	-	1 455 350 684
Surplus/(Deficit)	88 080 508	(79 010 123)	9 070 385		9 070 385	134 347 386		125 277 001	1 381 %	53 %			(1 652 700)
Transfers recognised- capital	113 275 150	1 447 000	114 722 150		114 722 150	108 847 969		(5 874 181)	(5)%	(4)%			(122 761 640)
Surplus/(Deficit) after capital transfers & contributions	201 355 658	(77 563 123)	123 792 535		123 792 535	243 195 355		119 402 820	96 %	21 %			(124 414 340)
Surplus/(Deficit) after taxation	201 355 658	(77 563 123)	123 792 535		123 792 535	243 195 355		119 402 820	96 %	21 %			(124 414 340)
Surplus/(Deficit) attributable to municipality	201 355 658	(77 563 123)	123 792 535		123 792 535	243 195 355		119 402 820	96 %	21 %			(124 414 340)
Surplus/(Deficit) for the year	201 355 658	(77 563 123)	123 792 535		123 792 535	243 195 355		119 402 820	96 %	21 %			(124 414 340)

Greater Tzaneen Municipality
Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2024

	2024/2023							2023/2022						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote														
Multi-year expenditure														
Single-year expenditure														
Vote 2- Planning & Economic Development	2 279 594	-	2 279 594	-	2 279 594	-	-	(2 279 594)	- %	(100)%	-	-	-	-
Vote 3- Financial Services	4 550 000	(1 000 000)	3 550 000	-	3 550 000	2 229 326	-	(1 320 674)	(37)%	(51)%	-	-	-	435 687
Vote 4 - Corporate Services	-	2 302 755	2 302 755	-	2 302 755	1 500 966	-	(801 789)	(35)%	DIV/0 %	-	-	-	-
Vote 5 - Community Services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Vote 7 - Electrical Engineering Services	38 000 000	6 250 000	44 250 000	-	44 250 000	27 504 949	-	(16 745 051)	(38)%	(28)%	-	-	-	19 932 523
Vote 8 - Engineering Services	145 875 150	15 888 662	161 763 812	-	161 763 812	147 947 793	-	(13 816 019)	(9)%	1 %	-	-	-	155 596 212
Capital single-year expenditure sub-total	190 704 744	23 441 417	214 146 161	-	214 146 161	179 183 034	-	(34 963 127)	(16)%	(6)%	-	-	-	175 964 422
Total Capital Expenditure - Vote	190 704 744	23 441 417	214 146 161	-	214 146 161	179 183 034	-	(34 963 127)	(16)%	(6)%	-	-	-	175 964 422

Greater Tzaneen Municipality
Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2024

2024/2023

2023/2022

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Functional														
Governance and administration	21 300 000	1 302 755	22 602 755	-	22 602 755	11 128 387	-	(11 474 368)	(51)%	(48)%	-	-	-	435 687
Budget and treasury office	21 300 000	(1 000 000)	20 300 000	-	20 300 000	9 627 421	-	(10 672 579)	(53)%	(55)%	-	-	-	435 687
Corporate services	-	2 302 755	2 302 755	-	2 302 755	1 500 966	-	(801 789)	65 %	DIV/0 %	-	-	-	-
Community and public safety	240 000	1 793 662	2 033 662	-	2 033 662	730 646	-	(1 303 016)	(64)%	204 %	-	-	-	4 841 450
Housing	240 000	1 793 662	2 033 662	-	2 033 662	730 646	-	(1 303 016)	(64)%	204 %	-	-	-	4 841 450
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	130 254 744	14 095 000	144 349 744	-	144 349 744	139 819 052	-	(4 530 692)	(3)%	7 %	-	-	-	150 754 762
Planning and development	2 279 594	-	2 279 594	-	2 279 594	-	-	(2 279 594)	(100)%	(100)%	-	-	-	-
Road transport	127 975 150	14 095 000	142 070 150	-	142 070 150	139 819 052	-	(2 251 098)	(2)%	9 %	-	-	-	150 754 762
Trading services	39 150 000	6 250 000	45 400 000	-	45 400 000	27 504 949	-	(17 895 051)	(39)%	(30)%	-	-	-	19 932 523
Electricity	39 150 000	6 250 000	45 400 000	-	45 400 000	27 504 949	-	(17 895 051)	(39)%	(30)%	-	-	-	19 932 523
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Functional	190 944 744	23 441 417	214 386 161	-	214 386 161	179 183 034	-	(35 203 127)	(16)%	(6)%	-	-	-	175 964 422
Funded by:														
National Government	113 275 150	4 447 000	117 722 150		117 722 150	114 722 150		(3 000 000)	(3)%	1 %				122 548 820
Provincial Government	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	113 275 150	4 447 000	117 722 150		117 722 150	114 722 150		(3 000 000)	(3)%	1 %				122 548 820
Public contributions & donations	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	4 000 000	-	4 000 000		4 000 000	-		(4 000 000)	(100)%	(100)%				-
Internally generated funds	73 429 594	18 994 417	92 424 011		92 424 011	64 460 884		(27 963 127)	(30)%	(12)%				53 415 602
Total Capital Funding	190 704 744	23 441 417	214 146 161		214 146 161	179 183 034		(34 963 127)	(16)%	(6)%				175 964 422

Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2024

	2023/2024					2023		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand		Rand	Rand	Rand
Cash flow from operating activities								
Receipts								
Rates and Taxes	147 120 802	(8 703 811)	138 416 991	83 604 496	(54 812 495)	60 %	57 %	93 340 190
Sale of goods and services	771 382 211	110 076 658	881 458 869	751 998 099	(129 460 770)	85 %	97 %	657 612 841
Transfer Revenue	672 513 000	2 907 931	675 420 931	697 304 195	21 883 264	103 %	104 %	651 353 686
Interest income	45 295 994	11 642 229	56 938 223	31 906 502	(25 031 721)	56 %	70 %	19 123 799
Employee costs	(399 349 012)	(1 350 695)	(400 699 707)	(400 439 537)	260 170	100 %	100 %	(374 449 473)
Suppliers	(927 013 816)	(123 386 104)	1 050 399 920	(906 826 197)	143 573 723	86 %	98 %	(813 436 899)
	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments								
Finance costs	(12 644 819)	-	(12 644 819)	(12 729 461)	(84 642)	101 %	101 %	(15 170 725)
Donated Assets Non Cash	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	(12 780 230)	(31 648 904)	(44 429 134)	-	44 429 134	- %	- %	-
Net cash flow from/used operating activities	284 524 130	(40 462 696)	244 061 434	244 818 097	756 663	100 %	86 %	218 373 419
Cash flow from investing activities								
Receipts								
Additions to property, plant and equipment	(190 704 744)	(55 563 342)	(246 268 086)	(167 523 947)	78 744 139	68 %	88 %	(177 264 172)
Proceeds on disposal of PPE	-	-	-	-	-	DIV/0 %	DIV/0 %	4 585 511
Proceeds from sale of investment property	3 599	3 552 691	3 556 290	17 321	(3 538 969)	- %	481 %	4 140 000
Purchase of investment property	-	-	-	-	-	DIV/0 %	DIV/0 %	32 140
Proceeds from sale of intangible assets	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Movement in financial assets	-	-	-	(4 590 593)	(4 590 593)	DIV/0 %	DIV/0 %	(3 484 183)
Purchase of Intangible assets	-	-	-	(1 514 560)	(1 514 560)	DIV/0 %	DIV/0 %	-
Capital assets	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Loss on disposal of property, plant and equipment	-	-	-	-	-	DIV/0 %	DIV/0 %	-
	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	(190 701 145)	(52 010 651)	(242 711 796)	(173 611 779)	69 100 017	72 %	91 %	(171 990 704)
Cash flow from financing activities								
Receipts								
Repayment of other financial liabilities	(16 569 393)	-	(16 569 393)	(15 053 225)	1 516 168	91 %	91 %	(13 638 786)
Finance lease payments	-	-	-	(2 105 503)	(2 105 503)	DIV/0 %	DIV/0 %	(2 893 730)
Increase (decrease) in consumer deposits	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments								
Repayment of borrowing	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	(16 569 393)	-	(16 569 393)	(17 158 728)	(589 335)	104 %	104 %	(16 532 516)
Net increase/(decrease) in cash held	77 253 592	(92 473 347)	(15 219 755)	54 047 590	69 267 345	(355)%	70 %	29 850 199

Greater Tzaneen Municipality
 Appendix G5
 Budgeted Cash Flows
 for the year ended 30 June 2024

	2023/2024					2023		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash/cash equivalents at the year begin:	142 311 258	(40 927 822)	101 383 436	177 311 459	75 928 023			147 461 260
Cash/cash equivalents at the year end:	219 564 850	(133 401 169)	86 163 681	231 359 049	145 195 368	269 %	105 %	177 311 459

Greater Tzaneen Municipality
Appendix G6
**Stands not yet transferred
for the year ended 30 June 2024**

Stands not yet transferred

Stands to the value of R 590 000 have been sold and are in the progress of being transferred.

Details of stands not yet transferred as at 30 June 2024.

NO	NAME AND SURNAME	ERF NUMBER	LOCATIO N	PURCHASE PRICE	ACCOUNT	2022/2023 MARKET VALUE
1	Nkasha Zenobia Tsakani	738/27	Nkowa-C	6 854		590 000
						<u>590 000</u>