Sedibeng District Municipality

Financial statements
for the period ending June, 2025

General Information

Nature of business and principal activities	District Municipality – DC42
Capacity of Municipality	Medium capacity municipality
Accounting Officer	Mr. FM Mathe – Appointed 01 May 2022
Chief Financial Officer	Ms. MO Masisi - Appointed 01 November 2024
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930
Bankers	Standard Bank (Primary Account)
Auditors	Auditor-General of South Africa
Executive Mayor	Councillor LF Maloka
Speaker	Councillor ML Modikeng
Chief Whip	Councillor MEFZ Moloi
Members of Mayoral Committee	
	Councillor BJ Tsotetsi
	Councillor NG Ndwandwe
	Councillor NF Mokoena
	Councillor BM Mkhize
	Councillor ML Khomoeasera
	Councillor V Radebe
	Councillor LSA Gamede

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

Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act (act 56 of 2003 as amended)
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

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

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

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

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

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

The financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2025 and were signed on its behalf by:

Mr. FM Mathe
Municipal Manager

Accounting Officer's Report

The accounting officer submits his financial report for the ending 30 June 2025

1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

2. Accounting policies

The annual financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

3. Accounting Officer

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

Name	Nationality	
Mr. Fairbridge Motsumi Mathe	RSA	Appointed 1 May 2022

4. Bankers

Standard bank is the appointed Municipality’s primary banker.

Statement of Financial Position as at 30 June, 2025

Figures in Rand	Note(s)	2025	2024 as restated
Assets			
Current Assets			
Trade and other receivables from exchange transactions	6	1,237,803	1,276,088
VAT Receivable	7	454,299	
Cash and cash equivalents	8	59,171,509	29,230,765
		60,863,611	**30,506,853**
Non-Current Assets			
Property, plant and equipment	2	71,527,748	74,386,305
Intangible assets	3	200,993	337,737
Heritage assets	4	4,841,741	4,841,741
		76,570,482	**79,565,783**
Total Assets		**137,434,093**	**110,072,636**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	9	12,866,680	13,336,229
VAT payable	11	-	606,556
Trade and other payables from exchange transactions	10	156,334,502	123,550,959
Total Current Liabilities		**169,201,182**	**137,493,744**
Total Liabilities		**169,201,182**	**137,493,744**
Net Assets		**(31,767,089)**	**(27,421,108)**
Net Assets			
Accumulated (deficit) /surplus		(31,767,089)	(27,421,108)

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 as restated
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	13	344,308	479,303
Agency services	14	80,570,751	78,298,192
Other income	17	3,897,843	1,706,205
Interest received - investment	18	6,080,188	5,364,645
Commission received	16	1,953,223	2,803,571
Recoveries	19	-	784,565
Gain on disposal of assets and liabilities	5	433,045	13,163
Total revenue from exchange transactions		**93,279,358**	**89,449,644**
Revenue from non-exchange transactions			
Non-exchange revenue			
Licenses and permits	15	264,000	220,000
Government grants & subsidies	20	328,618,006	322,449,636
Debt waived	21	-	98,051,886
Total revenue from non- exchange transactions		**382,882,006**	**420,721,522**
Total revenue	12	**422,161,364**	**510,171,166**
Expenditure			
Employee related costs	22	(326,004,857)	(320,338,724)
Remuneration of councillors	23	(14,935,054)	(14,240,437)
Depreciation and amortization	24	(4,977,168)	(8,568,619)
Lease rentals on operating lease	25	(2,001,370)	(2,528,556)
Contracted services	27	(38,042,956)	(36,628,302)
Impairment loss	26	(303,232)	(27,656)
Transfers and Subsidies	29	(3,291,234)	-
General Expenses	28	(36,951,475)	(46,175,387)
Total expenditure		**(426,507,346)**	**(428,507,681)**
Operating surplus / (deficit) for the year		**(4,345,982)**	**81,663,485**

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		(112,675,582)	(112,675,582)
Correction of errors	35	3,590,990	3,590,990
Balance at 1 July, 2023 as restated*		**(109,084,592)**	**(109,084,592)**
Changes in net assets			
Surplus (Deficit) for the year		81,663,485	81,663,485
Total recognised income and expenses for the year		81,663,485	81,663,485
Opening balance as previously reported		**(130,973,216)**	**(130,973,216)**
Correction of errors	35	103,552,109	103,552,109
Balance at 1 July, 2024 as restated*		**(27,421,107)**	**(27,421,107)**
Surplus (Deficit) for the year		(4,345,982)	137,751,923
Balance at 30 June, 2025		**(31,767,089)**	**(31,767,089)**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 as restated
Cash flows from operating activities			
Receipts			
Grants & subsidies		328,148,457	319,134,330
Interest income		6,080,188	5,364,645
Other receipts		4,544,436	2,594,857
Receipts from Agency services (GDRT)		80,570,751	76,259,499
Receipts held on behalf of principal (GDRT)		278,139,893	264,739,661
Receipts from Commission (Fresh Produce Market)		1,953,223	2,803,571
Receipts held on behalf of the principal (Fresh Produce Market)		38,527,741	52,006,223
		737,964,689	722,902,786
Payments			
Employee costs		(342,153,621)	(333,600,014)
Suppliers		(79,165,571)	(74,277,129)
Total Payments (GDRT)		(246,203,393)	(262,288,392)
Payments Fresh Produce Market		(38,649,307)	(55,300,235)
		(706,171,892)	(725,465,770)
Net cash flows from operating activities	31	**31,792,797**	**(2,562,984)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,241,656)	(931,836)
Proceeds from sale of property, plant and equipment	5	447,003	30,497
Purchase of other intangible assets	3	(57,400)	(88,034)
Net cash flows from investing activities		**(1,852,053)**	**(989,373)**
Net increase/(decrease) in cash and cash equivalents		**29,940,744**	**(3,552,357)**
Cash and cash equivalents at the beginning of the year		29,230,765	32,783,122
Cash and cash equivalents at the end of the year	8	**59,171,509**	**29,230,765**

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
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods	-	-	**-**	-	**-**
Rental of facilities and equipment	567,014	(155,235)	**411,779**	344,308	**(67,471)**
Agency services	74,446,316	12,373,598	**86,819,914**	80,570,751	**(6,249,163)**
Commissions received	3,806,210	-	**3,806,210**	1,953,223	**(1,852,987)**
Other income - (rollup)	1,441,253	1,557,200	**2,998,453**	3,897,843	**899,390**
Interest received - investment	3,915,460	1,024,205	**4,939,665**	6,080,188	**1,140,523**
Total revenue from exchange transactions	**84,176,253**	**14,799,768**	**98,976,021**	**92,846,313**	**(6,129,708)**
Revenue from non-exchange transactions					
Licenses and permits	1,500,000	-	**1,500,000**	264,000	**(1,236,000)**
Government grants & subsidies	334,935,724	619,000	**335,554,724**	328,618,006	**(6,936,718)**
Debt waived	-	98,051,887	**98,051,887**	-	**(98,051,887)**
Total revenue from non-exchange transactions	**336,435,724**	**98,670,887**	**435,106,611**	**328,882,006**	**(106,224,605)**
Total revenue	**420,611,977**	**113,470,655**	**534,082,632**	**421,728,319**	**(112,354,313)**
Expenditure					
Personnel	(320,292,401)	(6,762,368)	**(327,054,769)**	(326,004,857)	**1,049,912**
Remuneration of councillors	(14,794,351)	(843,691)	**(15,638,042)**	(14,935,054)	**702,988**
Depreciation and amortisation	(8,503,569)	3,721,144	**(4,782,425)**	(4,977,168)	**(194,743)**
Impairment losses	-	-	**-**	(303,232)	**(303,232)**
Lease rentals on operating lease	(2,054,247)	-	**(2,054,247)**	(2,001,370)	**52,877**
Contracted Services	(41,973,621)	(1,091,656)	**(43,065,277)**	(38,042,956)	**5,022,321**
Transfers and Subsidies	-	(3,291,400)	**(3,291,400)**	(3,291,234)	**166**
General Expenses	(49,709,546)	10,808,854	**(38,900,692)**	(36,951,475)	**1,949,217**
Total expenditure	**(437,327,735)**	**2,540,883**	**(434,786,852)**	**(426,507,346)**	**8,279,506**
Operating deficit	**(16,715,758)**	**116,011,538**	**99,295,780**	**(4,779,027)**	**(104,074,807)**
(Loss)/Gain on disposal of assets and liabilities	-	-	**-**	433,045	**433,045**
Total Loss)/Gain on disposal of assets and liabilities	-	-	**-**	433,045	**433,045**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(16,715,758)**	**116,011,538**	**99,295,780**	**(4,345,982)**	**(103,641,762)**

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to the adjustment budget report.

Sedibeng District Municipality

Financial Statements for the period ending 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
Statement of Financial Position					
Assets					
Current Assets					
Trade and other receivables from exchange transactions	312,068	-2,263	**309,805**	1,237,803	927,998
VAT reeivable	-	-	**-**	454,299	454,299
Cash and cash equivalents	19,437,657	-2,735,926	**16,701,731**	59,171,509	42,469,778
	19,749,725	**-2,738,189**	**17,011,536**	**60,863,611**	**43,852,075**
Non-Current Assets					
Property, plant and equipment	72,488,043	141,017	72,629,060	71,527,748	(1,101,312)
Intangible assets	-267,900	417,705	149,805	200,993	51,188
Heritage assets	4,841,741	-	4,841,741	4,841,741	**-**
	77,061,884	**558,722**	**77,620,606**	**76,570,482**	**(1,050,124)**
Total Assets	**96,811,609**	**(2,179,467)**	**94,632,142**	**137,434,093**	**42,801,951**
Liabilities					
Current Liabilities					
Trade and other payables from exchange transactions	228,378,047	(134,795,554)	93,582,493	156,334,502	62,752,009
VAT payable	-	-	-	-	-
Unspent conditional grants and receipts	12,270,426	(6,120,459)	6,149,967	12,866,680	6,716,713
	240,648,473	**(140,916,013)**	**99,732,460**	**169,201,182**	**69,468,722**
Total Liabilities	**240,648,473**	**(140,916,013)**	**99,732,460**	**169,201,182**	**69,468,722**
Net Assets	(143,836,864)	138,736,546	(5,100,318)	(31,767,089)	(26,666,771)
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	(143,836,864)	138,736,546	**(5,100,318)**	(31,767,089)	**(26,666,771)**
Total Net Assets	(143,836,864)	138,736,546	**(5,100,318)**	**(31,767,089)**	**(26,666,771)**

Sedibeng District Municipality

Financial Statements for the period ending 30 June 2025

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Grants	334,935,724	619,000	335,554,724	328,148,457	**(7,406,267)**
Interest income	3,915,460	1,024,205	4,939,665	6,080,188	**1,140,523**
Other receipts	33,994,051	26,235,504	60,229,555	4,544,436	**(55,685,119)**
Receipts from Agency services (GDRT)	74,446,316	12,373,598	86,819,914	80,570,751	**(6,249,163)**
Receipts held on behalf of principal (GDRT)	292,384,854	(29,578,803)	262,806,051	278,139,893	**15,333,842**
Receipts from Commission (Fresh Produce Market)	3,605,260	200,950	3,806,210	1,953,223	**(1,852,987)**
Receipts held on behalf of the principal (Fresh Produce Market)	32,000,000	-	32,000,000	38,527,741	**6,527,741**
	775,281,665	**10,874,454**	**786,156,119**	**737,964,689**	**(48,191,430)**
Payments					
Employee costs	(335,086,752)	(7,606,059)	(342,692,811)	(342,153,621)	**539,190**
Suppliers	(119,244,041)	(11,734,634)	(130,978,675)	(79,165,571)	**51,813,104**
Total Payments (GDRT)	(290,184,364)	-	(290,184,364)	(246,203,393)	**43,980,971**
Payments Fresh Produce Market	(32,000,000)	-	(32,000,000)	(38,649,307)	**(6,649,307)**
	(776,515,157)	**(19,340,693)**	**(795,855,850)**	**(706,171,892)**	**89,683,958**
Net cash flows from operating activities	**(1,233,492)**	**(8,466,239)**	**(9,699,731)**	**31,792,797**	**41,492,528**
Cash flows from investing activities					
Purchase of property, plant and equipment	(6,820,000)	3,990,693	(2,829,307)	(2,241,656)	587,651
Proceeds from sale of property, plant and equipment	60,000	(60,000)	-	447,003	447,003
Purchase of other intangible assets	-	-	-	(57,400)	(57,400)
Net cash flows from investing activities	**(6,760,000)**	**3,930,693**	(2,829,307)	**(1,852,053)**	977,254
Net increase/(decrease) in cash and cash equivalents	(7,993,492)	(4,535,546)	(12,529,038)	29,940,744	42,469,782
Cash and cash equivalents at the beginning of the year	27,431,149	1,799,620	29,230,769	29,230,765	(4)
Cash and cash equivalents at the end of the year	**19,437,657**	**(2,735,926)**	**16,701,731**	**59,171,509**	**42,469,778**

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 18 -	Segment reporting
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party Disclosures

GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 100 –	Discontinued operations
GRAP 109 -	Principles and Agents
GRAP 27 -	Agriculture
GRAP 104 -	Financial instruments

Standards and interpretations issued but not yet effective

Standard / Interpretation	Effective Date: Years beginning on or after	Expected impact
GRAP 1 Presentation on Financial Presentation	01 April 2025	Unlikely to have a material impact
GRAP 103 Heritage Assets	01 April 2025	Unlikely to have a material impact
GRAP 105 Transfer of Functions between entries under common control	01 April 2025	Unlikely to have a material impact
GRAP 106 Transfer of Functions between entries not under common control	01 April 2025	Unlikely to have a material impact
GRAP 107 Mergers	01 April 2025	Unlikely to have a material impact
Amendments	01 April 2025	Improvements to Standards of GRAP

Offsets

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand value

1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

1.3.1 Going Concern

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

1.3.2 **Significant Estimates, Judgments and Assumptions**

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 33: Contingencies

Note 25: Impairment

1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is received.

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

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

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

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

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

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

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

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

1.5.2 De-recognition, Sale & Disposal

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the proceeds of disposal (if any) and the carrying value and is recognised in the Statement of Financial Performance.

1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	**Years**
Community halls	30
Recreation facilities	20 – 30

Other Assets	**Years**
Motor vehicles	5
Plant and equipment	5
Security measures	5
Buildings	30
Infrastructure Roads	20
IT equipment	5
Furniture and office equipment	7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate. Residual values of assets are assigned based on the possible expected value at the end of the useful life. Minor assets with a low original purchase value will be kept in the asset register at residual value once fully depreciated but still in existence for internal control purposes.

1.6 INTANGIBLE ASSETS

Intangible assets which qualify for recognition as an asset has been initially measured at cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	5 Years
Master plan water & sanitation	20 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset’s cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is greater than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.9 FINANCIAL INSTRUMENTS

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

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

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.

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

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

A financial asset is:

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

A financial asset is measured at cost less any impairments.

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 unfavorable to the entity.

A financial liability is measured at amortized cost.

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.

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;
- 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.

1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.12 PROVISIONS AND CONTINGENCIES

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

Where the effect of the 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 used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

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

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

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

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

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

Management judgment is required when disclosing and measuring contingent liabilities.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be 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.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Sale of Goods

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

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

1.14.2 Revenue from non-exchange transactions

Licenses and permits

Revenue from licenses and permits is recognized when the relevant service is rendered by applying the relevant tariff.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.14.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis. VAT receivable from or payable to SARS is not a financial instrument, and should be treated as a statutory receivable or payable. The amount of VAT receivable from or payable to SARS is calculated as the net amount of output VAT collected and input VAT paid. As the amount due from or to SARS is already a net amount, there is no separate recognition of a receivable or payable

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

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

1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the 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.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

The Municipality does not have any associates nor any joint ventures or any other form of association that may be defined as related party relation**.**

1.22 HERITAGE ASSETS

A heritage asset is an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential is expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.23 BUDGET INFORMATION

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

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

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2024 to 30 June 2025.

The 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 (see page 9 - 11)

1.24 SEGMENT REPORTING

GRAP 18 defines a segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information. This is done to evaluate the entity's past performance in achieving its objectives and as a basis for decisions about the future allocation of resources.

1.25 COMMITMENTS

The Municipality discloses capital expenditure as approved in the budget for each class of capital assets (PPE, investment properties, intangible assets and heritage assets) and as well as future minimum lease payments under non-cancellable operating leases. No commitments are disclosed for operating expenditure as the nature of the contracts “As and When required”.

1.26 DEBT WAVED

As per GRAP 23 Revenue from Non-Exchange Transactions, a debt waiver occurs when a creditor forgives or cancels a debt owed by a debtor. This is considered a non-exchange transaction where the entity receives value without directly giving approximately equal value in return.

2. Property, plant and equipment

	2025			2024		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	29,628,439	(608,655)	29,019,784	29,628,439	(608,655)	29,019,784
Buildings	72,320,311	(39,914,556)	32,405,755	72,320,311	(37,683,174)	34,637,137
Plant and machinery	11,841,808	(11,463,712)	378,096	11,688,895	(11,384,344)	304,551
Furniture and fixtures	23,233,590	(20,572,558)	2,661,032	22,827,056	(20,255,972)	2,571,084
Motor vehicles	11,158,987	(8,499,022)	2,361,584	10,865,417	(8,015,865)	2,849,552
Electronic equipment	83,598,860	(80,663,761)	2,935,099	82,520,490	(79,754,474)	2,766,016
Infrastructure	67,418,202	(65,651,804)	1,766,398	67,418,202	(65,180,021)	2,238,181
Total	**299,200,197**	**(227,374,068)**	**71,527,748**	**297,268,810**	**(222,882,505)**	**74,386,305**

Reconciliation of property, plant and equipment – 2025

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	34,637,137	-	-	(2,231,382)	-	32,405,755
Plant and machinery	304,551	152,913	-	(79,368)	-	378,096
Furniture and fixtures	2,571,084	447,818	(902)	(352,117)	(4,851)	2,661,032
Motor vehicles	2,849,552	293,570	-	(483,157)	(298,381)	2,361,584
Electronic equipment	2,766,016	1,347,355	(13,058)	(1,165,214)	-	2,935,099
Infrastructure	2,238,181	-	-	(471,783)	-	1,766,398
	74,386,305	**2,241,656**	**(13,960)**	**(4,783,021)**	**(303,232)**	**71,527,748**

Reconciliation of property, plant and equipment – 2024

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	37,001,085	-	-	(2,363,948)	-	34,637,137
Plant and machinery	748,732	26,600	-	(470,680)	(100)	304,551
Furniture and fixtures	3,348,517	120,534	(10,983)	(883,769)	(3,218)	2,571,084

						2025 / 2024 as restated
Motor vehicles	3,298,647	-	-	(449,096)	-	2,849,552
Electronic equipment	5,251,376	784,702	(6,351)	(3,239,373)	(24,338)	2,766,016
Infrastructure	2,861,754	-	-	(623,574)	-	2,238,181
	81,529,895	**931,836**	**(17,334)**	**(8,030,440)**	**(27,656)**	**74,386,305**

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.

Included in the fixed asset register are items with zero-rand book value. Management has assessed at reporting date the revision of useful lives of assets. The asset currently held at R0.00 book value is impaired based on the conditional assessment and are earmarked for disposal.

The municipality also incurred **repair and maintenance** on the assets as outlined below. This repair and maintenance cost were not capitalized to the cost of the asset as per GRAP 17.

	2025	2024 as restated
Buildings, Fences and Sites	1,470,477	3,238,409
Plant and Equipment	328,111	533,937
Vehicle	625,303	636,279
Total repair and maintenance	**2,423,891**	**4,408,625**

3. Intangible assets

	2025			2024		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	15,002,730	(14,801,737)	200,993	14,945,330	(14,607,593)	337,737

Reconciliation of intangible assets – 2025

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	337,737	57,400	(194,144)	200,993

Reconciliation of intangible assets – 2024

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	787,885	88,034	(538,182)	337,737

4. Heritage assets

	2025			**2024**		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	1,527,941	(72,200)	1,455,741	1,527,941	(72,200)	1,455,741
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
Total	**4,913,941**	**(72,200)**	**4,841,741**	**4,913,941**	**(72,200)**	**4,841,741**

	2025	2024 as restated

Reconciliation of heritage assets 2025

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,455,741	-	-	1,455,741
Historical monuments	3,386,000	-	-	3,386,000
	4,841,741	**-**	**-**	**4,841,741**

Reconciliation of heritage assets 2024

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,455,741	-	-	1,455,741
Historical monuments	3,386,000	-	-	3,386,000
	4,841,741	**-**	**-**	**4,841,741**

5. Gains on disposal of assets and liabilities

	2025	2024 as restated
Proceeds from sale of property, plant and equipment	447,005	30,497
Disposal of assets	(13,960)	(17,334)
Net gain on disposal of assets	**433,045**	**13,163**

6. Trade and other receivables from exchange transactions

	Note	2025	2024 as restated
Employee costs corrections	6.1	17,000	11,000
Recoveries from Irregular expenditure	6.2	-	812,250
Recoveries from staff	6.3	78,935	8,859
Interest Receivable on bank account	6.4	244,357	262,896
Local Municipality services	6.5	-	-
Fresh Produce Market services	6.6	405,497	-
Vat on accruals	6.7	220,548	181,082
Insurance Refunds	6.8	271,466	
Gross amount		**1,237,803**	**1,276,088**

6.1 Employee cost recoverable

	2025	2024 as restated
Current (0 – 30 days)	17,000	11,000
>91	-	-
Total Employee cost recoverable	**17,000**	**11,000**

6.2 Recoveries from Irregular expenditure

	2025	2024 as restated
Current (0 – 30 days)	-	812,250
>91	-	-
Total Pre payments	**-**	**812,250**

6.3 Recoveries from staff

	2025	2024 as restated
Current (0 – 30 days)	78,935	8,859

6.4 Interest receivable

	2025	2024 as restated
Current (0 – 30 days)	244,357	262,896

6.5 Local Municipality services

	2025	2024 as restated
Current (0 – 30 days)	-	-
>120 days	954,100	954,100
Less: Debt Impairment	(954,100)	(954,100)
Total Local Municipality services	**-**	**-**

6.6 Fresh Produce Market services

	2025	2024 as restated
Current (0 – 30 days)	405,497	

Figures in Rand	2025	2024 as restated
>120 days	*	1,138,054
Less: Debt Impairment	-	(1,138,054)
Total Fresh Produce Market services	**405,497**	**-**

6.7 Vat on Accruals

Current (0 – 30 days)	220,548	181,092

6.8 Insurance Refund

Current (0 – 30 days)	271,466	-

7. VAT Receivable

VAT Receivable	454,299	-
	454,299	**-**

The municipality is registered for VAT purposes on the cash basis. The statutory receivable amount is coming from the normal monthly activities and relates to the VAT 201 submission applicable to June. No interest is charged nor discounts affected on the amount as it reflects for the current month receivables.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	40,825	40,825
Cash book balances	59,130,684	29,189,940
	59,171,509	**29,230,765**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June 2025	**30 June 2024**	**30 June 2025**	**30 June 2024**
Standard Bank - Primary account -21777667	12,880,430	4,054,851	12,880,430	4,054,851
Standard Bank - Licensing account - 21781494	18,336,958	10,887,821	18,336,958	10,887,821
NEDBANK – Cheque Account – 1152944835	1,013,223	2,005,845	1,014,255	2,008,162
NEDBANK – Licensing account – 1152944606	873,795	8,970,199	873,795	8,970,199
NEDBANK Call account 03788117292923 - 000001	1,253	1,162	1,253	1,162
NEDBANK Call account 03788117292923-000002	990,647	918,269	990,647	918,269
STANDARD BANK call account -228 499 054 009	0.01	0.01	0.01	0.01
STANDARD BANK call account	20,687,008	-	20,687,008	-
STANDARD BANK – Fresh Produce Market - 21779589	3,226,509	1,245,678	3,226,509	1,245,678
NEDBANK – Fresh Produce Market – 1152944363	1,119,829	1,103,798	1,119,829	1,103,798
Total	**59,129,652**	**29,187,623**	**59,130,684**	**29,189,940**

The bank accounts for the Fresh Produce Market and Licensing are held specifically for transactions related to those functions. The bank balance at current is not in a position to settle the unspent conditional grants and payables from exchange transactions which poses a financial risk. This money is being held on behalf of the principals (Fresh Produce Market and Department of Transport)

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2025	2024 as restated
Unspent conditional grants and receipts		
Provincial Grants	12,866,086	12,866,086
National Grants	594	470,143
	12,866,680	**13,336,229**

Movement during the year

Balance at the beginning of the year	13,336,229	16,651,535
Additions during the year	18,876,600	17,663,000
Income recognition during the year	(18,876,006)	(19,111,635)
Grant Reversal / forfeit	(470,143)	(1,866,671)
	12,866,680	**13,336,229**

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 20 for reconciliation of grants from National/Provincial Government.

10. Trade and other payables from exchange transactions

Trade payables	3,005,783	3,807,650
Accrued leave pay	29,671,553	30,885,260
Department of Transport (License fees)	82,606,976	50,670,476
Local Municipalities Accounts	40,275,287	37,527,945
Refundable town hall rental deposits	224,594	215,494
Unclaimed Salaries/ Salary arrears	327,655	296,538
VAT accrual	35,409	105,946
Mayoral events	15,250	(65)
Fresh Produce Market payables	171,995	41,715
	156,334,502	**123,550,959**

11. VAT Payable

Trade and other payables from exchange transactions

Tax refunds payables	-	606,556
	-	**606,556**

Council is registered on the cash basis for VAT, this amount was due to SARS based on submitted returns

12. Revenue

Recoveries from Irregular expenditure	-	784,565
Rental of facilities and equipment	344,308	479,303
Agency services	80,570,751	78,298,192
Licenses and permits	264,000	220,000
Commissions received	1,953,223	2,803,571
Other income	3,897,843	1,706,205
Interest received – investment	6,080,188	5,364,645
Government grants & subsidies	328,618,006	322,449,636
Debt waived		98,051,886
Gain on disposal of assets	433,045	13,163
	422,161,364	**510,171,166**

Figures in Rand	2025	2024 as restated
The amount included in revenue arising from exchanges of goods or services are as follows:		
Recoveries from Irregular expenditure	-	784,565
Rental of facilities and equipment	344,308	479,303
Agency services	80,570,751	78,298,192
Commissions received	1,953,223	2,803,571
Other income	3,897,843	1,706,205
Gain on disposal of assets	433,045	13,163
Interest received – investment	6,080,188	5,364,645
	93,279,358	**89,449,644**

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

	2025	2024 as restated
Taxation revenue		
Licenses and permits	264,000	220,000
Debt waived		98,051,886
Transfer revenue		
Government grants & subsidies	328,618,006	322,449,636
	328,882,006	**420,721,522**

Figures in Rand	2025	2024 as restated

13. Rental of facilities and equipment

Facilities and equipment		
Facilities & equipment	161,791	284,578
Garages and parking		
Parking	182,517	194,725
	344,308	**479,303**

14. Agency services

Department of Transport	80,570,751	78,298,192
	80,570,751	**78,298,192**

The municipality is acting as an agent for the Provincial Department of Transport and receive an agency fee based on collections. Fraudulent transactions took place in financial year. Possible income loss as a result of the fraud amounts to R1,105,885 in the year which is not included in the Agency fees reflected. This matter is still under investigation

15. Licenses and permits (from non-exchange transactions)

Air quality emission fees	264,000	220,000
	264,000	**2220,000**

16. Commissions received

Commissions received	1,953,223	2,803,571
	1,953,223	**2,803,571**

17. Other income

Ad-hoc Income (Market)	334,542	295,044
Insurance refunds	1,365,833	64,793
Skills Levy Income	533,265	512,718
Tender documents sales	191	-
Incidental income	873,531	226,465
Commission on Salaries	270,404	326,616
Staff recoveries	520,077	280,569
	3,897,843	**1,706,205**

18. Investment revenue

Interest revenue		
Bank	6,080,188	5,364,645
	6,080,188	**5,364,645**

19. Recoveries

Recoveries from Irregular Expenditure	-	784,565
	-	**784,565**

20. Government grants and subsidies received

Operating grants		
Equitable share	309,742,000	303,338,000
HIV and AIDS Grants	7,824,340	12,568,000
EPWP Grant	1,221,614	1,056,992
Rural Roads Grant	3,058,430	2,088,684
National Grants – FMG	1,400,000	1,346,593
GP – Sport and recreation	-	1,918,767
Energy Savings Grant	4,999,792	-

Figures in Rand	2025	2024 as restated
	328,246,176	**322,317,036**
Capital Grants		
HIV and AIDS Grant	78,260	
Rural Roads Grant	293,570	132,600
	371,830	**132,600**
	328,618,006	**322,449,636**

Equitable Share

Current-year receipts	(309,742,000)	(303,338,000)
Conditions met – transferred to revenue	309,742,000	303,338,000
	-	**-**

Provincial Grants

Balance unspent at beginning of year	12,866,086	16,622,524
Current-year receipts	7,902,600	12,568,000
Conditions met – transferred to revenue	(7,902,600)	(14,486,767)
Grants forfeited	-	(1,837,671)
	12,866,086	**12,866,086**

Conditions still to be met – remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2024	**Grants Forfeited**	**Grants Received 2024/25**	**Grants Spent/ 2024/25**	**Unspent Grants June 2025**
LED Project	119,378	-	-	-	119,378
HIV/AIDS	-	-	7,902,600	(7,902,600)	-
Agriculture	79,718	-	-	-	79,718
Transfer of Informal Settlements	12,270,425	-	-	-	12,270,425
Aerotropolis Grant	396,565	-	-	-	396,565
	12,866,086	**-**	**7,902,600**	**(7,902,600)**	**12,866,086**

National Grants

	2025	2024 as restated
Balance unspent at beginning of year	470,413	29,011
Current-year receipts	10,974,000	5,095,000
Conditions met - transferred to revenue	(10,973,406)	(4,624,868)
Grant Forfeit	(470,413)	(29,000)
	594	**470,143**

Conditions still to be met - remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2024	Grants Forfeit	Grants Received 2024/25	2025 Grants Spent 2024/25	2024 as restated Unspent Grants June 2025
Municipal Finance Management Grant	53,407	(53,407)	1,400,000	(1,400,000)	-
EPWP Grant	22,020	(22,020)	1,222,000	(1221,614)	386
Rural Roads	394,716	(394,716)	3,352,000	(3,352,000)	-
Energy Savings Grant	-		5,000,000	(4,999,792)	208
	470,143	**(470,143)**	**10,974,000**	**(10,973,406)**	**594**

The grants forfeited during the year were offset against the equitable share.

Changes in level of government grants.

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

21. Debt waived

Debt waived (Transport Department)	-	98,051,886
	-	**98,051,886**

22. Employee related costs

Employee related cost exclusive of Section 57 employees		208,877,353	202,515,760
13th Cheques		16,215,492	15,563,816
Medical aid - company contributions		20,534,573	19,126,947
UIF		1,138,671	1,074,437
Other payroll levies		3,858,707	3,706,730
Leave pay provision charge		1,473,541	6,435,026
Defined contribution plans		40,690,111	39,349,613
Acting Allowance		354,382	516,863
Overtime payments		560,109	577,237
Inconvenience allowance		3,345,129	4,075,202
Car allowance		9,125,828	9,744,312
Housing benefits and allowances		1,673,757	1,593,008
Telephone Allowances		5,400	5,400
Standby Allowance		345,131	295,359
EPWP Stipends		1,120,696	852,369
HIV/AIDS Stipends		7,967,900	8,092,844
Termination benefits	(see note 46 for more detail)	2,449,135	2,244,431
		319,735,915	**315,769,354**

Remuneration of Municipal Manager

Annual Remuneration	1,187,242	1,279,181
Car Allowance	180,000	180,000
Contributions to UIF, Medical and Pension Funds	241,476	247,028
	1,608,718	**1,706,209**

The Municipal Manager position was filled in May 2022.

Remuneration of Chief Financial Officer

Annual Remuneration	653,761	-
Car Allowance	45,000	-

Figures in Rand	2025	2024 as restated
Contributions to UIF, Medical and Pension Funds	1,513	-
	700,274	**-**

The CFO is appointed since 1 November 2024.

Remuneration of Executive Director – Corporate services

Annual Remuneration	1,286,257	1,402,547
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	28,808	26,900
	1,315,065	**1,429,447**

Remuneration of Executive Director – Community services (Filled since November 2024)

Annual Remuneration	552,130	-
Car Allowance	120,000	-
Contributions to UIF, Medical and Pension Funds	28,144	-
	700,274	**-**

Remuneration of Executive Director – Strategic Planning and Economic development

Annual Remuneration	973,303	1,215,651
Car Allowance	132,000	-
Contributions to UIF, Medical and Pension Funds	209,762	218,063
	1,315,065	**1,433,714**

Remuneration of Executive Director – Transport, Infrastructure and Environment (Filled since December 2024)

Annual Remuneration	509,424	-
Car Allowance	105,000	-
Contributions to UIF, Medical and Pension Funds	15,122	-
	629,546	**-**
Total personnel cost	**326,004,857**	**320,338,724**

23. Remuneration of Councillors

Executive Mayor	1,185,950	1,123,385
Mayoral Committee Members	5,378,293	5,437,000
Speaker	674,609	548,080
Councillors	7,696,202	7,131,972
	14,935,054	**14,240,437**

In-kind benefits (tools of trade)

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

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties. The Executive Mayor and Speaker have full-time bodyguards

24. Depreciation and amortization

Property, plant and equipment	4,783,024	8,030,437
Intangible assets	194,144	538,182
	4,977,168	**8,568,619**

	2025	2024 as restated

25. Lease rentals on operating lease

Premises		
Contractual amounts	2,001,370	2,528,556
	2,001,370	**2,528,556**

26. Impairment loss

Plant and equipment	4,851	27,656
Transport assets	298,381	-
	303,232	**27,656**

27. Contracted services

Outsourced Services		
Municipal Health services	16,159,508	16,658,269
Fire Services	44,057	76,543
Hygiene Services	172,846	116,994
ICT Services	645,414	570,623
Security Services	12,498,550	10,278,420
Electrical services	1,708,558	-
Consultants and Professional Services		
Business and Advisory	2,741,468	2,203,735
Legal Cost	988,280	1,753,802
Contractors		
Employee wellness	-	-
Catering Services	468,622	353,010
Event Promoters	186,861	174,280
Fire Protection	-	-
Maintenance of Buildings and Facilities	1,470,478	3,238,410
Maintenance of Equipment	328,111	533,937
Medical Services	4,900	-
Artist and Performers	-	18,000
Stage and sound crew	-	16,000
Maintenance Fleet	625,303	636,279
	38,042,956	**36,628,302**

28. General expenses

Advertising	93,440	241,210
Assessment rates & municipal charges	3,003,796	8,938,281
Auditors remuneration	4,297,621	4,017,378
Bank charges	4,992,758	4,691,148
Computer expenses	455,574	537,836
Consulting and professional fees	282,138	43,500
Consumables	3,995,459	6,758,062
Insurance	604,968	2,045,856
Community development and training	570,367	-
IT expenses	4,214,207	4,497,808
Levies	2,679,383	2,618,124
Printing and Publications	721,476	480,458
Protective clothing	117,661	121,994
Royalties and license fees	129,525	146,815
Subscriptions and membership fees	3,403,967	3,129,856
Telephone and fax	2,605,505	2,235,248
Training	857,328	1,419,711
Subsistence & Travel	1,091,940	1,243,154
Public Participation	227,102	529,178
Car Hire	180,106	320,370
Hire charges for equipment & machinery	703,807	458,347

Figures in Rand	2025	2024 as restated
Congresses & Meetings	47,740	79,107
WCA Contribution	1,675,607	1,621,946
	36,951,475	**46,175,387**

29. Transfers and Subsidies paid

Energy Savings Project transfers to Local Municipalities	3,291,234	-
	3,291,234	**-**

30. Auditors' remuneration

Fees	4,297,621	4,017,378

31. Cash generated from operations

Deficit/Surpus	(4,345,982)	81,663,485
Adjustments for:		
Depreciation	4,977,168	8,568,619
Loss / (Gain) on sale of assets and liabilities	(433,045)	(13,163)
Debt impairment	-	-
Impairment deficit	303,232	27,656
Movements in operating lease assets and accruals	-	-
Changes in working capital:		
Inventories	-	-
Trade and other receivables from exchange transactions	38,285	(595,216)
Debt Impairment – Related party debtors	-	-
Trade and other payables from exchange transactions	32,783,543	(88,956,960)
VAT	(1,060,855)	57,898
Unspent conditional grants and receipts	(469,549)	(3,315,306)
	31,792,797	**(2,562,987)**

32. Risk management

32.1 Financial risk management

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

Interest rate risk

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

This risk is managed on an ongoing basis by comparison between current market related rates and historical rates and adjustments made where considered necessary.

The municipality had significant interest-bearing investments in call accounts, of which the municipality's interest income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. 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.

Categories of Financial Instruments	2025	2024 as restated
Financial Assets		
Cash and cash equivalents	59,191,509	29,230,765
Trade and other receivables from exchange transactions	921,320	1,075,147
	60,112,829	**30,305,912**

Aging of Financial Assets

2025				2024			
Current to 30 days	90 days plus	Impairment provision	Total	Current to 30 days	90 days plus	Impairment provision	Total
921,320	954,100	(954,100)	921,320	1,075,147	2,092,154	(2,092,154)	1,075,147

	2025	2024 as restated
Financial Liabilities		
Unspent conditional grants and receipts	12,866,680	13,336,229
Trade and other payables from exchange transactions	126,299,885	92,263,215
Total Liabilities	**139,166,565**	**105,599,444**

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2025		2024	
Floating Rate Financial Assets	**Rate %**	**Effect on Surplus**	**Rate %**	**Effect on Surplus**
Cash and cash equivalents	**1%**	591,915	**1%**	292,308
Trade and other receivables from exchange transactions	**1%**	9,213	**1%**	10,751
Floating Rate Financial Liabilities				
Unspent conditional grants and receipts	**1%**	(128,669)	**1%**	(133,362)
Trade and other payables from exchange transactions	**1%**	(1,262,999)	**1%**	(922,632)

33. Commitments

The municipality do not have any contracted capital or operating lease commitments.

34. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet been issued against those claims.

34.1 Contingent assets

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATIO N/DISPUTE	WHAT HAPPENED	COMMEN CEMENT DATE	EXPECTED VALUE	PROGRESS
1. Mokhare report on investigation	Recovery of Irregular expenditure	An investigation conducted on behalf of MEC CoGTA resulted in possible recoveries of money	August 2020 financial year	G Modise R3,765,110 Mafoko Security R14,565,638 Income for SDM	The state attorneys to be approached alternatively the SDM to appoint a legal firm to assist with the issuing of the summons for the recovery of the money due and payable to the SDM.
Total Amount				**R 20,330,748**	
,					

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATIO N/DISPUTE	INTENDED OUTCOME OF CLAIM	EXPECTED LIABILITY	PROGRESS
34.2 Contingent liabilities				
1.Nku (0204 0989)	Human resources dispute	Difference in salary between promoted position and existing position plus future legal costs	Legal cost of R80,000	The SDM lawyers, Cliffe Dekker Hofmeyer Incorporated advised us that the Labour Court has archived the file and the lawyers have filed an application to revive the matter on the 10th May 2024. We will await the response from the Labour Court. Mohsina Chenia our leading attorney is now going to be reporting to THOMSON WILKS for further instructions and the MM has approved that the files be transferred with her to the new firm The transfer to THOMSON WILKS is from the 1st March 2025 and status quo remains
2.Khambule M	Human resources dispute	Reinstatement plus back pay to date of dismissal plus legal costs, current and future costs	Legal costs of R80,000	The Applicant's lawyers addressed the incomplete record matter and the record has now been filed with the Labour Court as unopposed because the Applicant had not filed their affidavit. They have now sent correspondence indicating their unhappiness about the matter being placed on the unopposed roll. We will await further correspondence on the matter form THOMSON WILKS the new lawyers however the status quo remains.
3 Petlane MM	Human resources dispute	Reinstatement, alternatively, 12 months' compensation plus future legal costs	Legal costs of R80,000	The Applicants have approached the Labour Court and we appointed THOMSON WILKS to defend the matter. Consultation was done on July 1, 2025, SDM attorneys THOMSON WILKS are required to provide the replying statement on the institution's behalf against Mosotho`s case.
4 Irene Honoko	Human resources dispute	Reinstatement in previous position held	Legal costs of R80,000	The lawyers indicated that the Labour Court has not provided us with a date yet. There is a request for a formal report on whether the Employer can consider settling the matter and withdrawing the review application. The request has been sent to the lawyers Ms. Mohsina Chenia to give their opinion on the matter. The transfer to THOMSON WILKS is from the 1st March 2025.We are still awaiting the report from the lawyers. The employee had discussions with the MM demanding that she be compensated with R 2 000 000 (two million rand). I letter has been written to her informing her that her demand cannot be acceded to and that the Municipality is proceeding with the review application

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	WHAT HAPPENED	COMMENCEMENT DATE	EXPECTED VALUE	PROGRESS
5 Netshivhale KR	Human resources dispute	Placement within the organogram as he is currently in portfolio		Legal costs of R80,000	The Applicant was demanding that he be placed in the position of CFO. The matter was heard in the Labour Court on the 20th March 2024. It was postponed because the Applicant applied for a postponement to lodge an application for the revival of the case because it has been archived.
6 Mokitimi W	Human resources dispute	Reinstatement in previous position at licensing center.		Legal costs of R110,000	The matter was heard in the Labour Court on the 8 May 2024. The case was removed from the unopposed to the opposed roll. We will await the new date of set down.
7 SAMWU obo Jonas Tale and others	Human resources dispute	Lost case by SAMWU taken on review by the applicants for uniform allowance		Legal costs of R368,0000	The Applicants have approached the Labour Court and we appointed Liz Venter Attorneys to defend the matter. The Labour Court has issued directives for the Applicant to send their heads of argument on why the matter should be revived because 12 months have passed without them having filed their papers for review. The Applicants filed their Heads of Arguments on the 18th June 2024.
8 SAMWU OBO Sakie Thakhuli	Human resources dispute	The applicant lost the arbitration and has now made an application to review the award		Legal costs of R80,000	The SDM lawyers, Cliffe Dekker Hofmeyer have informed us that they are going to make an application to the Labour Court for the dismissal of the matter because of lack of progress from the Applicant to enroll the matter. The matter did sit at the Labour Court on the18th March 2025 and we are still waiting for formal communication from the lawyers. Ms Mohsina our leading attorney will give correspondence, as the status quo remains.
9. Raphela Attorneys	Legal Services	The EFF applied to the high court for an interdict forcing the Speaker of the Council to entertain the notice of motion brought by the EFF		R157,543.83	SDM lost the case in the high court and applied for leave to appeal which was granted. The SDM decided not to proceed with the appeal and opted for settlement. The Settlement agreement was signed and in terms of agreement SDM to pay legal costs for EFF attorneys from the beginning of the matter until of settlement. SDM is also expected to pay the legal costs for its attorneys from date of application for leave to appeal until settlement. Legal costs for EFF attorneys to be subjected to taxation. A date was allocated and on the day in question the taxing master was available due to ill health. Currently still waiting for the taxing master to allocate a date and a year has lapsed since Raphela attorneys have been waiting for the date for the taxation.
Total contingent Liability				**R1,115,543.83**	

35. Prior year amendments

35.1 Correction of errors

Statement of changes in net assets

Opening balance as previously reported 1 July 2023	**(112,675,582)**
Creditors overstated	3,590,990
Restated Closing balance 1 July 2023	**(109,084,592)**
Opening balance as previously reported 1 July 2024	**(130,973,216)**
Creditors overstated	103,552,109
Restated Closing balance 1 July 2024	**(27,421,107)**
Surplus (Deficit) for the year 2024 Previously reported	**(18,297,636)**
Revenue	
Understatement of Agency fees	2,038,693
Understatement of Debt waived	98,051,886
Expenditure	
Understatement of Compensation commissioner fees payable	(129,458)
Restated Surplus (Deficit) for the year 2023	**81,663,485**

35.1.1 Correction on revenue classification

Description	2024 Restated	2024 Previous Year Stated	Variance
Agency fees	78,298,192	76,259,499	2,038,693
Debt waived	98,051,886	-	98,051,886

35.1.2 Correction on general expenses classification

Description	2024 Restated	2024 Previous Year Stated	Variance
WCA Contribution	(1,621,946)	(1,492,488)	(129,458)

35.1.3 Correction on payables

Description	2024 Restated	202 Previous Year Stated	Variance
Department of Transport (License fees)	(50,670,476)	(154,774,766)	104,104,290
Trade payable	(3,807,650)	(3,255,469)	(552,181)
			103,552,109

36. Going concern

We draw attention to the fact that at 30 June, 2025, the municipality had an operating deficit of R4,345,982 which resulted in an accumulated deficit of R31,767,089 and that the municipality's total liabilities exceed its assets by R31,767,089.

The 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.

As a District Municipality based on our powers and functions, we are completely grant dependent. No other main revenue source is obtainable. Over the last 12 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 12 years was increase far lessor than the CPI for each financial period. In addition, the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 9 years – Uncontrollable to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 8 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2025, the municipality's current liabilities exceed its current assets with R 108,337,571. This will have an impact on the cash flow. The municipality also had operating deficit in the financial year of R 4,345,982 (previous financial year surplus of R 81,663,485) which resulted in a decrease in the net asset value

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the district. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions. The Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

The municipality does not have any fixed-term borrowing or short-term loans and therefore does not put reliance on borrowings.

The municipality does have comprehensive insurance on its assets as set out in the asset register.

37. Events after the reporting date

None

38. Unauthorised expenditure

	2025	2024 as restated
Opening balance	49,002,078	30,704,442
Add: expenditure identified – current period	-	18,297,636
Add: expenditure identified – prior period	-	-
Less: Approved by Council	(23,485,418)	-
	25,516,660	**49,002,078**
Analysis follow: Cash		
Amount in excess of revenue budget (unfunded)	-	18,297,636
	-	**18,297,636**
Analysis follow: Non Cash		
None	-	-
	-	**-**
Analysis per Department:		
Finance	-	6,435,026
Corporate Services	-	11,862,610
	-	**18,297,636**

39. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. The municipality has paid interest on a civil claim as part of the court judgement to the value of R31,061 while R496,849 resulted in fruitless and wasteful expenditure based on the forensic investigation conducted

	2025	2024 as restated
Opening balance	527,910	527,910
Paid off during the year	-	-
-Fruitless and wasteful expenditure identified during the year	-	-
	527,910	**527,910**

40. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

	2025	2024 as restated
Opening Balance	132,615,004	113,775,738
Less: written off in prior period (21/22)		
Add: expenditure identified during the year	2,389,393	19,144,119
Add: expenditure – prior period identified during the year	-	-
Less: Approved by Council	(50,289,273)	(304,853)
	84,715,124	**132,615,004**

Instances and cases in the current year

	2025	2024 as restated
Supply chain and contract management processes	2,289,393	19,144,119
Sect 56 & 57 Employee cost above threshold	-	-
	2,289,393	**19,144,119**

Cases under investigations

Investigations were not concluded by the MPAC oversight committee from the 2022/23 financial year balances onwards for unauthorized and irregular expenditure and the final report still need to be submitted to Council.

41. Additional disclosure in terms of Municipal Finance Management Act

41.1 PAYE, UIF & Skills levy

	2025	2024 as restated
Current year subscription / fee	58,842,136	56,138,120
Amount paid – current year	(58,842,136)	(56,138,120)
	-	-

41.2 Pension and Medical Aid Deductions

	2025	2024 as restated
Current year subscription / fee	96,090,128	91,316,929
Amount paid – current year	(96,090,128)	(91,316,929)
	-	-

41.3 VAT

	2025	2024 as restated
VAT payable	-	606,556
VAT Receivable	454,299	-
	454,299	**606,556**

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

41.4 Awards made to people in service of the state

41.4.1 Awards to close family members of persons in the service of the state

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Africa Shades Construction	N	Monga	Assistant Manager Networks (00518)	Son of the Director/Shareholder	R6,508

Lu De Big Pty Ltd	LPS	Lamfiti	Admin Assistant (01146)	Wife to the Director/Shareholder	81,000
TOTAL					**R 87,508**

42 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 23.
Section 56 employees' (Key Management) remuneration packages are shown separately in note 22. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

43 Principles and Agents

See segment reporting for further detail (note 44)

43.1 Gauteng Department of Transport

The municipality is acting as an agent for the Gauteng Department of Transport by rendering services related to motor vehicle license registrations and renewals, driver license applications and renewals. The municipality also collect AARTO fees as part of the function. The current amount owed to the Department of transport is reflected below as a liability while the current assets still in the municipality's possession are reflected below in the bank account and debtor's account.

Account number	Amount as per bank confirmation	
Nedbank- Current Account Licensing (115944606)	873,795	8,970,199
Standard bank Licensing account (21781494)	18,336,958	10,887,821
Total	**19,210,753**	**19,858,020**

Breakdown of transactions		
Collections made on NATIS system	357,221,337	340,365,477
Distribution of Natis system collections		
Refunds payable to Province	262,823,990	250,692,025
Refunds to AARTO	4,508,356	2,009,030
VAT payable on collections	11,724,651	11,434,490
Amount retained by Council	78,164,340	76,229,932
Total Distributed Amount	**357,221,337**	**340,365,477**
Liability to Principle		
Total liability	**82,606,976**	**50,670,476**

43.2 Fresh Produce Market

The municipality is acting as an agent by rendering management services at the fresh produce market where fresh produce are being sold by the market agent on behalf of the farmers. The municipality is managing the financial affairs and are managing two bank accounts on behalf of the agents. These amounts are not available for use. The current balances on the bank accounts are as follow:

Account number	Amount as per bank confirmation

	2025	2024 as restated
Nedbank- Current Account (115944363)	1,119,829	1,103,798
Standard bank (21779589)	3,226,508	1,245,678
Total	4,346,337	2,349,476

Breakdown of transactions		
Bank statement o/b	2,349,476	2,377,431
Collections on the Fresh mark system	40,647,418	55,272,280
Payments made	(38,650,557)	(55,300,235)
Bank statement c/b held on behalf of the principal	4,346,337	2,349,476
Revenue		
Commission on transaction handling fees	1,953,223	2,803,571
Other income	334,542	295,044
Total Amount	2,287,765	3,098,615

44. Segment reporting

The municipality has identified the licensing centers and fresh produce market in terms of GRAP 18 as a unit with distinguishable activities of the municipality for which it is appropriate to separately report financial information. For management purposes, the municipality is organized and operates in two key segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenue and expenditure relating to these segments are allocated at a transactional level.

The key segments identified are the Licensing centers and Fresh produce market.

The grouping of this segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

2025	**Licensing Center's**	**Fresh Produce Market**	**Non-Segment**	**Total**
Segment revenue				
Revenue from exchange transactions	80,570,751	2,287,766	3,907,609	**86,766,126**
Revenue from non-exchange transactions	-	-	328,882,006	**328,882,006**
Gain on sale of assets			433,049	**433,049**
Interest received	1,978,772	164,198	3,937,218	**6,080,188**
Total Revenue	**82,549,523**	**2,451,964**	**337,159,882**	**422,161,369**
Segment expenses				
Employee related costs	(70,622,231)	(10,815,170)	(244,567,456)	**(326,004,857)**
Councillor remuneration			(14,935,054)	**(14,935,054)**
Impairment losses	-	-	(303,232)	**(303,232)**
Depreciation and amortisation	(102,636)	(862,980)	(4,011,552)	**(4,977,168)**
Lease rentals on operating leases	-	-	(2,001,370)	**(2,001,370)**
General Expenses	(7,994,685)	(299,760)	(28,657,030)	**(36,951,475)**
Interest charges	-	-	-	**-**

2025	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Contracted services	-	(78,341)	(37,964,615)	**(38,042,956)**
Transfer and subsidies	-	-	(3,291,234)	**(3,291,234)**
Losses on sale of assets	(5)	-	-	**(5)**
Total Expenses	**(78,719,557)**	**(12,056,251)**	**(335,731,543)**	**(426,507,351)**
Net surplus/(deficit)	**3,829,966**	**(9,604,287)**	**1,428,339**	**(4,345,982)**
Total Assets				
Non-Current assets	-	12,423,345	64,147,137	76,570,482
Current assets	19,210,754	4,346,337	37,306,520	60,863,611
Total segment assets	**19,210,754**	**16,769,682**	**101,453,657**	**137,434,093**
Total Liabilities				
Non-current liabilities	-	-	-	-
Current liabilities	(82,606,976)	(171,995)	(86,422,211)	(169,201,182)
Total segment liabilities	**(82,606,976)**	**(171,995)**	**(86,422,211)**	**(169,201,182)**

2024	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Segment revenue				
Revenue from exchange transactions	78,298,192	3,098,615	2,675,030	**84,071,837**
Revenue from non-exchange transactions	-	-	420,721,521	**420,721,521**
Interest received	-	-	5,364,645	**5,364,645**
Gain on sale of assets	-	-	13,162	**13,162**
Total Revenue	**78,298,192**	**3,098,615**	**428,774,358**	**510,171,165**
Segment expenses				
Employee related costs	(66,745,609)	(11,402,229)	(242,190,888)	**(320,338,726)**
Councillor remuneration	-	-	(14,240,436)	**(14,240,436)**
Impairment losses	(203)	(3)	(27,450)	**(27,656)**
Depreciation and amortisation	(179,982)	(950,484)	(7,438,154)	**(8,568,620)**
Lease rentals on operating leases	-	-	(2,528,556)	**(2,528,556)**
General Expenses	(7,202,786)	(432,682)	(38,539,919)	**(46,175,387)**
Interest charges	-	-	-	**-**

2024	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Contracted services	-	(1,003,767)	(35,624,535)	**(36,628,302)**
Losses on sale of assets	-	-	-	-
Total Expenses	**(74,128,580)**	**(13,789,165)**	**(340,589,938)**	**(428,507,683)**
Net surplus/(deficit)	**4,169,612**	**(10,690,550)**	**88,184,420**	**81,663,482**
Total Assets				
Non-Current assets	97,382	13,286,325	66,182,075	79,565,782
Current assets	19,858,020	2,349,476	8,299,357	30,506,853
Total segment assets	**19,955,402**	**15,635,801**	**74,481,432**	**110,072,635**
Total Liabilities				
Non-current liabilities	-	-	-	-
Current liabilities	(50,670,476)	(41,715)	(86,781,553)	(137,493,744)
Total segment liabilities	**(50,670,476)**	**(41,715)**	**(86,781,553)**	**(137,493,744)**

45. Changes in accounting estimate

None

46. Post employee Retirement Benefits

Post employee benefits are defined for medical contributions as defined contribution plans where the legal or constructive obligation is limited to the amount that is agreed to contribute to the fund.

The municipality's obligation towards contributions toward the medical aids are limited to the annual contribution of medical aid premiums and will be a fixed monthly premium. Annual increases will escalate in line with normal inflation.

	2025	2024 as restated
Termination benefits	2,449,135	2,244,431

47. Deviation from 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.

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 16 and 17 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

LESS THAN 3 QUOTES FOR 2024/2025

LESS THAN 3 QUOTES REGISTER FOR 2024/2025								
NO.	**PERIOD**	**ORDER NO**	**DATE**	**PAYMENT NUMBER**	**SUPPLIERS AWARDED**	**ORDER AMOUNT**	**NO OF QUOTATIONS RECEIVED**	**REASON**
1	Jul-24	1041921	2024-07-19	48392	Lexis Nexis (Pty)Ltd	R 20,939.80	One (01)	Of the two national service providers (Juta and Lexis Nexis) Juta are behind in the legislature series updates and as a result, only Lexis Nexis was able to supply the requisite Road Traffic Act updates.
2	Jul-24	1041922	2024-07-19	48392	Lexis Nexis (Pty)Ltd	R 22,227.20	One (01)	Of the two national service providers (Juta and Lexis Nexis) Juta are behind in the legislature series updates and as a result, only Lexis Nexis was able to supply the requisite Road Traffic Act updates.
3	Jul-24	1041894	2024-07-08	48439	Government Printing Works	R 12,609.75	One (01)	Organ of state exempted from MFMA s110
4	Dec-24	1042243	2024-12-12	48885	Workshop Electronics (Pty) Ltd	R 16,506.18	One (01)	Letter from service provider attesting to the fact that they are the sole manufacturers and distributors of the equipment, and that the equipment can only be serviced by their accredited agents

LESS THAN 3 QUOTES REGISTER FOR 2024/2025

NO.	PERIOD	ORDER NO	DATE	PAYMENT NUMBER	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON
5	Mar-25	1042364	2025-03-19	49027	Mooivaal Media (Pty) Ltd/ CTP Limited	R 10,700.00	One (01)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria; 3x quotations sourced from different publications (Vaal Weekblad, Sedibeng Ster, Vaalster) however, all held by singular media house
6	May-25	1042479	2025-05-22	49246	Workshop Electronics (Pty) Ltd	R 17,311.18	One (01)	Letter from service provider attesting to the fact that they are the sole manufacturers and distributors of the equipment, and that the equipment can only be serviced by their accredited agents
7	May-25	1042486	2025-05-28		Lexis Nexis (Pty)Ltd	R 29,278.00	One (01)	Of the two national service providers (Juta and Lexis Nexis) Juta are behind in the legislature series updates and as a result, only Lexis Nexis was able to supply the requisite Road Traffic Act updates.
8	May-25	1042487	2025-05-28	49242	Premier Scale Services (Pty) Ltd	R 17,336.25	One (01)	Letter from service provider attesting to the fact that they are the sole manufacturers and distributors of the equipment, and that the equipment can only be serviced by their accredited agents
SUB-TOTAL FOR THE YTD OF 2024/2025						**R 146,908.36**		

SEDIBENG DISTRICT MUNICIPALITY APPROVED DEVIATIONS REGISTER FOR 2024/25 YTD									
Applicable paragraph in SCM Policy		**Name of Supplier**	**Date of the order**	**Month**	**Reason for deviation**	**Approved by:**	**Cluster**	**Amount**	**SCM Comments**
1	Supply Chain Management Policy and Procedures version 6.2024-25: "*33.1.1.2. The AO may ... Dispense with the official procurement processes established by this Policy ... Any goods or services which are available from a single provider only*"	ANALOOG EN DIGITALE STELSELS	2024/08/23 PO: 1041983	Aug-24	Motocycle testing equipment for Licensing centres available from a single sole supplier	Municipal Manager	TIE: Licensing	R 172,400.00	Letter from service provider attesting to the fact that they are the sole manufacturers and distributors of the equipment
2	Supply Chain Management Policy and Procedures version 6.2024-25: "*33.1.1.4. The AO may ... Dispense with the official procurement processes established by this Policy ... Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process*"	MLP TRAVEL	2024/09/09 Sundry payment ELE 48427	Sep-24	Hotel accommodation for 5x councillors attending SALGA workshop	Municipal Manager	Office of the Speaker	R 24,725.00	Normal SCM processes not followed; Service provider CSD registered and tax status compliant

SEDIBENG DISTRICT MUNICIPALITY APPROVED DEVIATIONS REGISTER FOR 2024/25 YTD									
Applicable paragraph in SCM Policy		**Name of Supplier**	**Date of the order**	**Month**	**Reason for deviation**	**Approved by:**	**Cluster**	**Amount**	**SCM Comments**
3	Supply Chain Management Policy and Procedures version 6.2024-25: "*33.1.1.4.3 The AO may ... Dispense with the official procurement processes established by this Policy ... Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process, including ...* ***Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids***."	NEW VAAL MOTORS (PTY) LTD	2025/04/29 PO: 1042414 ELE: 49333	Apr-25	replacement of engine block on vehicle Mercedes Benz E250 (FK 24 PG GP)	Municipal Manager	Corporate Services	R 240,669.04	Normal SCM processes (competitive bidding) could not be followed as it was not possible to ascertain the nature or extent of the repair work required in order to call for bids. 3x quotations were instead sourced in accordance with general acquisition management principles, and approval sought from the AO prior to award.
SUB-TOTAL FOR THE YTD OF 2024/2025								**R 437,794.04**	

Notes to the Financial Statements

48. Budget differences

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2025

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2024	Actual restated 2024
Revenue							
Sale of goods	**-**	-	-	-		-	-
Rental of facilities and equipment	**411,779**	**344,308**	-67,471	-16.39%	Reduction in utilization of facilities	495,116	479,303
Agency services	**86,819,914**	**80,570,751**	-6,249,163	-7.20%		76,836,147	78,298,192
Commissions received	**3,806,210**	**1,953,223**	-1,852,987	-48.68%	Reduction in sales at the fresh produce market	3,605,260	2,803,571
Other income - (rollup)	**2,998,453**	**3,897,843**	899,390	30.00%	Increase in revenue due to recoveries from irregular expenditure	1,483,781	2,490,770
Interest received - investment	**4,939,665**	**6,080,188**	1,140,523	23.09%	Interest rate increase above trend while optimal rates received	3,561,344	5,364,645
Total revenue from exchange transactions	**98,976,021**	**92,846,313**	**-6,129,708**	**-6.19%**		85,981,648	89,436,481
Licenses and permits	**1,500,000**	264,000	-1,236,000	-82.40%	Anticipated revenue did not realize	1,680,000	220,000
Government grants & subsidies	**335,554,724**	328,618,006	-6,936,718	-2.07%		322,919,767	322,449,636
Debt waived	**98,051,887**	-	-98,051,887	-100.00%	Amount related to a prior period correction	-	98,051,886
Total revenue from non-exchange transactions	**435,106,611**	**328,882,006**	**(106,224,605)**	**-24.41%**		324,599,767	420,721,522
Total revenue	**534,082,632**	**421,728,319**	**-112,354,313**	**-21.04%**		410,581,415	510,158,003

Notes to the Financial Statements

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2025

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2024	Actual restated 2024
Expenditure							
Personnel	**-327,054,769**	-326,004,857	1,049,912	-0.32%		**-317,348,015**	**-320,338,724**
Remuneration of councillors	**-15,638,042**	-14,935,054	702,988	-4.50%		**-14,269,788**	**-14,240,437**
Depreciation & impairment	**-4,782,425**	-4,977,168	-194,743	4.07%		**-8,503,569**	**-8,568,619**
Impairment Losses	**0**	-303.232	-303,232			**-**	**-27,656**
Lease rentals on operating lease	**-2,054,247**	-2,001,370	52,877	-2.57%		**-2,054,247**	**-2,528,556**
Contracted Services	**-41,356,677**	-38,042,956	5,022,321	-11,66%	Lower spending due to cost containment	**-43,379,647**	**-36,628,302**
Transfer and Subsidies	**-3,291,400**	-3,291,234	166	-0.01%	Movement in spending from capital to operational expenses	**0**	**0**
General Expenses	**-38,900,692**	-36,951,475	1,949,217	-5.01%	Lower spending due to cost containment	**-39,309,769**	**-46,175,387**
Total expenditure	**-434,786,852**	**-426,507,346**	**8,279,506**	**-1.90%**		**-424,865,035**	**-428,507,681**
(Loss)/Gain on disposal of assets and liabilities	0	433,045	433,045	-%		**-**	**13,163**
Inventories losses/write downs	0	0	0			**-**	**-**
	0	**433,045**	**433,045**	**-%**		**0**	**13,163**
Operating deficit	**99,295,780**	**-4,345,982**	**-103,641,762**	**-104.38%**		-14,283,620	81,663,485