Bojanala Platinum District Municipality
Annual financial statements
for the year ended 30 June 2025

General Information

Legal form of entity	Bojanala Platinum District Municipality
Nature of business and principal activities	Provide democratic and accountable government for local authorities
Mayoral committee	
Executive Mayor	CLR. SD NTHANGENI (EXECUTIVE MAYOR) CLR. TL MADIBA (SPEAKER) CLR. DM MOEKETSANE (CHIEF WHIP)
Mayoral Committee Councillors	CLR. TM MASHOMO (MPAC Chairperson) CLR. RI MSOKI (MMC IDP, PMS Monitoring and Evaluation) CLR. AE SELEBOGO (MMC Local Economic Development) CLR. FM MANGOATHE (MMC Rural Dev. and Agriculture) CLR. VN Makhaula (MMC Technical Support Services) CLR. M KARANI (MMC Special Projects) CLR. O Molusi (MMC Sports, Arts and Culture) CLR. WM SONO (MMC Budget and Treasury) CLR. TP THOBOKE (MMC Corporate Support Services) CLR. K Moleko (MMC Community Development) CLR. ME Kibini (MMC Health and Environment)

General Information

Councilors

CLR. JC POTGIETER
CLR. TF POTGIETER
CLR. MC MOATSHE
CLR. MISS LN TAU
CLR. MISS NA LETLAPE
CLR. MISS SM MOTSHEGWE
CLR. MR AM MOSITO
CLR. MR AP ROOTMAN
CLR. MR CK CHAKA
CLR. MR E LANGENI
CLR. MR E VAN DER SCHYFF
CLR. MR J QOBEKA
CLR. MR KI MONAISE
CLR. MR KKC RAMOKGADI
CLR. MR L RAMATLHAPE
CLR. MR LB MALOPE
CLR. MR LF MODISE
CLR. MR LP SEDIO
CLR. MR M COETZEE
CLR. MR MA MONAHENG
CLR. MR MEE MOSETE
CLR. MR MG MALEBOGO
CLR. MR MJ MONAGANE
CLR. MR MT MOLEFE
CLR. MR OS MOLUSI
CLR. MR PS LETLHABI
CLR. MR RE MASHIMO
CLR. MR RL MOTSEPE
CLR. MR SA KUTUMELA
CLR. MR SA MOELETSI
CLR. MR SS MOREKI
CLR. MR T KWELE
CLR. MR TE HLONGWANE
CLR. MR TE MATJENE
CLR. MR TJ MAKHUBELA
CLR. MR TK MOTAUNG
CLR. MR VK PHUSOANE
CLR. MRS BP GOUS
CLR. MRS EDF LOURENS
CLR. MRS SB MARAKALALA
CLR. MRS TL MACHEWANE
CLR. MS DM RAKGATLHA
CLR. MS IS MACONE
CLR. MS KP MOTHENG
CLR. MS LM NTOBONG
CLR. MS MP MORAPEDI
CLR. MS MS PHALOLE
CLR. MS N DELEKI
CLR. MS NF MOKWENA
CLR. MS NS MABUNDA
CLR. MS NSG SEKAO
CLR. MS OT MAWAYI
CLR. MS RC LEKALAKALA
CLR. MS RM KUTUMELA
CLR. MS RM LUKHELE
CLR. MS RN KOMANE
CLR. MS SM MOHALE
CLR. MS VN MYOLI
CLR. MR IB BHEBE (Resigned Oct 24)
CLR. MR RN MORAILE (Resigned Oct 24)
CLR. MS TJ MOHLABANE (Resigned Dec 24)
CLR. MS EST PULE (Resigned July 24)
CLR. MS LG MHLAMBI (Resigned Oct 24)
CLR. MS POL LEBETHE (Resigned Nov 2024)

General Information

	CLR. MRS M NONDZABA (Former Mayor until July 24) CLR. MR AN MOTSI (Resigned Jan 25) CLR. MRS GL MAGADANE (Dismissed Feb 2025) CLR. DR AP PITSOE (Dismissed Nov 24) CLR. MR ODM PITSO (Dismissed Jan 25)
Accounting Officer	Mrs. E.M Tukakgomo (Municipal Manager) Mrs B. MAKGANYE (Acting Municipal Manager) Dr A.J. MOTHUPI (Acting Municipal Manager) (August 2023 to February 2025)
Chief Finance Officer (CFO)	Mr M. KHUNOU MS. D. MOTLOUNG (Acting) Mr A. JANSEN (Acting)
Business address	Cnr Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
Postal address	P O Box 1993 Rustenburg 0300
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Contact Telephone Number:	(014) 590 4500
Email Address:	admin@bojanala.gov.za
Website Address:	www.bojanala.gov.za

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

The following supplementary information does not form part of the annual financial statements and is unaudited:

Appendixes:

Appendix G(1): Budgeted Financial Performance (revenue and expenditure by standard classification)

Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MEC	Member of the Executive Council

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on pages 7 to 96, which have been prepared on the going concern basis, were approved by the Accounting Officer on the 31 August 2025 and were signed by:

Mrs E.M Tukakgomo (Accounting Officer)
Municipal Manager

Audit Committee Report

We are pleased to present our report for the year ended 30 June 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year, 10 meetings were held.

Name of member	Number of meetings attended
P. Rambuda (Chairperson)	10
F. Mudau	10
L. Moyo	10
R. Tshimomola	10
O. Thenga	10

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:
- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: 30/11/2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 21 550 567 (2024: surplus R 101 171 786).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 311 511 090 and that the municipality's total assets exceeded its liabilities by R 320 929 942.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.The entity will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act.

3. Subsequent events

The municipality received a court order in August 2025 for funds held in a trsut account to be paid over to a plaintiff as the municipality had lost the court case.

The accounting officer is not aware of any other significant matters or circumstances arising since the end of the financial year.

4. Accounting policies

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

5. Corporate governance

General

The municipality is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the municipality supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the Municipal Systsems Act as per Schedule A and Schedule B. The discusses the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a quarterly basis.

Accounting Officer's Report

Audit and risk committee

The audit committee consists of the following members that were appointed on the 1st of July 2024 for a period of 3 years;

Mr P. Rambuda (Chairperson)
Ms F. Mudau
Ms L. Moyo
Mr R. Tshimomola
Mr O. Thenga

The committee met 10 times during the financial year to review matters necessary to fulfil its role. This is not a non-compliance in terms of the Section 166, 4(b) of the Municipal Financial Management Act as it requires that the audit committee meets at least 4 times a year to perform its functions.

Details of the meetings held are as follows:

Date	Venue
24 August 2024	Virtual
28 August 2024	Virtual
17 September 2024	Virtual
21 October 2024	Virtual
27 November 2024	Virtual
12 January 2025	Virtual
27 March 2025	Virtual
22 April 2025	Virtual
23 May 2025	Virtual
19 June 2025	Virtual

In terms of Section 166 of the Municipal Finance Management Act, council must appoint members of the Audit Committee. Bojanala Platinum District Municipality was satisfied that the Audit Committee of the municipality, constituted by the non-executive directors was properly constituted to fulfil its role and advise the Council of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

Internal audit

The municipality has an internal audit department that executes the function of the internal audit as provided in Section 165 of the Municipal Finance Management Act, however the internal audit department has been severely under-staffed for the reporting period.

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Current Assets			
Cash and cash equivalents	5	314 115 223	355 077 932
Receivables from exchange transactions	6	23 354 981	8 425 928
Receivables from non-exchange transactions	8	812 277	2 238 897
Other financial assets	9	-	5 526 649
		338 282 481	**371 269 406**
Non-Current Assets			
Investment property	2	250 000	210 000
Property, plant and equipment	3	145 730 040	74 209 755
Intangible assets	4	1 928 690	1 943 945
		147 908 730	**76 363 700**
Total Assets		**486 191 211**	**447 633 106**
Liabilities			
Current Liabilities			
Finance lease obligation	10	13 183 186	1 198 133
Employee benefit obligation	11	3 738 000	2 815 000
Payables from exchange transactions	12	84 064 302	65 247 861
		100 985 488	**69 260 994**
Non-Current Liabilities			
Finance lease obligation	10	24 586 781	2 119 606
Employee benefit obligation	11	39 689 000	33 772 000
		64 275 781	**35 891 606**
Total Liabilities		**165 261 269**	**105 152 600**
Net Assets		**320 929 942**	**342 480 506**
Reserves			
Revaluation reserve	13	9 418 849	9 418 849
Accumulated surplus		311 511 093	333 061 657
Total Net Assets		**320 929 942**	**342 480 506**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Rental of facilities	15	132 000	114 783
Licences and permits	16	1 004 263	680 994
Other income	17	66 826	517 302
Total revenue from exchange transactions		**1 203 089**	**1 313 079**
Revenue from non-exchange transactions			
Taxation revenue			
Interest received	18	30 764 983	31 826 089
Transfer revenue			
Fines, Penalties and Forfeits	19	3 377 430	2 919 176
Government grants & subsidies	20	412 519 823	402 759 290
Insurance proceeds	21	11 999	574 160
Total revenue from non-exchange transactions		**446 674 235**	**438 078 715**
Total revenue	14	**447 877 324**	**439 391 794**
Expenditure			
Employee related costs	22	(230 692 938)	(218 642 803)
Remuneration of councillors	23	(21 813 803)	(21 227 536)
Depreciation and amortisation	24	(11 173 993)	(8 803 397)
Impairment	25	(1 605 816)	(786 347)
Finance costs	26	(5 470 110)	(784 911)
Lease rentals on operating lease	27	(11 914 389)	(13 467 354)
Consumables	28	(6 929 148)	(3 653 248)
Contracted services	29	(78 921 772)	(37 262 368)
Operational costs	30	(97 937 063)	(34 385 332)
Total expenditure		**(466 459 032)**	**(339 013 296)**
Loss on disposal of assets and liabilities		(19 554)	(770 494)
Gain or (loss) on foreign exchange		67 695	81 782
Fair value adjustments		40 000	-
Actuarial gains/losses	11	(3 057 000)	1 482 000
		(2 968 859)	**793 288**
(Deficit) surplus for the year		**(21 550 567)**	**101 171 786**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	9 418 849	232 771 180	242 190 029
Adjustments			
Prior year adjustments 37	-	(881 309)	(881 309)
Balance at 01 July 2023 *restated	**9 418 849**	**231 889 871**	**241 308 720**
Changes in net assets			
Surplus for the year as previously reported	-	101 734 647	101 734 647
Prior year adjustments	-	(562 863)	(562 863)
Total changes	-	101 171 784	101 171 784
Balance at 01 July 2024	**9 418 849**	**333 061 657**	**342 480 506**
Changes in net assets			
Deficit for the year	-	(21 550 567)	(21 550 567)
Total changes	-	(21 550 567)	(21 550 567)
Balance at 30 June 2025	**9 418 849**	**311 511 090**	**320 929 939**
Note(s)	13		

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Sale of goods and services		6 167 872	2 749 621
Grants		412 519 823	402 759 290
Interest income		30 277 846	31 765 818
		448 965 541	437 274 729
Payments			
Cash paid to suppliers and employees		(431 014 056)	(320 916 117)
Finance costs		(5 282 738)	(689 487)
		(436 296 794)	(321 605 604)
Net cash flows from operating activities	32	**12 668 747**	**115 669 125**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(45 159 793)	(15 994 924)
Purchase of other intangible assets	4	(2 656 227)	(2 332 772)
Net cash flows from investing activities		**(47 816 020)**	**(18 327 696)**
Cash flows from financing activities			
Finance lease payments		(5 815 436)	(684 651)
Net increase/(decrease) in cash and cash equivalents		**(40 962 709)**	**96 656 778**
Cash and cash equivalents at the beginning of the year		355 077 932	258 421 154
Cash and cash equivalents at the end of the year	5	**314 115 223**	**355 077 932**

The accounting policies on pages 17 to 37 and the notes on pages 38 to 96 form an integral part of the annual financial statements.

Bojanala Platinum District Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	-	-	-	132 000	**132 000**	48.1
Licences and permits	-	-	-	1 004 263	**1 004 263**	48.2
Other income	-	-	-	66 826	**66 826**	48.3
	-	-	-	-	-	
Total revenue from exchange transactions	**-**	**-**	**-**	**1 203 089**	**1 203 089**	
Revenue from non-exchange transactions						
Taxation revenue						
Interest received	12 000 000	-	**12 000 000**	30 764 983	**18 764 983**	48.4
Transfer revenue						
Government grants & subsidies	412 949 000	-	**412 949 000**	412 519 823	**(429 177)**	Variance below 10%
Insurance proceeds	-	-	-	11 999	**11 999**	48.3
Fines, Penalties and forfeits	3 000 000	-	**3 000 000**	3 377 430	**377 430**	48.5
Total revenue from non-exchange transactions	**427 949 000**	**-**	**427 949 000**	**446 674 235**	**18 725 235**	
Total revenue	**427 949 000**	**-**	**427 949 000**	**447 877 324**	**19 928 324**	
Expenditure						
Personnel	(260 393 000)	-	**(260 393 000)**	(230 692 938)	**29 700 062**	48.6
Remuneration of councillors	(23 100 000)	-	**(23 100 000)**	(21 813 803)	**1 286 197**	Variance below 10%
Depreciation and amortisation	(10 000 000)	-	**(10 000 000)**	(11 173 993)	**(1 173 993)**	Variance below 10%
Impairment loss/ Reversal of impairments	-	-	-	(1 605 816)	**(1 605 816)**	48.7
Finance costs	-	-	-	(5 470 110)	**(5 470 110)**	48.8
Lease rentals on operating lease	-	-	-	(11 914 389)	**(11 914 389)**	48.9
Consumables	-	-	-	(6 929 148)	**(6 929 148)**	48.10
Contracted Services	(82 993 000)	(40 776 000)	**(123 769 000)**	(78 921 772)	**44 847 228**	48.11
Operational costs	(53 540 000)	(11 967 000)	**(65 507 000)**	(97 937 063)	**(32 430 063)**	48.12
Total expenditure	**(430 026 000)**	**(52 743 000)**	**(482 769 000)**	**(466 459 032)**	**16 309 968**	
Operating deficit	**(2 077 000)**	**(52 743 000)**	**(54 820 000)**	**(18 581 708)**	**36 238 292**	
Loss on disposal of assets and liabilities	-	-	-	(19 554)	**(19 554)**	48.13
Gain on foreign exchange	-	-	-	67 695	**67 695**	48.13
Fair value adjustments	-	-	-	40 000	**40 000**	48.13
Actuarial gains/losses	-	-	-	(3 057 000)	**(3 057 000)**	48.13
	-	**-**	**-**	**(2 968 859)**	**(2 968 859)**	
Deficit before taxation	**(2 077 000)**	**(52 743 000)**	**(54 820 000)**	**(21 550 567)**	**33 269 433**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2 077 000)**	**(52 743 000)**	**(54 820 000)**	**(21 550 567)**	**33 269 433**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	(1 896 000)	5 541 000	**3 645 000**	23 354 981	**19 709 981**	48.14
Receivables from non-exchange transactions	-	-	**-**	812 277	**812 277**	48.15
Cash and cash equivalents	680 446 000	-	**680 446 000**	314 115 223	**(366 330 777)**	48.16
	678 550 000	**5 541 000**	**684 091 000**	**338 282 481**	**(345 808 519)**	
Non-Current Assets						
Investment property	-	-	**-**	250 000	**250 000**	48.17
Property, plant and equipment	136 677 000	5 850 000	**142 527 000**	145 730 040	**3 203 040**	Variance below 10%
Intangible assets	(58 000)	-	**(58 000)**	1 928 690	**1 986 690**	48.19
	136 619 000	**5 850 000**	**142 469 000**	**147 908 730**	**5 439 730**	
Total Assets	**815 169 000**	**11 391 000**	**826 560 000**	**486 191 211**	**(340 368 789)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	13 183 186	**13 183 186**	48.20
Payables from exchange transactions	-	-	**-**	84 064 302	**84 064 302**	48.21
Payables from non-exchange transactions	(5 814 000)	-	**(5 814 000)**	-	**5 814 000**	48.22
Employee benefit obligation	-	-	**-**	3 738 000	**3 738 000**	48.23
Provisions	333 000	-	**333 000**	-	**(333 000)**	48.24
	(5 481 000)	**-**	**(5 481 000)**	**100 985 488**	**106 466 488**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	24 586 781	**24 586 781**	48.20
Employee benefit obligation	-	-	**-**	39 689 000	**39 689 000**	48.23
	-	**-**	**-**	**64 275 781**	**64 275 781**	
Total Liabilities	**(5 481 000)**	**-**	**(5 481 000)**	**165 261 269**	**170 742 269**	
Net Assets	**820 650 000**	**11 391 000**	**832 041 000**	**320 929 942**	**(511 111 058)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	**-**	9 418 849	**9 418 849**	48.25
Accumulated surplus	(2 077 000)	-	**(2 077 000)**	311 511 093	**313 588 093**	48.26
Total Net Assets	**(2 077 000)**	**-**	**(2 077 000)**	**320 929 942**	**323 006 942**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	3 000 000	-	**3 000 000**	6 167 872	**3 167 872**	48.27
Grants	412 949 000	-	**412 949 000**	412 519 823	**(429 177)**	Variance below 10%
Interest income	12 000 000	-	**12 000 000**	30 277 846	**18 277 846**	48.28
	427 949 000	**-**	**427 949 000**	**448 965 541**	**21 016 541**	
Payments						
Cash paid to suppliers & employees	(420 026 000)	-	**(420 026 000)**	(431 014 056)	**(10 988 056)**	Variance below 10%
Finance costs	-	-	**-**	(5 282 738)	**(5 282 738)**	48.29
	(420 026 000)	**-**	**(420 026 000)**	**(436 296 794)**	**(16 270 794)**	
Net cash flows from operating activities	**7 923 000**	**-**	**7 923 000**	**12 668 747**	**4 745 747**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(81 250 000)	-	**(81 250 000)**	(45 159 793)	**36 090 207**	48.30
Purchase of intangible assets	-	-	**-**	(2 656 227)	**(2 656 227)**	48.31
Net cash flows from investing activities	**(81 250 000)**	**-**	**(81 250 000)**	**(47 816 020)**	**33 433 980**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(5 815 436)	**(5 815 436)**	48.32
Net increase/(decrease) in cash and cash equivalents	(73 327 000)	-	**(73 327 000)**	(40 962 709)	**32 364 291**	
Cash and cash equivalents at the beginning of the year	753 774 000	-	**753 774 000**	355 077 932	**(398 696 068)**	
Cash and cash equivalents at the end of the year	**680 447 000**	**-**	**680 447 000**	**314 115 223**	**(366 331 777)**	
Reconciliation						

The approved budget was adjusted after mid-term asssessments of the actual amounts to align the final budgtet to more accurate estimations of actual amounts.

The municipality considers variances between budget vs actual below 10% to be immaterial and therefore no reasons are provided.

Refer to Note 48 for reasons of variences between budget vs actual.

Accounting Policies

1. Significant account policies

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand whch is the functional currency of the municipality.

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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

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

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

Fair value estimation

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

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

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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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 which are entity specific, together with other economic factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured using management best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

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

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

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

1.5 Investment property (continued)

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.

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

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

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 entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

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

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

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

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

1.6 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life

1.6 Property, plant and equipment (continued)

Buildings	Straight-line	30
Plant and machinery	Straight-line	5
Furniture and fixtures	Straight-line	7
Motor vehicles	Straight-line	5-7
Office equipment	Straight-line	7
Computetr equipment	Straight-line	5

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

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

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

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

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

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

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

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

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

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

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.

1.7 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3

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

1.8 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.

1.8 Financial instruments (continued)

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables	Financial liability measured at amortised cost

1.8 Financial instruments (continued)

Finance lease liabilities	Financial liability measured at amortised cost

1.9 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

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

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

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

Operating leases - 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.

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

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

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

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.13 Employee benefits

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

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

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

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

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

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

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

1.13 Employee benefits (continued)

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

1.13 Employee benefits (continued)

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

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

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

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

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

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

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

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

1.13 Employee benefits (continued)

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

1.14 Provisions and contingencies

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

A provision is a liabilitiy of uncertain timing or amount.

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.

Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

Accounting Policies

1.14 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

1.16 Revenue from exchange transactions (continued)

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

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

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

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

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

1.17 Revenue from non-exchange transactions (continued)

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.

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

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

Transfers

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

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

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

1.18 Investment income

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

1.19 Borrowing costs

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

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

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

Accounting Policies

1.21 Unauthorised expenditure (continued)

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

1.22 Fruitless and wasteful expenditure

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

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

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

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

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

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

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

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

1.24 Segment information

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

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

Measurement

1.24 Segment information (continued)

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

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

1.25 Revaluation reserve

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

1.26 Budget information

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

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

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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

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

The 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, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification.

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

1.27 Related parties

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

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

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

1.27 Related parties (continued)

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

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

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

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

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

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

1.28 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.

1.29 Value Added Tax

The municipality is registered with SARS for VAT on payment basis in accordance with section 15 (to) (a). of the Value Added Tax Act No. 89 of 1991.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

There are no standards and interpretations that are effective for the current financial year.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Future date	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Future date	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	Future date	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	250 000	-	250 000	210 000	-	210 000

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	210 000	40 000	250 000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	210 000	210 000

Pledged as security

There was no investment property pledged as security during the year.

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

Details of valuation

The effective date of the valuation was Tuesday, 26 August 2025. Revaluations were performed by an independent valuer, Corne Louw - Professional valuer, of DDP Property Valuation Experts . Corne Louw is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on The Market Data Approach or Comparable Sales Method of Valuation.

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year. Fair value adjustment gain of R40 000.

Maintenance of investment property

There were no maintanance costs incured on the investment property during the current year.

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 284 400	-	12 284 400	12 284 400	-	12 284 400
Buildings	5 527 437	(1 368 397)	4 159 040	5 527 437	(915 741)	4 611 696
Plant and machinery	7 073 254	(3 676 503)	3 396 751	6 088 619	(2 669 779)	3 418 840
Motor vehicles	67 265 359	(22 775 072)	44 490 287	58 385 573	(19 703 176)	38 682 397
Office equipment	14 947 960	(8 706 269)	6 241 691	9 722 660	(8 315 683)	1 406 977
Computer equipment	7 655 071	(5 687 426)	1 967 645	7 285 815	(4 786 465)	2 499 350
Infrastructure	31 655 603	(26 573)	31 629 030	182 227	(14 063)	168 164
Community	19 173 141	(12 956 649)	6 216 492	19 173 141	(10 997 954)	8 175 187
Leased assets	38 496 164	(3 151 460)	35 344 704	3 480 339	(517 595)	2 962 744
Total	**204 078 389**	**(58 348 349)**	**145 730 040**	**122 130 211**	**(47 920 456)**	**74 209 755**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	WIP	Disposals	Change in estimate	Depreciation	Impairment loss	Total
Land	12 284 400	-	-	-	-	-	-	12 284 400
Buildings	4 611 696	-	-	-	-	(452 656)	-	4 159 040
Plant and machinery	3 418 840	984 634	-	-	(661)	(1 006 062)	-	3 396 751
Motor vehicles	38 682 397	8 879 786	-	-	(182 264)	(2 889 632)	-	44 490 287
Office equipment	1 406 977	855 261	4 372 722	-	14 799	(408 068)	-	6 241 691
Computer equipment	2 499 350	408 785	-	(19 554)	(11 311)	(909 625)	-	1 967 645
Infrastructure	168 164	852 844	30 620 531	-	-	(12 509)	-	31 629 030
Community	8 175 187	-	-	-	-	(352 879)	(1 605 816)	6 216 492
Leased assets	2 962 744	35 015 363	-	-	-	(2 633 403)	-	35 344 704
	74 209 755	**46 996 673**	**34 993 253**	**(19 554)**	**(179 437)**	**(8 664 834)**	**(1 605 816)**	**145 730 040**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Change in estimate	Depreciation	Impairment loss	Total
Land	12 284 400	-	-	-	-	-	12 284 400
Buildings	5 064 352	-	-	-	(452 656)	-	4 611 696
Plant and machinery	3 705 480	489 897	-	6 219	(782 756)	-	3 418 840
Motor vehicles	26 849 333	14 646 625	(540 797)	305 910	(2 578 674)	-	38 682 397
Office equipment	1 319 627	712 320	(35 074)	122 037	(711 933)	-	1 406 977
Computer equipment	3 619 795	146 080	(194 623)	9 164	(1 081 066)	-	2 499 350
Infrastructure	176 015	-	-	-	(7 851)	-	168 164
Community	9 348 358	-	-	-	(386 824)	(786 347)	8 175 187
Leased assets	-	3 480 339	-	-	(517 595)	-	2 962 744
	62 367 360	**19 475 261**	**(770 494)**	**443 330**	**(6 519 355)**	**(786 347)**	**74 209 755**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Assets with a carring amount of R661 567 as at 30 June 2025 are still under investgation to confirm their existence, these were also under investigation in the previous financial year and will be written-off next year if still not verified.

Leased assets relates to photocopiers and printers leased in 2023-2024 financial year for 3 years with transfer of ownership to the municipality at the end of the lease-term.
In the current year, the municipality also leased laptops and ICT equipment for a period of 3 years.

WIP represents infrastructure assets still under construction and Printers purchased but not ready for use at year-end as they were awaiting installations.

No infrastructure projects have been halted or are taking longer than expected to complete.

Pledged as security

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

No other property, plant and equipment assets are pledged as security other than the above-mentioned leased assets.

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Total
Additions/capital expenditure	34 993 253	34 993 253

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	479 914	142 812
Computer equipment	4 650	14 116
Motor vehicles	898 837	574 133
Office equipment	589 018	28 800
Plant and machinery	29 000	127 240
	2 001 419	**887 101**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Property, plant and equipment (continued)

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

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 839 012	(5 910 322)	1 928 690	5 524 545	(3 580 600)	1 943 945

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1 943 945	2 314 467	(2 329 722)	1 928 690

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	2 338 548	2 332 772	(2 727 375)	1 943 945

Figures in Rand	2025	2024

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	314 115 223	355 077 932

The municipality holds short-term investment accounts with Absa Bank and Standard Bank. These accounts are used to invest and earn interest until maturity. As at 30 June 2025 the investment accounts had NIL balances (30 June 2024: NIL) - these accounts have been disclosed below.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Call Account 11-3150-0277	122 839 829	354 943 875	258 311 499	122 839 829	354 943 875	258 311 499
ABSA Cheque Account 11-2000-0272 - Primary account	2 000	2 000	2 000	2 096	8 329	(11 348)
ABSA Investment Tracker 93-6584-4663	191 145 275	2 480	2 316	191 145 275	2 480	2 316
Housing Account 40-9603-8617	128 023	123 248	118 686	128 023	123 248	118 686
Absa Bank : 2081755563	-	-	-	-	-	-
Absa Bank : 2081755482	-	-	-	-	-	-
Absa Bank : 2081850565	-	-	-	-	-	-
Standard Bank : 038446537-027	-	-	-	-	-	-
Total	**314 115 127**	**355 071 603**	**258 434 501**	**314 115 223**	**355 077 932**	**258 421 153**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Receivables from exchange transactions

Prepayments	271 488	65 085
Other debtors	1 052 300	920 300
VAT input accrual	19 575 464	5 281 879
Statutory receivables from SARS	2 455 729	2 158 664
	23 354 981	**8 425 928**

Statutory receivables included in receivables from exchange transactions above are as follows:		
VAT receivable from SARS	2 455 729	2 158 664
Financial asset receivables included in receivables from exchange transactions above	**20 899 252**	**6 267 264**
Total receivables from exchange transactions	23 354 981	8 425 928

Details of receivables from exchange transactions

Prepaid expenditure relates to payments made for board membership subscriptions.

Other debtors relates to the Mayoral house that was auctioned in October 2020. The full debt has not yet been received per the sales agreement but however no impairment was provided on the debt as the property is held as security by the municipality and the value of the property (valued at R3 300 000 as of 30 June 2025 by an independent valuer - Corne Louw - Professional valuer) exceeds the value debt as at 30 June 2025.

Receivables aging

Current (0-30 days)	271 488	65 085
121 - 365 days	1 052 300	920 300
	1 323 788	**985 385**

7. Statutory receivables

The Municipality claims VAT in terms of the VAT Act 89 of 1991.

VAT output is charged on taxable services and VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable or payable at the end of the financial year is based on the difference between input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods andservices and the output VAT charged for services rendered by the Municipality.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis.

VAT Receivable from SARS	2 455 729	2 158 664

8. Receivables from non-exchange transactions

Insurance proceeds receivables	-	511 157
Interest receivable	812 277	325 140
Fines issued receivables	1 225 000	2 627 600
Allowance for impairment	(1 225 000)	(1 225 000)
	812 277	**2 238 897**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from non-exchange transactions (continued)

Receivables aging - fines issued		
0-30 days	-	1 402 600
Above 365 days	1 225 000	1 225 000
Allowance for impairment	(1 225 000)	(1 225 000)
	-	**1 402 600**

Receivables aging - Insurance proceeds and Interest receivable		
0-30 days	812 277	836 297
Total receivables from non-exchange transactions	812 277	2 238 897

Statutory receivables general information

Transaction(s) arising from statute

Fines issued receivables relates to fines issued for contravention of the National Environmental Act,1998 (Act No.107 of 1998).

Statutory receivables impaired

As of 30 June 2025, Statutory receivables of R1 225 000 (2024: R 1 225 000) were impaired and provided for.

The amount of the provision was R1 225 000 as of 30 June 2025 (2024: R1 225 000).

The ageing of these loans is as follows:

Over 6 months past due	1 225 000	1 225 000

Factors the entity considered in assessing statutory receivables impaired

The municipality considered the fact that the mine that was issued with fine had closed down and it was uncertain that the amount will be received as at year end.

9. Other financial assets

Funds held in a trust account	-	5 526 649

The municipality paid an amount of R5 526 649 into a trust account on the 25th of August 2023 pursuant to a court order for claims against the municipality by Meme Ditshego Enterprise (Pty) LTD allegedly for goods or services delivered and rendered but not paid. The municipality has applied for the court ruling to be rescinded as the municipality argues that the mentioned goods or services were never received and/or the supplier overcharged for such services. the matter is still ongoing as of 30 June 2025 and the funds held in the trust account have been recorded as a receivable from non-exchange transactions and no impairment was considered.

During August 2025, a court judgement was received for the funds held in a trust account to be paid over to the plaintiff as the municipality had lost the case. This has been accounted for as an adjusting subsequent event as it was indicative of conditions that existed at year-end date.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Finance lease obligation

Minimum lease payments due		
- within one year	21 039 921	1 997 193
- in second to fifth year inclusive	29 613 260	2 557 449
	50 653 181	4 554 642
less: future finance charges	(12 883 214)	(1 236 903)
Present value of minimum lease payments	**37 769 967**	**3 317 739**
Present value of minimum lease payments due		
- within one year	13 183 186	1 198 133
- in second to fifth year inclusive	24 586 781	2 119 606
	37 769 967	**3 317 739**
Non-current liabilities	24 586 781	2 119 606
Current liabilities	13 183 186	1 198 133
	37 769 967	**3 317 739**

The average lease term was 3 years and the average effective borrowing rate was 26%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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

11. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

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

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2025 by ZAQ Consultants and Actuaries. The valuators were Elmarie Swanepoel who has a B.Comm (Actuarial Science) and Julian van der Spuy who has a B.Comm (Actuarial Sciences). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit funding method.

Discount rate - 12.97% p.a, Consumer price inflation 7.42%, Normal salary increase rate - 8.42%, Net discount rate - 4.20%. The basis on which the discount rate has been determined is as follow: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Other employee benefit - Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service awards based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2025 by ZAQ Consultants and Actuaries. The valuators were Elmarie Swanepoel who has a B.Comm (Actuarial Science) and Julian van der Spuy who has a B.Comm (Actuarial Sciences). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit funding method.:

Discount rate - 9,22% p.a, Consumer price inflation 4.06%, Normal salary increase rate - 5.06%, Net discount rate - 3.96%. The basis on which the discount rate has been determined is as follow: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Carrying value		
Present value of employee benefit obligation-wholly unfunded - LSA	(14 424 000)	(12 379 000)
Present value of the defined benefit obligation-wholly unfunded - PEMA	(29 003 000)	(24 208 000)
	(43 427 000)	**(36 587 000)**
Non-current liabilities		
Employee benefit obligation-wholly unfunded - LSA	(11 604 000)	(10 381 000)
Defined benefit obligation-wholly unfunded - PEMA	(28 085 000)	(23 391 000)
	(39 689 000)	**(33 772 000)**
Current liabilities		
Employee benefit obligation-wholly unfunded - LSA	(2 820 000)	(1 998 000)
Defined benefit obligation-wholly unfunded - PEMA	(918 000)	(817 000)
	(3 738 000)	**(2 815 000)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	1 926 000	1 936 000
Past service cost	(2 675 000)	(1 279 000)
Interest cost	4 532 000	4 316 000
	3 783 000	**4 973 000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	3 057 000	(1 482 000)

Key assumptions used

Assumptions used at the reporting date:

The basis on which the discount rate has been determined is as follows: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the postemployment liabilities should be used.

We used the nominal and real zero curves as at 30 June 2025 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations.

Other assumptions

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

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	29 003 000	24 208 000	20 348 000	23 858 000	17 791 000

12. Payables from exchange transactions

Trade payables	42 042 266	24 379 229
Provision for leave	34 529 442	35 947 524
Bonus accrual	5 182 710	4 764 863
Retentions	1 971 015	156 245
Other accruals	338 869	-
	84 064 302	**65 247 861**

13. Revaluation reserve

Opening balance	9 418 849	9 418 849

14. Revenue

Rental of facilities	132 000	114 783
Licence and permits	1 004 263	680 994
Other income	66 826	517 302
Interest received	30 764 983	31 826 089
Government grants & subsidies	412 519 823	402 759 290
Insurance proceeds	11 999	574 160
Fines, Penalties and Forfeits	3 377 430	2 919 176
	447 877 324	**439 391 794**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Revenue (continued)

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

Rental of facilities	132 000	114 783
Licence and permits	1 004 263	680 994
Other income	66 826	517 302
	1 203 089	**1 313 079**

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

Interest received	30 764 983	31 826 089
Government grants & subsidies	412 519 823	402 759 290
Insurance proceeds	11 999	574 160
Fines, Penalties and Forfeits	3 377 430	2 919 176
	446 674 235	**438 078 715**

15. Rental of facilities

Premises

Rental of facilities	132 000	114 783

16. Licences and permits

Health certificates	818 399	478 030
Licences and permits	185 864	202 964
	1 004 263	**680 994**

The municipality issues certificate of acceptability to trading stores that complies with the Health regulations after inspecting the premises for complience. Revenue from health certificate is recognised after inspection.

Licences and permits from fire services relates to permits issued to trucks transporting flamable goods. Revenue is recognised when the permit has been issued.

17. Other income

Commissions received	-	17 279
Recoveries	-	115 761
Sale of tender documents	66 826	384 262
	66 826	**517 302**

18. Interest, dividends and Rent on Land

Interest - bank	30 764 983	31 826 089

Interest earned on bank balances and investments held by the municipality during the year.

19. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	3 377 430	2 919 176

Fines relates to penalty issued by the municipality for contravention of the National Environmental Act,1998 (Act No.107 of 1998).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Government grants and subsidies

Operating grants		
Equitable share	407 135 000	396 790 000
Financial Management Grant	1 800 000	1 850 000
EPWP	341 000	1 256 000
SETA Skills Development Grant	306 543	325 290
Disaster Grant	284 280	-
Rural Asset Management Grant	2 653 000	2 538 000
	412 519 823	**402 759 290**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Unconditional grants received	407 135 000	396 790 000

Expanded Public Works Programme

Current-year receipts	341 000	1 256 000
Conditions met - transferred to revenue	(341 000)	(1 256 000)
	-	-

Financial Management Grant

Current-year receipts	1 800 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 000)
	-	-

Rural Asset Management Grant

Current-year receipts	2 653 000	2 538 000
Conditions met - transferred to revenue	(2 653 000)	(2 538 000)
	-	-

SETA Grant

Current-year receipts	306 543	325 290
Conditions met - transferred to revenue	(306 543)	(325 290)
	-	-

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

Disaster Grant

Current-year receipts	284 280	-
Conditions met - transferred to revenue	(284 280)	-
	-	-

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

Provide explanations of conditions still to be met and other relevant information.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Insurance proceeds

Insurance proceeds	11 999	574 160

Relates to insurance proceeds on damaged and derecognised assets insured by the municipality.

Figures in Rand	2025	2024

22. Employee related costs

Basic	128 084 787	121 418 750
Leave Pay	524 442	2 976 537
Bonus	9 338 557	9 117 540
Contribution to pension and provident	23 044 581	21 893 528
Medical aid - company contributions	10 271 982	9 895 403
Contributions	40 212	37 260
UIF	753 492	706 268
Cellphone allowance	644 700	634 714
Skills Development Levy	1 710 647	1 650 882
Leave gratuity	2 449 000	2 681 000
Standby allowance	3 181 219	2 982 184
Overtime payments	9 559 582	9 306 175
Shift allowance	2 695 247	2 583 686
Acting allowances	4 502 034	4 141 821
Car allowance	12 710 674	12 475 306
Housing benefits and allowances	1 243 382	1 327 109
Post employment medical aid benefit	4 009 000	3 571 000
Non pensionable basic salary	-	100 005
Stipends for EPWP workers	15 929 400	11 143 635
	230 692 938	**218 642 803**

Remuneration of Municipal Manager

Annual Remuneration	351 932	1 299 209
Car Allowance	51 722	310 329
Cellphone Allowance	4 000	24 000
Housing Allowance	28 734	172 405
Contributions to UIF, Medical and Pension Funds	377	14 025
Acting Allowance - Dr. A.J. Mothupi	865 300	490 821
Acting Allowance - B. Makganye	55 519	-
	1 357 584	**2 310 789**

Remuneration of Chief Finance Officer

Annual Remuneration	335 509	-
Car Allowance	103 331	-
Acting Allowance - A.S Tolo	8 000	-
Contributions to UIF, Medical and Pension Funds	756	-
Acting Allowance - A.S Tolo	-	55 985
Acting Allowance - D.G Motloung	64 840	27 398
Acting Allowance - A.L Jansen	59 969	58 392
	572 405	**141 775**

Remuneration of Director Corporate Services

Annual Remuneration	421 480	-
Car Allowance	127 069	58 392
Cellphone Allowance	10 000	116 028
Contributions to UIF, Medical and Pension Funds	945	-
Acting Allowance - L. Khoza	72 538	-
Acting Allowance - M.P. Maape	65 524	58 392
Acting Allowance - B. Makganye	-	116 028
	697 556	**348 840**

Remuneration of Director Local Economic development

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

22. Employee related costs (continued)

Annual Remuneration	707 621	1 462 303
Car Allowance	118 331	60 000
Cellphone Allowance	14 000	24 000
Contributions to UIF, Medical and Pension Funds	1 322	22 500
Leave payout	-	271 535
Acting Allowance - L.M Mokgatsi	70 395	-
	911 669	**1 840 338**

Remuneration of Director : Community Development Services

Annual Remuneration	498 691	-
Car Allowance	55 855	-
Cellphone Allowance	4 000	-
Contributions to UIF, Medical and Pension Funds	945	-
Acting Allowance - M.M Raditladi	122 790	164 959
	682 281	**164 959**

Remuneration of Director -Technical Services

Annual Remuneration	371 211	-
Car Allowance	127 069	-
Cellphone Allowance	10 000	-
Contributions to UIF, Medical and Pension Funds	945	-
Acting Allowance - M.K Monamodi	108 438	164 959
	617 663	**164 959**

Remuneration of Director - Health and Environment Services

Annual Remuneration	335 509	638 735
Car Allowance	103 331	150 000
Cellphone Allowance	8 000	11 400
Contributions to UIF, Medical and Pension Funds	756	21 403
Leave payout	-	289 381
Acting Allowance - K.J Masebe	114 660	102 186
	562 256	**1 213 105**

23. Remuneration of councillors

23. Remuneration of councillors (continued)

	2025	2024
Mayor	1 268 918	1 205 966
Single Whip	933 111	922 678
Speaker	992 434	973 893
Councillors	8 462 104	7 882 516
MPAC	907 007	891 457
MMC's	9 250 229	9 351 026
	21 813 803	**21 227 536**

In-kind benefits

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

The Executive Mayor, Single whip and the Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards and two drivers.

Councillors were paid in accordance with the Government Gazette, Remuneration of Councillors.

24. Depreciation and amortisation

Property, plant and equipment	8 844 271	6 076 022
Intangible assets	2 329 722	2 727 375
	11 173 993	**8 803 397**

See Note 3 and 4 for details per asset category.

25. Impairment

Impairments		
Property, plant and equipment Impairment of Makau sports stadium to its recoverable service amount.	1 605 816	786 347

26. Finance costs

Finance leases	5 282 738	689 487
Interest on late payments of supplier accounts	187 372	95 424
	5 470 110	**784 911**

27. Lease rentals on operating lease

Building and Machinery		
Contractual amounts	11 914 389	13 467 354

28. Consumables

Consumables	6 929 148	3 653 248

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Contracted services

Outsourced Services		
Security Services	12 045 756	7 305 229
Consultants and Professional Services		
Business and Advisory	29 508 344	9 169 340
Legal Cost	29 295 637	12 571 094
Contractors		
Maintenance of Buildings and Facilities	2 001 316	286 205
Transportation	4 501 386	1 162 160
Other Contractors	1 569 333	6 768 340
	78 921 772	**37 262 368**

30. Operational cost

Auditors remuneration	5 427 337	4 556 606
Bank charges	428 237	221 610
Accommodation, flights and meals	16 438 423	5 852 272
Membership fees	2 598 613	2 611 776
Donations	3 158 600	-
Promotional Material	5 491 550	2 283 930
Insurance	2 194 013	2 180 953
Community development	3 226 512	1 033 111
Registration and training	3 534 861	3 443 214
Repairs and Maintenance	-	787 450
Fuel and oil	2 014 521	1 827 334
Water & Electricity	1 974 374	1 319 616
Software & ICT related expenses	33 533 328	14 251
Staff welfare	-	136 707
Subscriptions fees	171 344	227 894
Travel - local	5 595 547	4 288 029
Uniforms	1 865 945	328 417
Operational costs - Other	10 283 858	3 272 162
	97 937 063	**34 385 332**

31. Auditors' remuneration

Fees	5 427 337	4 556 606

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Cash generated from operations

(Deficit) surplus	(21 550 567)	101 734 648
Adjustments for:		
Depreciation and amortisation	11 173 993	8 803 397
Loss on disposal of assets and liabilities	19 554	770 494
Gain on foreign exchange	(67 695)	(81 782)
Fair value adjustments	(40 000)	-
Impairment	1 605 816	786 347
Movements in operating lease liability	-	(58 537)
Movements in employee benefit obligations	6 840 000	3 491 000
Changes in working capital:		
Receivables from exchange transactions	(338 403)	(143 037)
Other receivables from non-exchange transactions	1 426 620	(1 974 027)
Other financial assets	5 526 649	(5 526 649)
Payables from exchange transactions	17 411 126	8 258 409
Movement in VAT	(9 338 346)	(391 138)
	12 668 747	**115 669 125**

Notes to the Annual Financial Statements

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33. Contingencies

Contingent liabilities

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY AND DESCRIPTION OF MATTER	2025	2024
CIV 8033	BPDM//Nobhola Siyamthanda	Claim for damages resulting from injuries suffered as a high last light fell on a plaintiff. Pleadings have been exchanged and consultation with technical director is imminent.	Setshedi Makgale & Matlhapeng Attorneys	14 000 000	-
				-	-
11735/2020	Stephen M.Madiro/Local Municipality Madibeng//BPDM	Claim for various damages suffered pursuant to the spillage of sewer at the property known as the remaining extent of Portion 217 (a portion of portion 173) of the Farm Roodekopjes 427 JQ, Brits in the amount of R16 842 500-00. This matter was previously on the opposed roll for the rescission of judgement pertaining to a warrant of arrest against a municipal official. The first defendant is appealing the refusal and the appeal is set down for 21 July 2025.	Setshedi Makgale & Matlhapeng Attorneys	16 842 500	16 842 500

33. Contingencies (continued)

956/2020	Ubane Salome Melabo// Madibeng Local Municipality and BPDM	Claim for injuries sustained pursuant to falling into an unmarked construction hole near intersection between the M20 and Lucas Mangope road, Hebron in the amount of R850 000-00. Both legal representative do not actively participate, matter remains pending and a new application for trial date made.	Setshedi Makgale & Matlhapeng Attorneys	850 000	-
				-	-
1170/2022	BPDM// Meme Ditshego Enterprise (PTY) LTD	The claim of R8 000 000.00 is based on goods and services delivered and rendered to the municipality. Pursuant to a court ruling, the municipality paid R5 526 649.00 into a trust account of the applicant's Attorneys Morebodi-Paul Inc on the 25th of August 2023 to be held in the trust account. The municipality's Attorneys applied for the above mentioned court's ruling to be rescinded. The municipality is claiming that the supplier did not deliver the goods or services in question and/or alleges the supplier of overcharging for such services rendered. Amounts paid by the BPDM to the trust account has been ordered to be paid over to the plaintiff in August 2025, the mattter has been finalised and removed in the current year contingencies.	Setshedi Makgale & Matlhapeng Attorneys	-	8 000 000

Notes to the Annual Financial Statements

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33. Contingencies (continued)

J M Van Der Westhuizen & 3 others // KLM, BPDM & 2 others	The plaintiff insitutes civil proceedings in the High court Mahikeng seeking relief for the following: Claimed amount of R10 030 945 plus VAT; Claimed amount of R5 416 543 for first Plaintiff; and Claimed amount of R5 416 543 for second Plaintiff; Total: R 20 863 941 Pleadings have been closed. In the process of exchanging pre-trial notices. Matter not set down yet. In the process of exchanging Pre-trial documents in order to obtain a trial date. The matter will most probably only be heard sometime late next year.	Tlou Attorneys & Associates	20 863 941	-

Notes to the Annual Financial Statements

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33. Contingencies (continued)

	Public Protector Muofhe & Shmani Projects (Pty) Ltd // BPDM	The municipality received a letter of demand for sum R31 601 173.7 in relation to unpaid invoices for service rendered. Have considered the claim together with the complaint received from the office of the Public Protector and found that although the SLA concluded between the Municipality and the claimant was not properly concluded, there was no evidence to support the claimant's claim that services were in some form or the other rendered.The claimant and the office of the Public Protector have been informed that no evidence received for services rendered. Awaiting their reply.	Tlou Attorneys & Associates	31 601 174	-
NWD022403	Lebogang Makgale //BPDM	Unfair dismissal - The dismissal arbitration was set for the 14th and 15th August 2024. On the 12 August 2024, the Employee representative (IMATU) requested a postponement to a future date due to unforeseen circumstances. We await new dates from the commissioner of the arbitration as per the IMATU representative and request. Matter no longer active as of 30 June 2025.	Tlou Attorneys & Associtesa - Labour Matter	-	-

33. Contingencies (continued)

BPDM//P. Sithole & 4 others	Unfair Labour Practice relating to the unfair suspension hearing on the 6th of August 2024 - The employees are challenging their suspension which has lapsed over 3 months. Employees raised preliminary points and arguments were presented. The Presiding officer reserved the judgment. The matter is to proceed on 29 and 30 August 2024 for a hearing. Due to the ongoing investigation and disciplinary hearing, and as per the rules of the Bargaining Council, the five (5) employees are placed on a further suspension pending the conclusion of the disciplinary hearing. Discplinnary hearings for the alleged has now been included as a contingent asset in the current year as the former employees have testified.	Tlou Attorneys & Assocites - Labour Matter	-	-

Notes to the Annual Financial Statements

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33. Contingencies (continued)

NWD022416	Ngwasheng Masukwane// BPDM	Unfair Labour Practice relating to the issuing of written warning - The matter was scheduled for hearing on 24 July 2024. Legal representation on behalf of the Employer was challenged during the hearing and the matter postponed for employer to submit an application for legal representation. The application for legal representation was submitted on the 24th of July 2024 and the employee submitted his answering affidavit on the 31st of August 2024. The ruling on the application is yet to be delivered by the Chairperson. Matter is scheduled for hearing on the 1st to 3rd October 2024. Case no longer active as of 30 June 2025.	Tlou Attorneys & Associtates - Labour Matter	-	-

Notes to the Annual Financial Statements

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33. Contingencies (continued)

Mr G.T Lenake	Mr Lenake instituted a tow-part court application to interdict the Municipality from appointing candidates in the positions Director: Health and Environmental Services and Director: Community services - The interim interdict was granted on 5 April 2024, and the rule nisi return date was 7 February 2025. On 07 February 2025, due to non-compliance with the court's directive, the rule nisi was extended to 01 August 2025. Filed the Municipality's record of proceedings/decision for part B of the application in July 2025. Attended to court on 01 August 2025, where the rule nisi was extended in order to afford the Applicant an opportunity to file a Replying Affidavit and Heads of Argument.	Tlou Attorneys & Assocites and De Swardt Myambo Hlahla Attorneys - Labour Matter	-	-
Moatshe & 43 others // BPDM	Unfair Labour Practice relating to salaries - This is a labour matter before the SA Review Application before the labour court. The review relates to the award delivered on the 24 July 2024 against the mucipality for unpaid salaries of EPWP workers.	Tlou Attorneys & Associates - Labour Matter	-	-

Notes to the Annual Financial Statements

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33. Contingencies (continued)

Ms Magdaline Nondzaba // BPDM	This matter pertains to a review application instituted by the former Mayor of Bojanala Platinum District Municipality to review and set aside the decisions to remove her as a PR Councilor, to declare a vacancy and to subsequently appoint Ms Nthangeni as the Executive Mayor. Part A of the application was struck off the roll with costs due to lack of urgency. We have proceeded with the execution process in relation to the costs for Part A of the application. The Municipality has filed its answering affidavit to the review application. The parties are currently awaiting Ms Nondzaba to apply for a set down date for the hearing of the review application.	Tlou Attorneys & Associates - Labour Matter	-	-
			84 157 615	**24 852 500**

Notes to the Annual Financial Statements

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33. Contingencies (continued)

Contingent assets

Case Number	NAME OF THE CASE AND PARTIES INVOLVED	STATUS OF THE MATTER	NAME OF THE ATTORNEY REPRESENTING THE MUNICIPALITY AND DESCRIPTION OF MATTER	2025	2024
	BPDM // Letlhogonolo Fourie	Discplinary enquiry launched against municipal official on 7 December 2023. The enquiry has been concluded and all parties have filled their closing submissions. Parties submitted aggravating and mitigating circumstances by August 2024. Matter went to CCMA in May 2025, were a two labour court application process was submitted (stay and review application). The application to stay was rejected and the matter is postponed pending the outcome of the application to compel discovery.	De Swardt Myambo Hlahla Attorneys and Mthombeni M&R Inc - Labour Matter for unfair dismissal	-	-

Notes to the Annual Financial Statements

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33. Contingencies (continued)

288/7/2022	BPDM//P. Sithole & 4 others	Claims for allegations of financial loss due to fraud and money laundering by 2 former employees of the municipality. A loss in the region of R4 400 000 was suffered by the municipality relating to MTN payments between 2017 and 2020 which were being paid into fraudulent accounts. The hearing concluded on 17-19 June 2025. The officials testified, awaiting the ruling of the chairperson. Labour matter finalised with dismissal.	SAPS - Investigated by the HAWKS and the NPA - now being handled by Tlou Attorneys & Associtess - Labour matter	-	-
	BPDM //Mashego Projects	The municipality has issued summons against the Defendant on 29 September 2023 in the amount of R589 500.00 pursuant to the council resolution for the recovery of the funds that were overcharged the municipality as per the findings of the forensic report conducted by Nexia SAB&T. Matter has been finalised and no longer active as of 30 June 2025.	Majang Inc. Attorneys	-	589 500

Notes to the Annual Financial Statements

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33. Contingencies (continued)

BPDM //Johanna Mosete	Disciplinary hearing on the allegations of Financial Misconduct - The matter has effectively come to an end, the ruling was issued in favour of the municipality in concluding that the employee had no locus standu to bring an arbitration proceedings.	Tlou Attorneys & Associates - Labour Matter	-	-
BPDM//Abeyeng Tolo	Disciplinary hearing on the allegations of conflict of interest and/or none disclosure of interest - The Employee indicated that she would like to enter into a settlement with the Employer. The employee tendered an early retirement and submitted letter of resignation during the course of the discplinary proceedings. The matter has effectively come to an end.	Tlou Attorneys & Associates - Labour Matter	-	-

33. Contingencies (continued)

3041/23	BPDM//Ramokatane Joseph Mogale	The municipality has instituted a legal claim in the amount of R1 087 743.21 against the defendant for defaults on payments to the municipality, claim for the purchase price of mayoral house + rates + agreed monthly rental income until full settlement. Currently awaiting external confirmations to finalise the matter and the defendant Attorneys has requested a round-table to discuss settlement. A receivable of R1 052 000 has been recorded on the annual financial statements as of 30 June 2025 regarding this matter.	SENNE ATTORNEYS & TSHOLOFELO MOGAPAESI ATTORNEYS	-	-
				-	**589 500**

34. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	314 115 223	314 115 223
Receivables from exchange transactions	1 052 300	1 052 300
Receivables from non-exchange transactions	812 277	812 277
	315 979 800	**315 979 800**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	42 042 266	42 042 266
Finance lease liability	37 769 967	37 769 967
	79 812 233	**79 812 233**

2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	355 077 932	355 077 932
Receivables from exchange transactions	920 300	920 300
Other financial assets	5 526 649	5 526 649
Receivables from non-exchange transactions	2 238 897	2 238 897
	363 763 778	**363 763 778**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	24 379 229	24 379 229
Finance lease liability	3 317 739	3 317 739
	27 696 968	**27 696 968**

Notes to the Annual Financial Statements

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35. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	89 061 496	-

Total capital commitments		
Already contracted for but not provided for	89 061 496	-

Total commitments

Total commitments		
Authorised capital expenditure	89 061 496	-

This committed expenditure relates to infrastructure projects and ICT equipment. These will be financed by grants from the National and Provincial Treasury and finance lease arrangements.

36. Related parties

For a detailed breakdown of the remuneration paid to s57 managers and executive councillors refer to note 22 of the financial statements.

36. Related parties (continued)

Remuneration of councillors

2025

Name	Basic salary	Travel	Cell phone	Sitting	Pension	Medical	Total
CLLR JC POTGIETER	280 558	51 600	43 200	-	42 084	-	417 442
DR AP PITSOE	115 710	21 500	18 000	-	17 357	7 200	179 767
MISS LN TAU	280 558	51 600	43 200	-	42 084	-	417 442
MR AN MOTSI	121 971	21 500	18 000	-	18 296	-	179 767
MR DM MOEKETSANE	664 271	126 000	43 200	-	99 641	-	933 112
MR KJ MOLEKO	713 647	-	41 342	-	82 816	11 520	849 325
MR KKC RAMOKGADI	358 162	19 006	43 269	-	53 724	17 280	491 441
MR LB MALOPE	357 264	20 039	43 269	-	53 590	17 280	491 442
MR M KARANI	664 271	126 000	43 200	-	99 641	-	933 112
MR MG MALEBOGO	322 642	51 600	43 200	-	-	-	417 442
MR MJ MONAGANE	222 454	-	26 384	-	-	-	248 838
MR ODM PITSO	166 320	25 800	21 600	-	-	-	213 720
MR OS MOLUSI	811 949	5 996	43 269	-	-	-	861 214
MR RI MSOKI	606 796	174 816	43 200	-	91 019	17 280	933 111
MR RL MOTSEPE	322 642	51 600	43 200	-	-	-	417 442
MR RL MOTSEPE	130 268	21 500	18 000	-	-	-	169 768
MR TE HLONGWANE	280 558	51 600	43 200	-	42 084	-	417 442
MR TL MADIBA	715 856	126 000	43 200	-	107 378	-	992 434
MR TM MASHOMO	685 877	160 650	43 200	-	-	17 280	907 007
MR TP THOBOKE	761 812	126 000	43 200	-	-	-	931 012
MR VK PHUSOANE	266 906	51 600	43 200	-	39 721	17 280	418 707
MRS AE SELEBOGO	610 072	171 048	43 200	-	91 511	17 280	933 111
MRS BP GOUS	280 558	51 600	43 200	-	42 084	-	417 442
MRS GL MAGADANE	232 828	20 000	28 800	-	-	-	281 628
MRS M NONDZABA	53 445	-	1 974	-	2 945	-	58 364
MRS TL MACHEWANE	307 162	47 300	42 039	-	-	-	396 501
MRS WM SONO	610 072	171 048	43 200	-	91 511	17 280	933 111
MS DM RAKGATLHA	280 558	51 600	43 200	-	42 084	-	417 442
MS FM MANGOATHE	610 072	171 048	43 200	-	91 511	17 280	933 111
MS KP MOTHENG	280 558	51 600	43 200	-	42 084	-	417 442

Notes to the Annual Financial Statements

Figures in Rand

36. Related parties (continued)

MS ME KIBINI	765 617	-	38 249	-	-	-	803 866
MS RN KOMANE	130 268	21 500	18 000	-	-	-	169 768
MS SD NTHANGENI	828 545	207 087	43 200	-	125 962	5 760	1 210 554
MS VN MAKHAULA	580 751	209 880	43 200	-	87 113	12 168	933 112
OT MAWAYI	83 561	7 500	10 800	-	-	-	101 861
MISS SM MOTSHEG	-	-	-	25 442	-	-	25 442
MR AM MOSITO	-	-	-	6 074	-	-	6 074
MR AP ROOTMAN	-	-	-	26 692	-	-	26 692
MR E LANGENI	-	-	-	20 830	-	-	20 830
MR J QOBEKA	-	-	-	2 465	-	-	2 465
MR KI MONAISE	-	-	-	4 860	-	-	4 860
MR M COETZEE	-	-	-	23 153	-	-	23 153
MR MEE MOSETE	-	-	-	14 720	-	-	14 720
MR TE MATJENE	-	-	-	14 614	-	-	14 614
MS EST PULE	-	-	-	106	-	-	106
MS IS MACONE	-	-	-	1 321	-	-	1 321
MS MP MORAPEDI	-	-	-	35	-	-	35
MS MS PHALOLE	-	-	-	16 796	-	-	16 796
MS POL LEBETHE	-	-	-	5 898	-	-	5 898
MS VN MYOLI	-	-	-	22 009	-	-	22 009
CLLR JC POTGIETER	114 850	-	-	-	-	-	114 850
MC MC MOATSHE	42 330	-	-	-	-	-	42 330
MISS NA LETLAPE	76 682	-	-	-	-	-	76 682
MR CK CHAKA	76 682	-	-	-	-	-	76 682
MR E VAN DER SCHYFF	53 668	-	-	-	-	-	53 668
MR IB BHEBE	8 636	-	-	-	-	-	8 636
MR L RAMATLHAPE	35 112	-	-	-	-	-	35 112
MR LF MODISE	65 520	-	-	-	-	-	65 520
MR LP SEDIO	53 668	-	-	-	-	-	53 668
MR MA MONAHENG	65 520	-	-	-	-	-	65 520
MR MT MOLEFE	72 046	-	-	-	-	-	72 046
MR PS LETLHABI	65 520	-	-	-	-	-	65 520
MR RE MASHIMO	76 682	-	-	-	-	-	76 682
MR RN MORAILE	9 716	-	-	-	-	-	9 716
MR SA KUTUMELA	65 520	-	-	-	-	-	65 520
MR SS MOREKI	35 112	-	-	-	-	-	35 112
MR T KWELE	53 668	-	-	-	-	-	53 668

Notes to the Annual Financial Statements

36. Related parties (continued)

MR TJ MAKHUBELA	53 668	-	-	-	-	-	53 668
MR TK MOTAUNG	114 850	-	-	-	-	-	114 850
MRS EDF LOURENS	53 668	-	-	-	-	-	53 668
MRS SB MARAKALALA	39 907	-	-	-	-	-	39 907
MS LG MHLAMBI	8 636	-	-	-	-	-	8 636
MS LM NTOBONG	34 828	-	-	-	-	-	34 828
MS N DELEKI	76 682	-	-	-	-	-	76 682
MS NF MOKWENA	53 668	-	-	-	-	-	53 668
MS NS MABUNDA	49 273	-	-	-	-	-	49 273
MS NSG SEKAO	76 682	-	-	-	-	-	76 682
MS RC LEKALAKALA	76 682	-	-	-	-	-	76 682
MS RM KUTUMELA	65 520	-	-	-	-	-	65 520
MS RM LUKHELE	76 682	-	-	-	-	-	76 682
MS SM MOHALE	25 908	-	-	-	-	-	25 908
MS TJ MOHLABANE	22 902	-	-	-	-	-	22 902
	-	-	-	-	-	-	-
	16 305 047	**2 465 618**	**1 276 995**	**185 015**	**1 406 240**	**174 888**	**21 813 803**

2024

Name	Basic salary	Travel	Cell phone	Sitting	Pension	Medical	Total
KKC RAMOKGADI	595 083	171 048	43 200	-	89 263	17 280	915 874
M NONDZABA	808 427	233 076	43 200	-	121 263	-	1 205 966
FM MANGOATHE	595 083	171 048	43 200	-	89 263	17 280	915 874
VK PHUSOANE	78 096	14 255	3 400	-	6 744	1 440	103 935
KP MOTHENG	276 531	51 600	43 200	-	41 482	-	412 813
TF POTGIETER	276 531	51 600	43 200	-	41 482	-	412 813
M KARANI	649 282	126 000	43 200	-	97 392	-	915 874
SD NTHANGENI	649 282	126 000	43 200	-	97 392	-	915 874
TM MASHOMO	669 216	160 650	43 200	-	-	17 280	890 346
BP GOUS	276 531	51 600	43 200	-	41 482	-	412 813
WM SONO	595 083	171 048	43 200	-	89 263	17 280	915 874
LN TAU	276 531	51 600	43 200	-	41 482	-	412 813
AN MOTSI	276 533	51 600	43 200	-	41 480	-	412 813
AE SELEBOGO	595 083	171 048	43 200	-	89 263	17 280	915 874

Notes to the Annual Financial Statements

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36. Related parties (continued)

TE HLONGWANE	276 533	51 600	43 200	-	41 480	-	412 813
TL MADIBA	699 734	126 000	43 200	-	104 958	-	973 892
GL MAGADANE	339 613	30 000	43 200	-	-	-	412 813
RI MSOKI	591 801	174 816	43 200	-	88 777	17 280	915 874
DM MOEKETSANE	638 386	126 000	43 200	-	95 763	-	903 349
DR AP PITSOE	261 507	51 600	43 200	-	39 226	17 280	412 813
DM RAKGATLHA	276 533	51 600	43 200	-	41 480	-	412 813
LB MALOPE	589 346	179 940	43 200	-	88 404	12 960	913 850
ODM PITSO	318 013	51 600	43 200	-	-	-	412 813
OS MOLUSI	318 013	51 600	43 200	-	-	-	412 813
VN MAKHAULA	874 261	161 740	43 200	-	13 402	1 013	1 093 616
RL MOTSEPE	307 767	51 600	43 200	-	-	-	402 567
MG MALEBOGO	303 925	51 600	43 200	-	-	-	398 725
CO MOEMA	303 755	51 600	43 200	-	-	-	398 555
TP THOBOKE	656 639	115 500	39 800	-	-	-	811 939
VK PHUSOANE	228 402	47 300	39 800	-	34 262	15 840	365 604
TP MAREMO	16 568	-	-	-	-	-	16 568
LJR DIREMELO	19 329	-	-	-	-	-	19 329
RP MOLATLHEG	12 808	-	-	-	-	-	12 808
L MOATE	15 369	-	-	-	-	-	15 369
TM MGUNI	14 088	-	-	-	-	-	14 088
RR MOHULATS	1 739	-	-	-	-	-	1 739
PA TAU	1 897	-	-	-	-	-	1 897
M COETZEE	-	-	-	16 340	-	-	16 340
VN MYOLI	-	-	-	17 563	-	-	17 563
EST PULE	1 180	-	-	7 034	-	-	8 214
MEE MOSETE	-	-	-	10 486	-	-	10 486
SM MOTSHEGWE	-	-	-	27 962	-	-	27 962
MP MORAPEDI	-	-	-	9 350	-	-	9 350
MS LETLAPE	-	-	-	1 136	-	-	1 136
IS MACONE	-	-	-	10 486	-	-	10 486
AP ROOTMAN	-	-	-	22 238	-	-	22 238
E LANGENI	-	-	-	12 802	-	-	12 802
J QOBEKA	-	-	-	2 359	-	-	2 359
PHALOLE	-	-	-	5 854	-	-	5 854
TE MATJENE	-	-	-	13 981	-	-	13 981
POL LEBETHE	-	-	-	2 359	-	-	2 359

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36. Related parties (continued)

TK MOTAUNG	53 713	-	-	-	-	-	53 713
OM MAMABOLO	65 284	-	-	-	-	-	65 284
LF MODISE	65 284	-	-	-	-	-	65 284
IB BHEBE	53 710	-	-	-	-	-	53 710
PS LETLHABI	65 284	-	-	-	-	-	65 284
RM KUTUMELA	65 284	-	-	-	-	-	65 284
SA KUTUMELA	65 284	-	-	-	-	-	65 284
NS MABUNDA	53 713	-	-	-	-	-	53 713
TJ MAKHUBEL	53 713	-	-	-	-	-	53 713
E VAN DER S	53 713	-	-	-	-	-	53 713
RN MORAILE	53 713	-	-	-	-	-	53 713
TJ MOHLABANE	53 713	-	-	-	-	-	53 713
RC LEKALAKA	53 713	-	-	-	-	-	53 713
RM LUKHELE	53 713	-	-	-	-	-	53 713
GI APHIRI	27 805	-	-	-	-	-	27 805
SB MARAKALALA	53 713	-	-	-	-	-	53 713
RE MASHIMO	53 713	-	-	-	-	-	53 713
NSG SEKAO	53 713	-	-	-	-	-	53 713
NF MOKWENA	53 713	-	-	-	-	-	53 713
LP SEDIO	53 713	-	-	-	-	-	53 713
LG MHLAMBI	53 713	-	-	-	-	-	53 713
EDF LOURENS	53 713	-	-	-	-	-	53 713
N DELEKI	53 713	-	-	-	-	-	53 713
MA MONAHENG	65 284	-	-	-	-	-	65 284
NA LETLAPE	53 713	-	-	-	-	-	53 713
CLLR JC POTGIETER	53 713	-	-	-	-	-	53 713
CK CHAKA	53 713	-	-	-	-	-	53 713
T KWELE	53 711	-	-	-	-	-	53 711
MT MOLEFE	22 726	-	-	-	-	-	22 726
	15 254 701	**2 976 269**	**1 249 400**	**159 950**	**1 435 003**	**152 213**	**21 227 536**

Refer to note 23 "Remuneration of councillors"

37. Prior-year adjustments

The following prior period errors adjustments occurred:

1. Employee benefits obligation disclosure note
The employee benefits obligation disclosure note on the prior year annual financial didn't split the amounts of employee benefit obligation between LSA and PEMA liabilities correctly for the current and non-current portions.

2. Lease rentals on operating lease
The operating lease expenditure was understated by R701 235 due to invoice differences on Rustenburg Local Municipality account, Payables from exchange was understated by the same amont.

3. Finance costs
Interest expense was overstated in the prior year by R138 373 due to invoice differences on Rustenburg Local Municipality account, payables from exchange transactions were overstated by the same amount.

4. Trade payables from exchange
Trade payables from exchange transactions were understated by R881 309 due to invoice differences on Rustenburg Local Municipality account from years prior to 2024 FY. Accumulated surplus was therefore overstated by the same amount.

5. VAT receivable
VAT receivable of R7 440 543 was incorrectly classified on the face of the financial statement instead of being included as part of receivables from exchange transactions. Receivables from exchange transactions were therefore understated by the same amount.

6. Employee related costs note
Stipends for EPWP workers was incorrectly included as part of basic salaries on the employee related costs note, these have been reclassified to show them seperately on the note.

7. Other financial assets
Other financial assets of R5 526 649 relating to Funds held in a trust account were incorrectly classified under receivables from non-exchange transactions in the prior year. Receivables from non-exchange was overstated by the same amount.

8. Irregular expenditure
The amount disclosed as irregular expenditure in the prior year was understated by R1 006 973 due to an accrual ceded to another supplier which was not included on the register.

9. Contingent assets
The prior year contingent assets note included cases which didn't meet the definition of contingent assets. These are labour matters and have been referenced as such on the disclosure note.

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Accumulated surplus		(232 771 180)	881 309	(231 889 871)

37. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Trade and other payables from exchange transactions		(63 803 690)	(1 444 171)	-	(65 247 861)
Receivables exchange transactions		985 385	-	7 440 543	8 425 928
VAT receivable		7 440 543	-	(7 440 543)	-
Receivables from non-exchange transactions		7 765 546	-	(5 526 649)	2 238 897
Other financial assets		-	-	5 526 649	5 526 649
		(47 612 216)	**(1 444 171)**	**-**	**(49 056 387)**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Lease rentals on operating leases		12 766 119	701 235	13 467 354
Finance costs		923 284	(138 373)	784 911
Surplus for the year		**13 689 403**	**562 862**	**14 252 265**

38. Risk management

Financial risk management

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

The municipality’s Treasury function provides services to the business, co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The municipality seeks to minimise the effects of these risks in accordance with its policies approved by the Coucil. The policies provide written principles on interest rate risk, credit risk and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Director Financial Services on a continuous basis. The municipality does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury function reports periodically to the municipality’s finance committee, that monitors risks and policies implemented to mitigate risk exposures.

38. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

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

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

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	42 042 266	-	-	-
Finance lease obligation	13 183 186	24 586 781	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	24 379 229	-	-	-
Finance lease obligation	1 198 133	2 119 606	-	-

38. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit rate risk consist mainly of investments, loans and receivables, trade receivables, 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 Investment 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 receivables is considered to be moderate due 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 but in practice this is difficult to apply.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty 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.

The municipality only deposits with major banks with high quality credit standing.

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

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

Financial instrument	2025	2024
Receivables from exchange transactions	1 052 300	920 300
Receivables from non-exchange transactions	812 277	2 238 897
Other financial assets	-	5 526 649
Cash and bank	314 115 223	355 077 932

Details of the credit quality of financial assets in terms of, whether they are due yet or not and if they have been impaired or not has been disclosed on the respective notes to the annual financial statements for each financial asset above.

The municipality doesn't have any financial assets with renegotiated terms.

Market risk

38. Risk management (continued)

Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

Price risk

The 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 that changes in market prices will have a material impact on the trading results of the municipality. There has been no change, since the previous financial year, to the municipality’s exposure to market risks or the manner in which it manages and measures the risk.

39. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 311 511 090 and that the municipality's total asset exceed its liabilities by R 320 929 942.

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

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

40. Events after the reporting date

The municipality received a court order in August 2025 for funds held in a trsut account to be paid over to a plaintiff as the municipality had lost the court case. The effects of the event have been adjusted in the accounting records as it was indicative of conditions that existed at year-end.

No other material events after the reporting date were noted.

41. Unauthorised expenditure

	2025	2024
Opening balance as previously reported	394 249 671	394 691 079
Opening balance as restated	**394 249 671**	**394 691 079**
Add: Expenditure identified - current	77 395 481	-
Less: Approved/condoned/authorised by council	(88 943 497)	(441 408)
Closing balance	**382 701 655**	**394 249 671**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Unauthorised expenditure (continued)

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

Non-cash	47 565 599	-
Cash	29 829 882	-
	77 395 481	**-**

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Manager	48 885 763	-
Finance	24 622 513	-
Corporate services	3 887 205	-
	77 395 481	**-**

42. Fruitless and wasteful expenditure

Opening balance as previously reported	7 733 977	7 423 266
Correction of prior period error	-	33 924
Opening balance as restated	**7 733 977**	**7 457 190**
Add: Expenditure identified - current	196 173	276 787
Closing balance	**7 930 150**	**7 733 977**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Details of fruitless and wasteful expenditure		
Interest	195 742	233 797
Penalties	431	33 690
Accomodation expenditure in vain	-	9 300
	196 173	**276 787**

43. Irregular expenditure

Opening balance as previously reported	717 335 671	643 429 142
Opening balance as restated	**717 335 671**	**643 429 142**
Add: Irregular Expenditure - current	181 317 339	60 984 828
Add: Irregular expenditure - prior year identified in the current year	1 006 973	12 921 701
Closing balance	**899 659 983**	**717 335 671**

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

Details of irregular expenditure		
Contract has expired. The contract is currently continuing on month to month basis in contravention of MFMA Section 116 (3)	9 889 631	22 127 431
SCM regulations not followed	171 427 708	38 357 397
	181 317 339	**60 484 828**

44. UIFW investigation

The municipality has embarked on investigating UIFW balances in the 2024/25 financial year. Unauthorised expenditure of amount R88 943 497 has been written-off by council and the MPAC has tabled additional UIFW to council for further write-offs in the 2025/26 financial year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	2 610 928	2 491 604
Amount paid - current year	(2 610 928)	(2 491 604)
	-	-

Audit fees

Current year subscription / fee	5 363 697	4 556 606
Amount paid - current year	(5 363 697)	(4 556 606)
	-	-

PAYE and UIF

Current year subscription / fee	44 825 441	42 344 309
Amount paid - current year	(44 825 441)	(38 572 949)
	-	**3 771 360**

Pension and Medical Aid Deductions

Current year subscription / fee	52 238 619	50 986 250
Amount paid - current year	(52 238 619)	(46 770 210)
	-	**4 216 040**

VAT

VAT output payables and VAT input receivables are shown in note 6.

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

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/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency - MSCM 36(1)(a)(i)	-	27 012
It was impractical or impossible to follow the official procurement process as per MCMR 36(1)(v)	-	13 719
It was impractical or impossible to follow the official procurement process as per MCMR 36(1)(v), due to the sensitivity of the matter	-	-
SCM policy 9.2.28 Professional services below R200 000	-	129 600
	-	-
Single provider/Accredited professional bodies - MSCM 36(1)(a)(ii)	3 378 439	654 770
	-	-
	-	-
	3 378 439	**825 101**

46. 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 annual financial statements.

Please refer to the detail listing above for deviations and reasons for deviation (Supply Chain Management Regulations) with a total balance of **R3 378 439 (2024: R825 101)**.

47. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were 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	**Goods and/or services**
COMMUNITY AND SOCIAL SERVICES	Community and Social Services, Public Safety;
HEALTH SERVICES	Health Services;
BUDGET AND TREASURY	Finance and admistrative services

47. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
Revenue					
Government grants & subsidies	-	-	412 519 823	-	412 519 823
License and permits	185 864	818 399	-	-	1 004 263
Interest received	-	-	30 764 983	-	30 764 983
Other income	-	-	66 826	-	66 826
Rental of facilities	-	-	132 000	-	132 000
Fines, penalties & forfeits	-	3 377 430	-	-	3 377 430
Insurance proceeds	-	-	11 999	-	11 999
Total segment revenue	**185 864**	**4 195 829**	**443 495 631**	**-**	**447 877 324**
Entity's revenue					**447 877 324**
Expenditure					
Employee related costs	91 449 558	36 572 795	16 768 111	85 902 474	230 692 938
Remuneration of councillors	-	-	-	21 813 803	21 813 803
Depreciation and amortisation	-	-	9 665 564	1 508 428	11 173 992
Lease rentals on operating lease	-	-	-	11 914 389	11 914 389
Impairment loss	-	-	-	1 605 816	1 605 816
Consumables	128 661	214 271	165 274	6 420 942	6 929 148
Contracted services	1 226 448	503 757	24 485 200	52 706 368	78 921 773
Finance costs	-	-	5 470 110	-	5 470 110
Operational costs	1 801 287	1 883 551	11 046 727	83 205 498	97 937 063
Gain on foreign exchange	-	-	(67 695)	-	(67 695)
Actuarial loss	-	-	3 057 000	-	3 057 000
Fair value adjustments	-	-	(40 000)	-	(40 000)
Loss on disposal of assets	-	-	19 554	-	19 554
Total segment expenditure	**94 605 954**	**39 174 374**	**70 569 845**	**265 077 718**	**469 427 891**

47. Segment information (continued)

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
Total segmental surplus/(deficit)	**(94 420 090)**	**(34 978 545)**	**372 925 786**	**(265 077 718)**	**(21 550 567)**
Assets					
Receivable from exchange transactions	-	-	23 354 982	-	23 354 982
Receivables from non-exchange transactions	-	-	812 277	-	812 277
Cash and cash equivalent	-	-	314 115 223	-	314 115 223
Property, plant & equipment	14 287 988	648 390	(3 161 741)	133 955 402	145 730 039
Intangible assets	-	-	1 928 690	-	1 928 690
Investment property	-	-	250 000	-	250 000
Total segment assets	**14 287 988**	**648 390**	**337 299 431**	**133 955 402**	**486 191 211**
Total assets as per Statement of financial Position					**486 191 211**
Liabilities					
Finance lease liability	-	-	(37 769 967)	-	(37 769 967)
Payables from exchange transactions	(151 249)	-	(83 913 054)	-	(84 064 303)
Employee benefit obligation	-	-	(43 427 000)	-	(43 427 000)
Total segment liabilities	**(151 249)**	**-**	**(165 110 021)**	**-**	**(165 261 270)**
Total liabilities as per Statement of financial Position					**(165 261 270)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Notes to the Annual Financial Statements

Figures in Rand

47. Segment information (continued)

2024

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
Revenue					
Government grants & subsidies	-	-	402 759 290	-	402 759 290
Licence and permits	202 964	478 030	-	-	680 994
Interest received	-	-	31 826 088	-	31 826 088
Other Income	-	-	517 301	-	517 301
Rental of facilities	-	-	114 783	-	114 783
Fines, penalties and forfeits	-	2 919 176	-	-	2 919 176
Gain on foreign exchange	-	-	81 782	-	81 782
Insurance proceeds	-	-	574 160	-	574 160
Total segment revenue	**202 964**	**3 397 206**	**435 873 404**	**-**	**439 473 574**
Entity's revenue					**439 473 574**
Expenditure					
Employee related costs	102 549 122	33 454 507	16 799 641	65 839 533	218 642 803
Remuneration of councillors	-	-	-	21 227 536	21 227 536
Depreciation and amortisation	-	-	7 833 146	970 251	8 803 397
Lease rentals on operating lease	-	-	-	13 467 354	13 467 354
Impairment loss	-	-	-	786 347	786 347
Consumables	119 959	45 734	234 166	3 253 389	3 653 248
Contracted services	-	326 160	11 581 309	25 354 899	37 262 368
Finance costs	-	-	784 911	-	784 911
Operational costs	1 693 496	718 446	9 310 560	22 662 830	34 385 332
Loss on disposal of assets	-	-	770 494	-	770 494
Actuarial gains/losses	-	-	(1 482 000)	-	(1 482 000)
Total segment expenditure	**104 362 577**	**34 544 847**	**45 832 227**	**153 562 139**	**338 301 790**
Total segmental surplus/(deficit)	**(104 159 613)**	**(31 147 641)**	**390 041 177**	**(153 562 139)**	**101 171 784**

47. Segment information (continued)

	COMMUNITY AND SOCIAL SERVICES	HEALTH SERVICES	FINANCE	Unallocated	Total
Assets					
Receivables from exchange transactions	-	-	8 425 928	-	8 425 928
Other financial assets	-	-	5 526 649	-	5 526 649
Receivables from non-exchange transactions	-	-	2 238 897	-	2 238 897
Cash and cash equivalents	-	-	355 077 932	-	355 077 932
Property, plant and equipment	3 940 234	505 890	4 314 994	65 448 637	74 209 755
Intangible assets	-	-	1 943 945	-	1 943 945
Investment property	-	-	210 000	-	210 000
Total segment assets	**3 940 234**	**505 890**	**377 738 345**	**65 448 637**	**447 633 106**
Total assets as per Statement of financial Position					**447 633 106**
Liabilities					
Finance lease liability	-	-	(3 317 739)	-	(3 317 739)
Payables from exchange transactions	(83 144)	-	(65 164 717)	-	(65 247 861)
Employee benefit obligation	-	-	(36 587 000)	-	(36 587 000)
Total segment liabilities	**(83 144)**	**-**	**(105 069 456)**	**-**	**(105 152 600)**
Total liabilities as per Statement of financial Position					**(105 152 600)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Information about geographical areas

Notes to the Annual Financial Statements

47. Segment information (continued)

The Bojanala Platinum Distrcit Municipality covers an area of approximately 18,300km² and comprises 17% of the total size of the North West Province.

The district includes the local municipalities namely; Rustenburg (Marikana, Mooinooi, Phatsima and Tlhabane) Madibeng (Brits and Hartebeespoort), Moses Kotane (Mogwase and Madikwe) Kgetleng Rivier) (Derby Koster and Swartruggens) and Moretele.

The municipalities, apart from Rustenburg, are all rural. The necessary information per geographical area is not available and the cost to develop it will be to excessive.

Rustenburg is the head office is of the District Municipality from where all operations are controlled from, all geographical information are indicated under Rustenburg.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2025

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Rustenburg	1 203 089	446 674 235	(466 459 032)	147 908 730

2024

	External revenues from exchange transactions	External revenues from non-exchange transactions	Total expenditure	Non-current assets*
Rustenburg	1 313 079	438 078 714	(339 013 296)	76 363 700

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Budget differences

Material differences between budget and actual amounts

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Budget differences (continued)

48.1 Rental of facilities
There was no budget raised for rental of facilities revenue.

48.2 Licences and permits
There was no budget raised for licence and permits revenue.

48.3 Other income and Insurance proceeds
There was no budget raised for other income and insurance proceeds.

48.4 Interest received
The municipality has invested with Financial Institutions and received high favourable Interest rate percentages due to available cash flow, hence the actual is above budget.

48.5 Fines, penalties and forfeits
The municipality under budgeted for fines, penalties and forfeits based on prior year's fines which were relatively lower.

48.6 Employee related costs
The reason for the underspending is due to positions that have been budgeted which have not been appointed, some employees have resigned, retirements and employment contracts that have ended.

48.7 Impairment loss
The was no budget provided for impairment losses.

48.8 Finance costs
The was no budget provided for finance costs.

48.9 Lease rentals on operating lease.
There was no budget for lease rentals on operating leases due to misalignment of the budget relative to the operational plans of the entity.

48.10 Consumables
There was no budget raised for consumables.

48.11 Contracted services
The reason for the under expenditure is mainly due to cost containment initiatives and misalignment of the budget relative to the operational plans of the entity and misalignment of the budget relative to the operational plans of the entity as contracted services was over budgeted. A significant budget amount was allocated to contracted services but however some of the actual expenditure items didn't meet the definition of contracted services and were claassified as general expenditure.

48.12 Operational costs
The reason for the over expenditure is mainly due to critical operational actvities incurred in the current year and misalignment of the budget relative to the operational plans of the entity as contracted services was over budgeted. A significant budget amount was allocated to contracted services but however some of the actual expenditure items didn't meet the definition of contracted services and were claassified as general expenditure.

48.13 Loss on disposal of assets, gain on foreign exchange, fair value adjustments, actuarial gains/loss
There was no budget provided for the loss on disposal of assets, gain on foreign exchange, fair value adjustments and actuarial gains/losses.

48. 14 Receivables from exchange transactions
The budget didn't include VAT receivables being classified under receivables from exchange transactions. The municipality made a lot of payments to suppliers in June 2025 which hadn't been claimed from SARS by 30 June hence a higher VAT receivable compared to prior years which the budget is based on.

48.15 Receivables from non-exchange transactions
There was no budget raised for receivables from non-exchange transactions.

48.16 Cash and cash equivalents

48. Budget differences (continued)

The municipality didn't correctly budget for cash and cash equivalents as the opening amount on the budget didn't agree to the audited cash and cash equivalents from 2024 financial year.

48.17 Investment property

There was no budget raised for Investment property.

48.18 Property, Plant and Equipment

Variance below 10%.

48.19 Intangible assets

The budget was not done correctly as intangible assets had a negative amount.

48.20 Finance lease obligation

There was no budget raised for finance lease obligations.

48.21 Payables from exchange transactions

There was no budget raised for payables from exchange transactions, the municipality didn't correctly budget for trade payables which are payable 30 days after year-end and other employee related payables.

48.22 Payables from non-exchange transactions

The municipality doesn't have any payables from non-exchange transactions hence the budget was not properly aligned to the operations of the municipality.

48.23 Employee benefit obligations

There was no budget raised for employee benefit obligations.

48.24 Provisions

The municipality doesn't have any provisions hence the budget was not properly aligned to the operations of the municipality.

48.25 Revaluation reserve

There was no budget raised for revaluation reserves.

48.26 Accumulated surplus

The budget was not done properly as the reserves budget should have been equal to the net assets budget.

48.27 Cash flow from - Sale of goods and services

The municipality received more cash from sale of goods and services than anticipated as the receivables balances (excluding VAT) went down, meaning more customers paid the municipality.

48.28 Cash flow from - Interest Income

The muncipality received higher interest rates this year from the ABSA investment tracker account than other external investments hence external investments were very few in the current compared to prior years.

48.29 Cash paid for - Finance costs

There was no budget raised for finance costs.

48.30 Purchase of property, plant and equipment

The municipality incurred extensive capital projects (held as WIP) in the current year in a bid to assist local municipalities and these were under budgeted for.

48.31 Purchase of Intangible assets

There was no budget raised for purchase of intangible assets.

48.32 Finance lease payments

There was no budget raised for finance lease payments.

Figures in Rand	2025	2024

49. Change in estimate

Property, plant and equipment

The useful life of certain items of Property, plant and equipment was revised. The effect of this revision on depreciation charges for the current period is as follows.

Effect of change in current periods

Depreciation on property plant and equipment	Effect of the change in estimate - 2025	Effect of the change in estimate - 2024
Motor vehicles	182 264	305 910
Computer equipment	11 311	9 164
Office equipment	(14 799)	122 037
Plant and machinery	661	6 219
	179 437	**443 330**