

West Rand District Municipality

(Registration number DC48)
Annual Financial Statements for the year ended 30 June 2025

Planning by	Reviewed	Performed by	Final review

Client details

Client name: West Rand District Municipality
Year end: 30 June 2025

Print details

Printed by
Date printed

* See Note
The supplementary information presented does not form part of the annual financial statements and is unaudited



West Rand District Municipality
(Registration number DC48)
Annual Financial Statements
for the year ended 30 June 2025

West Rand District Municipality

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General Information

Legal form of entity

West Rand District municipality is a coordinating structure established in terms of Section 155(1)(c) of the Constitution of the Republic of South Africa as a category C municipality which has municipal executive and legislative authority in an area that includes more than one municipality.

Nature of business and principal activities

Local Government

The following is included in the scope of operation

Provision of municipal health services and fire fighting services to communities in the area of the district municipality as a whole. This is in accordance with Section 84(i) and (j) of the Local Government: Municipal Structures Act 117 of 1998. The district municipality also coordinates the local municipalities in West Rand region, namely Mogale City Local Municipality, Rand West City Local Municipality and Merafong City Local Municipality.

Members of Council

Executive Mayor
Speaker of Council
Council Whip
MMC Financial Services
MMC Corporate and Shared Services
MMC Infrastructure and Human Settlement
MMC Roads and Transport
MMC Local Economic Development
MMC Health and Social Development
MMC Environmental Management
MMC Public Safety
MPAC Chairperson
Councillors

Ald. D.S Thabe
Cllr. H.B Munyai
Cllr. M.N Ndzilane
Ald. I.G Khoza
Ald. N Tundzi-Hawu
Cllr. TM Bovhungana
Cllr. S.R Dikana
Cllr. S Boyce
Cllr I Mukwevho (Newly appointed)
Cllr. M.P Teleko
Cllr. T Molusi
Cllr. H.O Butler
Ald. J.D.W Zwart
Ald. B.D Blake
Cllr. H.H Hild
Cllr. G Kruger
Cllr. A Rowles-Zwart
Cllr. N.G Mphafudi
Cllr. O.S.S Moralo
Cllr. A.A Moleko
Cllr. B.A Kubayi
Cllr. D.C Pannall
Cllr. R.J Mokoto
Cllr. M.F Chohledi
Cllr. L.P Pii
Cllr. B Molefe
Cllr. M.B Nkabinde
Cllr. M Naki
Cllr. L.M Mpupu
Cllr. P.K Faku
Cllr. T.M Tlholoe
Cllr. N.T Xhale
Cllr. Van der Berg
Cllr. J Kotze
Cllr. A Steyn

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General Information

	Cllr. F.J.C Steffers Cllr. T.L.J Schoeman Cllr. N Mrwetyana Cllr. S.A Dabhelia Cllr. T.G Koto Cllr. F Ngobeni Cllr. D Moroetsenye Cllr. K.C Ntshangase Cllr. M Segoe (Newly appointed) Cllr A Shikoane (Resigned) Cllr L Legabe (Resigned)
Members of Audit Committee	Dr. L Konar CA(SA) (Chairperson) Mr. C Makgopa BA(SA), GPT(SA), MBA Ms. O Sehunelo MBA Ms. K Mathatho CFE, MBA Mr. M Maseko LLB
Members of Performance Audit Committee	Mr. P Mongalo MBA (Chairperson) Mr. M Nondwangu Mr. B Ahmed CA(SA) Ms. Z Mongalo Ms. J Masite CIA, CFE
Risk Management Committee Chairperson	Mr. J Mohlakoane
Disciplinary Board Committee Chairperson	Mr S Nkosi LLB
Accounting Officer	Mr. M.E Koloi
Chief Finance Officer (CFO)	Mr. L.S Ramaele ACCA
Registered office	Corner Park and Sixth Street Randfontein 1760
Business address	Corner Park and Sixth Street Randfontein 1760
Postal address	Corner Park and Sixth Street Randfontein
Bankers	Standard Bank South Africa First National Bank
Auditors	Auditor General - South Africa Chartered Accountants (S.A.) Registered Auditors Supreme Audit Institution (SAI) of South Africa

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General Information

Attorneys

Lizel Venter Attorneys
Ncube Incorporators Attorneys
Mphoke PK Mangane Inc.
Nandi Bulabula Inc.
Mpoyana Ledwaba Inc.
Mudau & Netshipise Attorneys and Notaries
De Swardt Myambo Hlaha Attorneys
Makhafola Inc. Attorneys & Conveyancers

Preparer

The annual financial statements were internally compiled by:
the municipality's budget and treasury office (BTO)
and independently reviewed by the municipality's Internal Audit, Audit
committee, Gauteng Provincial Treasury and StapSigma Consultants

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Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases Act
DC Board	Disciplinary Committee Board
GRAP	Generally Recognised Accounting Practice
AC	Audit Committee
PAC	Performance Audit Committee
RSC	Regional Service Council Levy
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
FMG	Finance Management Grant
MMC	Member of the Mayoral Committee
NDPG	Neighbourhood Development Partnership Grant

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Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

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

The accounting officer is required, in terms of 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 these financial statements fairly present the state of affairs of the municipality as at the end of the financial year, as well as the results of its operations and cash flows for the same period.

The external auditors are engaged to express an independent opinion on the financial statements and have unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines, and directives issued by the Accounting Standards Board. The financial statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, standards for internal control are set, aimed at reducing the risk of error or deficit in a cost-effective manner. These standards include 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 to ensure that the municipality's business is conducted in a manner that is, in all reasonable circumstances, above reproach. The focus of risk management in the municipality is on identifying, assessing, managing, and monitoring all known forms of risk across the organisation. While operational risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

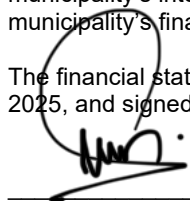
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the financial statements. However, any system of internal financial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

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

The financial statements are prepared on the basis that the municipality is a going concern and that it has neither the intention nor the need to liquidate or materially curtail the scale of its operations.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors. The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements.

The financial statements have been prepared on the going concern basis, approved by the Accounting Officer on 31 August 2025, and signed by:



Mr. M.E Koloi
Municipal Manager

West Rand District Municipality

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Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

1. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of (104 503 608) and that the municipality's total liabilities exceed its assets by (104 503 608).

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. Please refer to note 50 for more details on the municipality's ability to continue as a going concern.

2. Subsequent events (Events after the reporting date)

The accounting officer is aware of matters and circumstances that arose subsequent to the end of the financial year. Further details of these post-reporting events are disclosed in note 51.

3. Accounting Officers' interest in contracts

The accounting officer had no interest in any contract issued by the municipality.

4. Accounting policies

The annual financial statements are prepared under the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and under the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by the National Treasury.

5. Non-current assets

There were no changes in the nature of the municipality's non-current assets for the period under review.

6. Accounting Officer

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

Name	Nationality
Mr. M.E Koloi	South African

7. Bankers

The municipality primarily banks with Standard Bank Southern Africa.

The municipality has a secondary bank account with First National Bank.

8. Auditors

Auditor General - South Africa A chapter nine (9) institution in terms of the Constitution of the Republic of South Africa.

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Accounting Officer's Report

9. Compliance with applicable legislation

The municipality complied in all material aspects with applicable legislation for the period under review. Please refer to note 57 for additional disclosures in terms of the Local Government: Municipal Finance Management Act of 2003.

The annual financial statements set out on page 6, 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. M.E Koloi
Municipal Manager

West Rand District Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	261 533	283 232
Receivables from exchange transactions	4	4 668 622	4 099 806
Receivables from non-exchange transactions	5	1 397 963	-
Cash and cash equivalents	6	4 833 737	9 615 165
		11 161 855	13 998 203
Non-Current Assets			
Biological assets that form part of an agricultural activity	7	92 475	78 408
Investment property	8	9 300 000	9 200 000
Property, plant and equipment	9	58 490 953	60 311 057
		67 883 428	69 589 465
Total Assets		79 045 283	83 587 668
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	58 246 098	55 876 871
Unspent conditional grants and receipts	11	1 397 963	-
Transfers payable (non-exchange)	12	30 444 344	33 033 769
VAT payable	13	4 174 433	3 100 346
Employee benefit obligation	14	2 641 000	2 448 000
Provisions	15	6 849 053	12 746 133
		103 752 891	107 205 119
Non-Current Liabilities			
Employee benefit obligation	14	59 542 000	50 428 000
Provisions	15	20 254 000	28 382 000
		79 796 000	78 810 000
Total Liabilities		183 548 891	186 015 119
Net Assets		(104 503 608)	(102 427 451)
Accumulated deficit		(104 503 608)	(102 427 451)
Total Net Assets		(104 503 608)	(102 427 451)

* See Note 48

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Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	2 885 599	1 798 964
Rental of facilities and equipment	17	2 789 641	2 093 960
Interest received on outstanding receivables	4	405 476	352 903
Licences and permits	18	570 784	533 052
Recoveries		7 253	4 550
Operating income	20	1 299 102	400 371
Interest received - investment	21	4 872 161	6 312 390
Total revenue from exchange transactions		12 830 016	11 496 190
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	22	305 430 232	347 458 422
Public contributions and donations	23	372 143	-
Total revenue from non-exchange transactions		305 802 375	347 458 422
Total revenue	24	318 632 391	358 954 612
Expenditure			
Employee related costs	25	(232 532 877)	(214 581 360)
Employee costs - Remuneration of councillors	26	(13 568 545)	(13 282 117)
Depreciation and amortisation	27	(5 839 792)	(5 449 694)
Interest costs	28	(9 187 091)	(8 851 000)
Lease rentals on operating lease	29	(523 882)	(406 590)
Debt Impairment	30	7 018	(535 529)
Contracted Services	31	(41 708 018)	(74 083 571)
Transfers and Subsidies	32	(11 630 520)	(12 242 120)
Operating costs	34	(25 741 868)	(27 324 584)
Total expenditure		(340 725 575)	(356 756 565)
Operating (deficit) surplus		(22 093 184)	2 198 047
Gain (loss) on disposal of assets and liabilities		94 378	(38 701)
Gain on foreign exchange transaction	36	40 827	-
Fair value adjustments	37	114 067	(83 236)
Actuarial gains/losses	38	(1 723 854)	2 975 434
Impairment loss	39	(79 965)	(153)
Reversal of investment impairment	40	14 157 326	-
Past service cost (Long service)	15	8 669 000	-
Workmen's compensation movement	15	(1 254 839)	(2 936 464)
		20 016 940	(83 120)
(Deficit) surplus for the year		(2 076 244)	2 114 927

* See Note 48

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	(104 542 378)	(104 542 378)
Changes in net assets		
Surplus for the year	2 114 927	2 114 927
Total changes	2 114 927	2 114 927
Opening balance as previously reported	(111 922 348)	(111 922 348)
Adjustments		
Prior year adjustments 48	9 494 984	9 494 984
Restated* Balance at 01 July 2024 as restated*	(102 427 364)	(102 427 364)
Changes in net assets		
Deficit for the year	(2 076 244)	(2 076 244)
Total changes	(2 076 244)	(2 076 244)
Balance at 30 June 2025	(104 503 608)	(104 503 608)

Note(s)

* See Note 48

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Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		306 181 044	340 670 904
Interest income		4 872 161	6 312 390
Other receipts		6 754 209	5 228 730
		317 807 414	352 212 024
Payments			
Employee costs		(234 052 053)	(228 665 430)
Suppliers		(98 780 772)	(126 661 073)
Interest costs		-	-
		(332 832 825)	(355 326 503)
Net cash flows from operating activities	41	(15 025 411)	(3 114 479)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(4 129 578)	(5 795 880)
Proceeds from sale of property, plant and equipment	9	216 235	-
Investments recovered		14 157 326	-
Net cash flows from investing activities		10 243 983	(5 795 880)
Net increase/(decrease) in cash and cash equivalents		(4 781 428)	(8 910 359)
Cash and cash equivalents at the beginning of the year		9 615 165	18 525 524
Cash and cash equivalents at the end of the year	6	4 833 737	9 615 165

The accounting policies on pages 19 to 54 and the notes on pages 54 to 104 form an integral part of the annual financial statements.

* See Note 48

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	3 640 000	-	3 640 000	2 885 599	(754 401)	A
Rental of facilities and equipment	3 252 000	220 000	3 472 000	2 789 641	(682 359)	B
Interest received (trading)	-	-	-	405 476	405 476	L
Licences and permits	734 000	-	734 000	570 784	(163 216)	C
Recoveries	-	-	-	7 253	7 253	
Other income	31 280 000	5 666 000	36 946 000	1 299 102	(35 646 898)	D
Interest received - investment	6 759 000	723 000	7 482 000	4 872 161	(2 609 839)	E
Gain or loss on disposal of assets and liabilities	1 426 000	-	1 426 000	-	(1 426 000)	F
Total revenue from exchange transactions	47 091 000	6 609 000	53 700 000	12 830 016	(40 869 984)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	335 355 000	(24 524 000)	310 831 000	305 430 232	(5 400 768)	G
Public contributions and donations	-	-	-	372 143	372 143	G
Total revenue from non-exchange transactions	335 355 000	(24 524 000)	310 831 000	305 802 375	(5 028 625)	
Total revenue	382 446 000	(17 915 000)	364 531 000	318 632 391	(45 898 609)	

Expenditure

Employee related costs	(238 454 000)	2 000 000	(236 454 000)	(232 532 877)	3 921 123	H
Employee costs - Remuneration of councillors	(14 809 000)	-	(14 809 000)	(13 568 545)	1 240 455	I
Depreciation and amortisation	(6 594 000)	-	(6 594 000)	(5 839 792)	754 208	J
Impairment loss/ Reversal of impairments	-	-	-	(79 965)	(79 965)	
Interest costs	(11 747 000)	(500 000)	(12 247 000)	(9 187 091)	3 059 909	K
Lease rentals on operating lease	(410 000)	(201 000)	(611 000)	(523 882)	87 118	
Debt Impairment	1 869 000	-	1 869 000	7 018	(1 861 982)	L
Contracted Services	(73 056 000)	20 579 000	(52 477 000)	(41 708 018)	10 768 982	M
Transfers and Subsidies	(12 807 000)	-	(12 807 000)	(11 630 520)	1 176 480	N
Operating costs	(33 730 000)	(2 855 000)	(36 585 000)	(25 741 868)	10 843 132	O
Total expenditure	(389 738 000)	19 023 000	(370 715 000)	(340 805 540)	29 909 460	
Operating deficit	(7 292 000)	1 108 000	(6 184 000)	(22 173 149)	(15 989 149)	
Gain on disposal of assets and liabilities	-	-	-	94 378	94 378	
Gain on foreign exchange	-	-	-	40 827	40 827	
Fair value adjustments	-	-	-	114 067	114 067	
Actuarial gains/losses	-	-	-	(1 723 854)	(1 723 854)	K
Reversal of impairment	12 183 000	-	12 183 000	14 157 326	1 974 326	P
Past service cost (Long service)	-	-	-	8 669 000	8 669 000	K

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Workmen's compensation movement	-	-	-	(1 254 839)	(1 254 839)	Q
	12 183 000	-	12 183 000	20 096 905	7 913 905	
Deficit before taxation	4 891 000	1 108 000	5 999 000	(2 076 244)	(8 075 244)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	4 891 000	1 108 000	5 999 000	(2 076 244)	(8 075 244)	
Reconciliation						

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	300 000	-	300 000	261 533	(38 467)	
Receivables from exchange transactions	11 302 000	-	11 302 000	4 668 622	(6 633 378)	L
Receivables from non-exchange transactions	-	-	-	1 397 963	1 397 963	
Cash and cash equivalents	2 554 000	-	2 554 000	4 833 737	2 279 737	
	14 156 000	-	14 156 000	11 161 855	(2 994 145)	

Non-Current Assets

Biological assets that form part of an agricultural activity	78 408	-	78 408	92 475	14 067	
Investment property	9 200 000	-	9 200 000	9 300 000	100 000	
Property, plant and equipment	60 077 042	-	60 077 042	58 490 953	(1 586 089)	J
	69 355 450	-	69 355 450	67 883 428	(1 472 022)	
Total Assets	83 511 450	-	83 511 450	79 045 283	(4 466 167)	

Liabilities

Current Liabilities

Payables from exchange transactions	66 532 610	-	66 532 610	58 246 098	(8 286 512)	R
Taxes and transfers payable (non-exchange)	33 033 769	-	33 033 769	30 444 344	(2 589 425)	S
VAT payable	-	-	-	4 174 433	4 174 433	D
Employee benefit obligation	2 448 000	-	2 448 000	2 641 000	193 000	
Unspent conditional grants and receipts	-	-	-	1 397 963	1 397 963	
Provisions	12 746 133	-	12 746 133	6 849 053	(5 897 080)	T
	114 760 512	-	114 760 512	103 752 891	(11 007 621)	

Non-Current Liabilities

Employee benefit obligation	50 428 000	-	50 428 000	59 542 000	9 114 000	
Provisions	28 382 000	-	28 382 000	20 254 000	(8 128 000)	
	78 810 000	-	78 810 000	79 796 000	986 000	
Total Liabilities	193 570 512	-	193 570 512	183 548 891	(10 021 621)	
Net Assets	(110 059 062)	-	(110 059 062)	(104 503 608)	5 555 454	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated deficit	(110 059 062)	-	(110 059 062)	(104 503 608)	5 555 454	
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West Rand District Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	310 510 000	-	310 510 000	306 181 044	(4 328 956)	G
Interest income	7 600 000	-	7 600 000	4 872 161	(2 727 839)	E
Other receipts	16 303 000	-	16 303 000	6 754 209	(9 548 791)	D
	334 413 000	-	334 413 000	317 807 414	(16 605 586)	

Payments

Employee costs	(235 000 000)	-	(235 000 000)	(234 052 053)	947 947	H
Suppliers	(100 500 000)	-	(100 500 000)	(98 780 772)	1 719 228	O
	(335 500 000)	-	(335 500 000)	(332 832 825)	2 667 175	

Net cash flows from operating activities	(1 087 000)	-	(1 087 000)	(15 025 411)	(13 938 411)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(5 400 000)	-	(5 400 000)	(4 129 578)	1 270 422	U
Proceeds from sale of property, plant and equipment	-	-	-	216 235	216 235	
Investments recovered	-	-	-	14 157 326	14 157 326	P

Net cash flows from investing activities	(5 400 000)	-	(5 400 000)	10 243 983	15 643 983	
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Net increase/(decrease) in cash and cash equivalents	(6 487 000)	-	(6 487 000)	(4 781 428)	1 705 572	
Cash and cash equivalents at the beginning of the year	9 615 165	-	9 615 165	9 615 165	-	

Cash and cash equivalents at the end of the year	3 128 165	-	3 128 165	4 833 737	1 705 572	
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Reconciliation

West Rand District Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

The following are explanations for discrepancies identified between the approved budget and actual amounts in the Statement of Comparison of Budget and Actual Amounts:

A - Under performance in service charges due to less developments in West Rand region, leading to low development of building plan fees (fire prevention fees) for fire services.

B - An increase in rental is due to the increase in rental tariff, following the review of service level agreements which were due for renewal.

C - Under collection in licenses and permits was mainly driven by the negative economic indicators currently being experienced in West Rand, leading to majority of businesses closing down.

D - Under collection in other income is due to under collection of Donaldson Dam revenue and SARS receipts being reallocated to VAT control account but originally budgeted for under other income.

E - Over-collection in interest earned on investment was a result of the reduction of Neighbourhood development partnership grant which could not be ringfenced in the fixed deposit account since the municipality invest funds not immediately committed to generate investment revenue.

F - The municipality did not embark on the fixed assets auction during the year under review

G - Undercollection in government grants is due to low collection of LG SETA grants as a result of delayed LG SETA programmes, The municipality received donations from STAP SIGMA through South African Local Government Association (SALGA) in procuring fixed asset register scanners and to assist the municipality with fixed asset register conversion.

H- Under expenditure on employee-related costs is due to the current service cost on long service and medical aid liability as non-cash items valued at year-end.

I - Under-expenditure in council remuneration is due to the budgeting principle of using inflationary CPIX increment but the increase in terms of the concurrence approved by the MEC is less than the budgeted increment.

J - Under expenditure in depreciation is based on the assessment of useful life at year-end. Management tested the indicators of impairment at year-end..

K - Decrease in interest costs is due to lower interest cost accrued for long service award liability and medical aid liability charged. The municipality no longer incurs interest on Rand West City Local Municipality utility account due to a settlement agreement in place,

L - An increase in debt impairment is due to the long outstanding debt owed by Merafong City Local Municipality and the commercial debtors. These debts have been handed over to attorneys for collection. Interest has been levied on outstanding debtors exceeding thirty (30) days. South African Municipal Workers Union (SAMWU) and Jumbo furnishers' debt were tabled to the Council for write off since they have not been recoverable for more than thirteen (13) years, and the cost to recover these debts exceeds the value of the actual debts.

M - Under expenditure in contracted services relates to savings in expenses for legal fees and maintenance on assets.

N - Under expenditure in transfers and subsidies paid is due to low cost on the claim on pauper burials.

O - Under expenditure in operating costs is due to the implementation of cost containment measures as per the requirements of circular 82 and cost containment regulations.

P- The municipality received the amount of R14 million claimed from the VBS liquidator through a distribution account.

Q- The municipality filed a return for workmens compensation with the Compensation Commissioner at year-end.

R - The decrease in payables is due the effective implementation of the financial turnaround strategy by settling outstanding

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

creditors in terms of payment arrangements.

S - A decrease in taxes and transfers payables from non-exchange is due the payment of savings realised from the fire services grant which was surrendered back to Gauteng Provincial Revenue Fund to be utilised for other programmes.

T - The decrease in provisions is due to the settlement of workmen's compensation following a payment arrangement between the municipality and the Compensation Commissioner.

U - Underspending in the purchase of property, plant and equipment is due to savings realised from purchasing the 12000 litres water tanker through the National Treasury Transversal contract instead of embarking on the competitive bidding process.

The accounting policies on pages 19 to 54 and the notes on pages 54 to 104 form an integral part of the annual financial statements.

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Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

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Significant Accounting Policies

1.4 Materiality

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

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

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Materiality (continued)

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

Materiality is informed by both quantitative and qualitative factors.

In order to determine materiality in the context of these quantitative and qualitative factors, it is important to establish the primary users of the Municipality's Financial Statements. The mandate of the Municipality is to provide service delivery to its constituents in line with the Integrated Development Plan, the Constitution, together with National and Provincial strategic objectives.

Qualitative materiality refers to the non-financial information that is useful to the users of Financial Statements as it impacts on their ability to make informed decisions. Information about compliance or non-compliance with legislation, supporting regulations or similar means may be material because of its nature, irrespective of the magnitude of any amounts involved. Nature refers to, amongst others, the legislative requirements, new laws, public interest, importance of balances or transactions, complexity of transactions and ethics.

The following information is qualitatively material based on the needs of the users of the Municipality's Financial Statements:

- Disclosures required by the applicable regulatory reporting framework and legislations.
- Information that is in the public interest.
- Governance and ethical considerations.
- Complex transactions requiring high degree of estimation or judgement.
- Transactions not within the normal operations of the Municipality.
- Related party disclosures.
- Information that has an impact on key ratios used to evaluate the Municipality's financial position, results of operations or cash flows. i.e. MFMA Circular 71 Uniform Financial Ratios.

Professional judgement is exercised in assessing the importance of these qualitative factors in determining materiality. The primary users of the Financial Statements are the Municipality's service constituents, and these users are mainly interested in information pertaining to sustainable service delivery. This will include information about the nature and quality of total expenditure used to perform service delivery and whether the employee related cost for fire services are managed adequately in order to ensure that the Municipality operates in a sustainable manner. The applicable materiality benchmark is therefore that pertaining to total expenditure.

The latest audited figures are used as baseline figures since the auditors have expressed an opinion on them. These figures allow the Municipality to assess materiality throughout the year since the figures are readily available.

The materiality range to be applied against the Rand value, with the parameters being 1% to 2%.

This requires that professional judgement, consistency and other qualitative factors to be considered in calculating the materiality thresholds. Based on the size of the Municipality, the complexity of its operations, nature of transactions and the qualitative factors mentioned, a prudent and conservative approach has been applied by using the minimum percentage of 1% on the range calculated to provide sufficient information to the users of Financial Statements that will enable them to make informed decisions.

Element: Total expenditure

Baseline (R) - 30 June 2024 audited figures: R 356 941 399

Percentage (%) 1%

Materiality level (R) R 3 569 414

Overall materiality at a Financial Statement level is R 3 569 414

1.5 Significant judgements and sources of estimation uncertainty

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

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

Trade and other receivables

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

Fair value estimation

The municipality measures trade and other receivables, biological assets and investment property at fair value in accordance with the applicable standards of GRAP.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price and valuation techniques.

The fair value of rental debtors is based on the amount billed to rental customers in terms of the lease agreements. Refer to the accounting policy on Biological assets and Investment property for further details.

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

Impairment testing

The recoverable service amounts of non cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. Changes in assumptions related to the discount rate, remaining service potential or cash flows, remaining useful life and residual value, occupancy or usage rates, may affect estimations and could require an adjustment to the carrying value of goodwill and tangible assets

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [asset utilisation, municipal service charges and property rates, and collection rates from customers], together with economic factors such as [inflation rates and interest rates].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

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Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation is determined on an actuarial basis and depends on several factors that require expert assumptions. Key assumptions used in calculating the net cost (income) include the discount rate.. Any changes in these assumptions may have a significant impact on the carrying amount of post-retirement obligations.

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

Effective interest rate

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

Allowance for doubtful debts

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

Selection of an appropriate reporting framework by the entity as a public entity

The municipality assesses whether it meets the criteria in paragraph 11 of Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities.

This assessment is performed initially when the Directive becomes effective, and subsequently changes the reporting framework only if a significant change has occurred that leads the municipality to conclude that it meets, or no longer meets, the relating criteria.

In making these assessments, management applies its judgement and consider all relevant historical facts and circumstances, as well as prospective information, ensuring a holistic assessment over an extended period of time is performed, to ensure that the municipality does not change its reporting framework every year.

In the case of the municipality as part of a group of entities, the assessments are applied to the economic municipality. The reporting framework selected based on the assessment of the economic municipality, is applied by both the controlling municipality and controlled municipality in preparing their annual financial statements.

Impairment of statutory receivables

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

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

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

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Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
 - Developing accounting policies
 - Deciding what information to disclose
 - Deciding how to present information
 - Assessing omissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

1.6 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets that form part of an agricultural activity where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

1.7 Investment property

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

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

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

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Significant Accounting Policies

1.7 Investment property (continued)

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

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

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

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

Fair value

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

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

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

1.8 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	7 - 30 years
Leasehold property	Straight-line	5 - 20 year
Plant and machinery	Straight-line	3 - 17 years
Furniture and fixtures	Straight-line	5 - 20 years
Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	3 - 17 years
Specialised vehicles	Straight-line	5 - 20 Years
Security measures	Straight-line	5 - 15 Years
Roads and stormwater	Straight-line	20 - 30 years
Water	Straight-line	20 - 30 years
Community facilities	Straight-line	20 - 30 years
Emergency equipment	Straight-line	5 - 15 years
Watercraft	Straight-line	20 - 30 years
Electrical	Straight-line	20 - 30 years
IT Equipment	Straight-line	3 - 17 years

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

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

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

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

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

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

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

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Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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

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

1.9 Financial instruments

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

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

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

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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Significant Accounting Policies

1.9 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

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

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Transfers payable (non-exchange)	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

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

1.10 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

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Significant Accounting Policies

1.10 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

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

Impairment losses

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

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

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

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

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

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

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1.10 Statutory receivables (continued)

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

Derecognition

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

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

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

1.11 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

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1.11 Leases (continued)

Operating leases - lessee

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

1.12 Inventories

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

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

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

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

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

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

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

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

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

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

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

1.14 Impairment of cash-generating assets

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

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

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1.14 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Useful life is either:

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

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

Assets held with the primary objective of earning a commercial return were classified as cash-generating assets (rental space)

Assets primarily used to deliver statutory services at nominal charge were classified as non-cash-generating assets

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

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1.14 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Discount rate

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

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Significant Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

Assets held with the primary objective of earning a commercial return were classified as cash-generating assets (rental space)

Assets primarily used to deliver statutory services at nominal charge were classified as non-cash-generating assets

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

Value in use

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

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

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

Reversal of an impairment loss

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

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

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

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

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

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1.16 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

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

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

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

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

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

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1.16 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

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

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

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1.16 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

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1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Attributing benefit to periods of service

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

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

Actuarial assumptions: Discount rate

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

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

(a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer's share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

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1.16 Employee benefits (continued)

- (i) those changes were enacted before the end of the reporting period; or
- (ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

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1.16 Employee benefits (continued)

(a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and

(b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Presentation

Offset

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Current/non-current distinction

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Components of defined benefit cost

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

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1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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1.17 Provisions and contingencies (continued)

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

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

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

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

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

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

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

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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1.19 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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

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

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Significant Accounting Policies

1.19 Revenue from exchange transactions (continued)

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

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

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

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

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Significant Accounting Policies

1.20 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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1.20 Revenue from non-exchange transactions (continued)

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

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

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

Debt forgiveness and assumption of liabilities

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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

1.21 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.22 Investment income

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

1.23 Accounting by principals and agents

Identification

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1.23 Accounting by principals and agents (continued)

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

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1.24 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure means:

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

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

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

1.27 Fruitless and wasteful expenditure

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

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. All expenditure previously incurred is not classified as fruitless and wasteful expenditure until such expenditure is paid. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

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

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1.28 Irregular expenditure (continued)

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

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

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

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

1.29 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.30 Budget information

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

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

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

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

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1.30 Budget information (continued)

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

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.31 Related parties

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

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

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

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

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

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

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

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

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

1.32 Events after reporting date

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

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

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

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

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2026	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2026	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	01 April 2026	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

Consumable stores	244 580	266 279
Fixed assets to be auctioned	16 953	16 953
	261 533	283 232

4. Receivables from exchange transactions

Contributions from local municipalities	5 400 000	7 225 800
Other consumer debtors (1)	5 814 867	5 363 697
Prepaid expenses (2)	1 454 082	283 053
impairment of receivables	(8 000 327)	(8 772 744)
	4 668 622	4 099 806

Gross receivables are as follows:

Contributions from local municipalities	5 400 000	7 225 800
Other consumer debtors (1)	5 814 866	5 363 697
Prepaid expenses	1 454 082	283 053
	12 668 948	12 872 550

Impairment on receivables above are as follows:

Contributions from local municipalities	(5 400 000)	(5 400 000)
Other consumer debtors (1)	(2 600 326)	(3 372 744)
	(8 000 326)	(8 772 744)

Financial asset receivables included in receivables from exchange transactions above

	-	-
Total net receivables from exchange transactions	4 668 622	4 099 806

(1) The municipality levies interest on outstanding debtors balances which are over thirty (30) days in terms of the credit control and debt management policy approved by Council. The interest levied on outstanding debtors balances amounts to R405 476 (2024- R352 903)

(2) Prepaid expense relates to once off annual fee payable to Microsoft in advance for a period between March 2025 to February 2026.

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4. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 30 June 2025, trade and other receivables of 11 214 866 (2024: 12 589 497) were impaired and provided for.

The amount of the provision was 8 000 326 as of 30 June 2025 (2024: 8 772 744).

The ageing of these loans is as follows:

3 to 6 months	587 169	410 936
Over 6 months	4 649 449	8 361 808

Reconciliation of provision for impairment of trade and other receivables

Opening balance	8 772 744	8 237 214
Provision for impairment	(877 018)	-
Amounts written off as uncollectible	877 018	-
Contribution to/(Reversals of) debt impairment provision	(772 418)	535 530
	8 000 326	8 772 744

5. Receivables from non-exchange transactions

Government grants and subsidies	1 397 963	-
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Concomitant assets included in receivables from non-exchange transactions above are as follows:

HIV/ Aids grant (Merafong City Local Municipality) (1)	345 747	-
HIV/ Aids grant (Rand West City Local Municipality) (2)	1 052 216	-
	1 397 963	-

Total receivables from non-exchange transactions	1 397 963	-
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(1) This relates to the conditional grants unspent at the end of the financial year, while the funds were still in the Merafong City Local municipality's bank accounts.

(2) This relates to the conditional grants unspent at the end of the financial year, while the funds were still in the Rand West City Local municipality's bank accounts.

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6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7 730	26 034
Bank balances	423 380	2 917 666
Short-term deposits	4 402 627	6 671 465
	4 833 737	9 615 165

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Standard Bank - Corporate - 021307350	414 218	1 398 057	1 389 086	414 218	1 398 057	1 389 086
First National Bank - Corporate - 62777660872	8 988	1 519 667	11 218 490	8 988	1 519 609	11 217 045
Standard Bank - Call account - 658833952	4 401 389	6 118 772	2 967	4 401 389	6 118 772	2 967
First National Bank - Call Account- 62835844334	970	548 752	5 897 712	970	548 752	5 897 712
Standard Bank - Petty Cash	3 403	9 252	-	3 403	9 252	-
First National Bank E-wallet cards	4 027	4 027	18 413	4 027	4 027	18 714
Petty Cash Float	474	16 692	-	474	16 692	-
Total	4 833 469	9 615 219	18 526 668	4 833 469	9 615 161	18 525 524

The municipality has the following bank accounts which are dormant and council resolved the closure of these accounts:

- Standard bank notice account (Account number: 658833952002)
- Standard bank notice deposit (Account number: 658833952006)
- Standard bank notice deposit (Account number: 658833952007)
- Standard bank back to basics account (Account number: 21498180)
- Standard bank savings account (Account number: 21471312)

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7. Biological assets that form part of an agricultural activity

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Flowers	92 475	-	92 475	78 408	-	78 408

Reconciliation of biological assets that form part of an agricultural activity - 2025

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	78 408	14 067	92 475

Reconciliation of biological assets that form part of an agricultural activity - 2024

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	161 644	(83 236)	78 408

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7. Biological assets that form part of an agricultural activity (continued)

Non-financial information

Quantities of each biological asset

Biological assets - Flowers	100 440	77 760
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The municipality performed a physical verification of all biological assets at 30 June 2025.

A register of all biological assets is available at the Regional planning and economic development department of the municipality for inspection. Biological assets are situated at Merafong Flora and Multiflora prices were utilised as a basis of the valuation.

The increase in the value of biological assets is as result of the improvement in quantities produced at Merafong Flora and the stability of the average unit price of flowers at R3.49 in both the previous and the current financial year, however there is still challenges with poor performance on the quality of fresh produce which is attributed to the municipality's financial constraints.

Methods and assumptions used in determining fair value

The fair value of the different varieties of plants (flowers) were determined by the Multiflora Auction Market. Multiflora Auction Market is the outlet through which the flowers are sold.

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9 300 000	-	9 300 000	9 200 000	-	9 200 000

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	9 200 000	100 000	9 300 000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	9 200 000	9 200 000

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.

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8. Investment property (continued)		
Amounts recognised in surplus or deficit		
Rental revenue from Investment property	1 249 729	860 138
From Investment property that generated rental revenue		
Direct operating expenses	(269 362)	(167 923)

The effective date of the valuation was 30 June 2025. Valuations were performed by an independent valuer, Kgoshi Sasa (Professional Valuer-SACPVP Reg no: 4417/6). Kgoshi Sasa is not connected to the municipality and has recent experience in location and category of the investment property being valued.

This property shall be valued based on the RAS MATRIX guidelines, forecourt rentals are a function of the amount of fuel being sold.

These assumptions are based on current market conditions

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9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12 118 881	-	12 118 881	12 118 881	-	12 118 881
Buildings	53 209 898	(42 125 660)	11 084 238	53 213 995	(40 817 911)	12 396 084
Plant and machinery	2 551 182	(1 713 151)	838 031	3 066 898	(1 994 104)	1 072 794
Furniture and fixtures	3 780 297	(3 666 761)	113 536	4 086 679	(3 912 717)	173 962
Motor vehicles	11 738 124	(7 353 229)	4 384 895	9 842 062	(6 760 074)	3 081 988
Office equipment	6 239 631	(3 617 772)	2 621 859	6 170 093	(3 532 708)	2 637 385
Security measures	9 015 793	(8 718 482)	297 311	9 034 195	(8 710 054)	324 141
Infrastructure	10 078 843	(9 694 124)	384 719	10 456 141	(9 979 511)	476 630
Electrical equipment	470 392	(442 968)	27 424	477 850	(448 335)	29 515
Emergency equipment	3 506 652	(1 110 451)	2 396 201	2 352 385	(1 132 451)	1 219 934
Specialised vehicles	54 008 348	(29 784 490)	24 223 858	54 008 348	(27 228 605)	26 779 743
Total	166 718 041	(108 227 088)	58 490 953	164 827 527	(104 516 470)	60 311 057

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Derecognition/ Write off	Additions through insurance/ donations	Depreciation	Impairment loss	Total
Land	12 118 881	-	-	-	-	-	12 118 881
Buildings	12 396 084	-	(76)	-	(1 275 461)	(36 309)	11 084 238
Plant and machinery	1 072 794	-	(2 647)	-	(232 116)	-	838 031
Furniture and fixtures	173 962	-	(5 309)	-	(55 080)	(37)	113 536
Motor vehicles	3 081 988	2 064 652	(16 506)	-	(745 239)	-	4 384 895
Office equipment	2 637 385	748 136	(96 747)	91 934	(758 849)	-	2 621 859
Security measures	324 141	-	(176)	-	(26 653)	(1)	297 311
Infrastructure	476 630	-	(4)	-	(48 287)	(43 620)	384 719
Electrical equipment	29 515	-	(1)	-	(2 090)	-	27 424
Emergency equipment	1 219 934	1 316 790	(391)	-	(140 132)	-	2 396 201
Specialised vehicles	26 779 743	-	-	-	(2 555 885)	-	24 223 858
	60 311 057	4 129 578	(121 857)	91 934	(5 839 792)	(79 967)	58 490 953

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Derecognition/ Write off	Additions through insurance/ donations	Depreciation	Impairment loss	Total
Land	12 118 881	-	-	-	-	-	12 118 881
Buildings	13 372 276	-	-	-	(976 192)	-	12 396 084
Plant and machinery	618 466	609 610	-	-	(155 282)	-	1 072 794
Furniture and fixtures	254 223	-	-	-	(80 108)	(153)	173 962
Motor vehicles	1 705 724	2 396 268	-	-	(1 020 004)	-	3 081 988
Office equipment	1 468 102	1 756 114	(88 413)	49 712	(548 130)	-	2 637 385
Security measures	350 196	-	-	-	(26 055)	-	324 141
Infrastructure	533 876	-	-	-	(57 246)	-	476 630
Electrical equipment	31 606	-	-	-	(2 091)	-	29 515
Emergency equipment	220 479	1 033 888	-	-	(34 433)	-	1 219 934
Specialised vehicles	29 329 896	-	-	-	(2 550 153)	-	26 779 743
	60 003 725	5 795 880	(88 413)	49 712	(5 449 694)	(153)	60 311 057

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..

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Figures in Rand	2025	2024
10. Payables from exchange transactions		
Trade payables	19 873 159	26 343 482
Unallocated deposits	134 420	85 719
Bonus payable (1)	851 478	333 444
Third parties outstanding	10 072 597	3 275 588
Leave payable	27 301 919	25 826 113
Other payables	12 525	12 525
	58 246 098	55 876 871

(1) This relates to a portion of performance bonus payable following the conclusion of performance assessments for senior managers.

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

HIV/ Aids grant (1)	1 397 963	-
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Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

(1) The local municipalities had unspent funds during the current financial year on HIV/ Aids programmes. The funds are cash-backed by the local municipalities.

See note 22 for reconciliation of grants from National/Provincial Government.

12. Transfers payable (non-exchange)

Transfers payable (1)	30 444 344	30 444 344
Other payables from non-exchange transactions (2)	2 589 425	2 589 425
Unspent allocations surrendered	(2 589 425)	-
	30 444 344	33 033 769

(1) Transfers payable amount relates to amount received from Provincial Human Settlements in terms of implementation protocol and the unspent portion is payable to Gauteng Department of Human Settlements. The funds were withheld with VBS Mutual Bank which was placed under curatorship from 11 March 2018.

(2) These funds relates to saving realised projected from the spending of conditional grants due to the effectiveness of price and market analysis applied during the procurement processes. The municipality has surrendered funds back to Gauteng Provincial Revenue fund so that they can be redirected for the utilisation of other programmes.

13. VAT payable

VAT Control	4 174 433	3 100 346
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VAT Receivable and VAT Payable are exchange transactions.

VAT Receivable and VAT Payable are statutory arrangements.

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14. Employee benefit obligations

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

Carrying value

Present value of the defined benefit obligation	(62 183 000)	(52 876 000)
Non-current liabilities	(59 542 000)	(50 428 000)
Current liabilities	(2 641 000)	(2 448 000)
	(62 183 000)	(52 876 000)

An actuarial valuation has been performed of the liability in respect of post-employment medical aid benefits to employees and retirees of the WRDM, and to their registered dependents as at 30 June 2025. An independent Actuarial Valuer, which is ARCH Actuarial Consulting was appointed by the municipality to perform these valuations. The company is practicing according to the conditions and requirements of the Actuarial Society of South Africa. Chanan Weiss is a qualified member of the Actuarial Society of South Africa

The valuation considers all employees, retired employees and their dependents who participate in the medical aid arrangements and are entitled to a post-employment medical aid subsidy. The post-employment medical aid subsidy liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability. The Accounting Standards require that an employer's liability be based on the cost of the benefits provided by the employer.

The Medical Schemes Act 1998 enforces community ratings which means that the contributions payable by retirees are the same as those paid by younger members. The employer's cost can therefore be taken as the expected contributions only, as opposed to the expected cost of actual medical aid benefits.

Post retirement medical aid plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid scheme, most of which offers a range of options pertaining to the levels of cover. Upon retirement a retired employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-on-retirement the surviving dependents may continue membership of the medical scheme

Changes in the net defined liability (asset) are as follows:

Opening balance	52 876 000	49 869 000
Service cost	1 848 000	1 683 000
Net interest expense or revenue	6 332 000	6 077 000
Benefits paid	(2 518 768)	(2 304 014)
Actuarial (gains) losses	3 645 768	(2 448 986)
	62 183 000	52 876 000

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	52 876 000	49 869 000
Service cost	1 848 000	1 683 000
Interest cost	6 332 000	6 077 000
Benefits paid	(2 518 768)	(2 304 014)
Actuarial (gains) losses	3 645 768	(2 448 986)
	62 183 000	52 876 000

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Figures in Rand	2025	2024
14. Receivables from non-exchange transactions (continued)		
Net expense recognised in the statement of financial performance are as follows:		
Service cost	1 848 000	1 683 000
- Current service cost	1 848 000	1 683 000
Net interest on the net defined benefit liability (asset)	6 332 000	6 077 000
Remeasurements of the net defined benefit liability (asset)	(2 518 768)	(2 448 986)
- Actuarial gains and losses arising from:	(2 518 768)	(2 448 986)
- Changes in financial assumptions	(2 518 768)	(2 448 986)
	5 661 232	5 311 014

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	3 645 768	(2 448 986)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used (D)	11,20 %	12,25 %
Consumer price inflation (C)	5,20 %	6,22 %
Health care cost inflation (H)	7,00 %	7,72 %
Net discount rate $((1+D)/(1+H)-1)$	3,90 %	4,21 %

Medical Scheme Arrangements

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover

Contribution Rate Structure

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Financial Assumptions

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

Consequently, a discount rate of 11.20% per annum has been used. These rates do not reflect any adjustment for taxation. These rates were reduced from the yield curve obtained from the Bond Exchange of South Africa after the market closed on 30 June 2025.

Key Demographic Assumptions

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement. We have assumed continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependents.

It has been assumed that female spouses will be four years younger than their male counterparts. Further, we have assumed that 95% of eligible employees on a health care arrangement at retirement will have an adult dependent. For current retiree members, actual marital status was used and the potential for remarriage was ignored

Other assumptions

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

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14. Receivables from non-exchange transactions (continued)

Sensitivity analysis

Healthcare cost trends

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

2025	One percentage point increase	One percentage point decrease
Effect on the service cost	1 985 000	1 648 000
Effect on interest cost	6 687 000	5 855 000
Effect on defined benefit obligation	65 354 000	57 809 000
2024	One percentage point increase	One percentage point decrease
Effect on the service cost	1 812 000	1 496 000
Effect on interest cost	6 428 000	5 611 000
Effect on defined benefit obligation	55 874 000	48 981 000

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15. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Settled during the year	Transfers	Interest cost	Other movements	Total
Long service award	28 382 000	1 765 000	(2 157 086)	-	2 855 000	(10 590 914)	20 254 000
Performance bonus	1 112 022	1 097 118	-	(851 478)	-	-	1 357 662
Legal arbitration award	-	3 281 377	-	-	-	-	3 281 377
Workmens compensation	11 634 111	1 254 839	(10 678 936)	-	-	-	2 210 014
	41 128 133	7 398 334	(12 836 022)	(851 478)	2 855 000	(10 590 914)	27 103 053

Reconciliation of provisions - 2024

	Opening Balance	Additions	Settled during the year	Transfers	Interest cost	Total
Long service award	26 356 000	1 250 552	(1 998 552)	-	2 774 000	28 382 000
Performance bonus	999 318	446 148	-	(333 444)	-	1 112 022
Workmens compensation	11 409 285	2 936 463	(2 711 637)	-	-	11 634 111
	38 764 603	4 633 163	(4 710 189)	(333 444)	2 774 000	41 128 133

Non-current liabilities	20 254 000	28 382 000
Current liabilities	6 849 053	12 746 133
	27 103 053	41 128 133

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15. Provisions (continued)		
Long service award		
Long service award provision relates to benefits granted to employees for working with the municipality for ten (10) years or more.		
Reconciliation of long service awards provision		
Opening accrued liability	28 382 000	26 356 000
Past service cost	(8 669 000)	-
Current service cost	1 765 000	1 777 000
Current interest cost	2 855 000	2 774 000
Benefits paid	(2 157 086)	(1 998 552)
Actuarial (gain)/ loss during the year	(1 921 914)	(526 448)
	20 254 000	28 382 000

Workmens compensation

The labour assessment provision is based on the statements from Compensation commissioner following the assessments concluded during the financial year.

Performance bonus

Performance bonus provision relates to the performance awarded to Section 56 managers calculated at 14% of the total cost to company

Legal arbitration award

This relates to the legal arbitration recently awarded in favour of the plaintiff (The former Municipal manager) by the High Court.

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16. Service charges		
Service charges	532 296	513 901
Fire & rescue services	2 353 303	1 285 063
	2 885 599	1 798 964
17. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	2 770 766	2 075 085
Parking spaces	18 875	18 875
	2 789 641	2 093 960
18. Licences and permits		
Atmospheric air quality licensing	208 696	455 138
Health Certificates	362 088	77 914
	570 784	533 052
19. Other revenue		
Recovery	7 253	4 550
Operating income	1 299 102	400 371
	1 306 355	404 921
20. Operating income		
Donaldson dam gate takings	157 948	138 945
Sale of bid documents	44 483	36 522
Commission	105 895	80 456
Sale of plants	304	5 148
Rural asset management implementation fee	145 550	139 300
HIV/ Aids programme administration fee	844 922	-
	1 299 102	400 371
(1) Donaldson dam revenue relates to the tickets issued for gate takings in accessing the facilities.		
(2) Sale of plants has slightly increased compared to the previous year, however this still results to a low collection of which it relates to poor performance on the quality of fresh produce which was attributed to the municipality's financial constraints		
21. Investment revenue		
Interest revenue		
Bank	471 303	528 017
Call account	4 400 858	4 757 818
Fixed deposit	-	1 026 555
	4 872 161	6 312 390

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22. Government grants & subsidies

Operating grants

Equitable share	53 548 000	51 354 948
RSC replacement grant	190 575 000	187 061 000
Expanded public works programme	1 250 000	1 203 000
Financial management grant	1 200 000	1 200 000
Disaster management grant	-	1 917 211
Fire brigade service grant - operational	110 873	8 811 065
HIV/AIDS grant	12 223 078	12 469 000
LG Seta grant	1 785 703	3 307 393
Rural asset management grant	2 765 450	2 646 700
	263 458 104	269 970 317

Capital grants

Neighbourhood development partnership grant	38 483 000	73 429 000
Fire brigade service grant - capital	3 489 128	4 059 105
	41 972 128	77 488 105
	305 430 232	347 458 422

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	61 307 232	109 042 474
Unconditional grants received	244 123 000	238 415 948
	305 430 232	347 458 422

Expanded public works programme

Current-year receipts	1 250 000	1 203 000
Conditions met - transferred to revenue	(1 250 000)	(1 203 000)
	-	-

The grant used for Labour Intensive programmes as outlined by National Government.

Financial management grant

Current-year receipts	1 200 000	1 200 000
Conditions met - transferred to revenue	(1 200 000)	(1 200 000)
	-	-

The grant is used to promote and support reforms in financial management by building capacity in the municipality.

Disaster management grant

Balance unspent at beginning of year	-	2 634 508
Conditions met - transferred to revenue	-	(1 917 210)
Savings realised	-	(717 298)
	-	-

The grant relates to the improvement of the state of readiness for disaster management services in line with Disaster Management Act, 57 of 2002 as amended.

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22. Government grants & subsidies (continued)

Fire brigade service grant- operational

Balance unspent at beginning of year	-	9 865 754
Conditions met - transferred to revenue	-	(8 811 065)
Savings realised	-	(1 054 689)
	-	-

This grant is utilised to subsidise fire and rescue service operations since the fire services function is an unfunded mandate. This assisted the municipality in purchasing a medium pumper fire engine, to repair existing emergency vehicles and buying uniform for fire service officials.

Fire brigade service grant- capital

Balance unspent at beginning of year	-	1 876 408
Current-year receipts	3 600 000	3 000 000
Conditions met - transferred to revenue	(3 519 275)	(4 058 970)
Savings realised	(80 725)	(817 438)
	-	-

The grants relates to the improvement of fire and rescue services response capabilities in line with Fire Brigade Services Act 99 of 1987 and the South African National Standard on community protection against fire code SANS:10090.

HIV/AIDS grant

Balance unspent at beginning of year	-	733 642
Current-year receipts	13 068 000	12 469 000
Conditions met by the District - transferred to revenue	(13 043 300)	(12 469 000)
Unspent by local municipalities	1 397 963	-
Roll-over application by local municipalities	(1 397 963)	-
Surrendered back to Gauteng Revenue Fund	-	(733 642)
Savings realised by the District	(24 700)	-
	-	-

Conditions still to be met by the local municipalities - remain liabilities (see note 11).

This grant is utilised to finance HIV/AIDS project campaigns at the WRDM and its constituent Local Municipalities.

LG Seta grant

Current-year receipts	1 796 660	3 307 393
Conditions met - transferred to revenue	(1 796 660)	(3 307 393)
	-	-

The grant relates to amounts claimed training of staff members and stipends paid to interns. All conditions were met during the year.

Rural asset management grant

Balance unspent at beginning of year	-	297 948
Current-year receipts	2 911 000	2 786 000
Conditions met - transferred to revenue	(2 765 450)	(2 646 700)
Repayment to revenue fund	-	(297 948)
Management implementation fee - transferred to revenue	(145 550)	(139 300)
	-	-

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22. Government grants & subsidies (continued)

This grant is used to improve asset management at rural and farming areas

Equitable share

Current-year receipts	53 548 000	51 354 948
Conditions met - transferred to revenue	(53 548 000)	(51 354 948)
	-	-

The grant used for subsidization of administration and provision of basic services.

RSC Replacement grant

Current-year receipts	190 575 000	187 061 000
Conditions met - transferred to revenue	(190 575 000)	(187 061 000)
	-	-

The grant used as revenue adjustment factor as the district does not collect own revenue from service levies

Neighborhood development partnership grant

Current-year receipts	38 483 359	73 429 000
Conditions met - transferred to revenue	(38 483 359)	(73 429 000)
	-	-

The grant is used for the development of Regional capital projects within West Rand region.

23. Public contributions and donations

Fixed asset register Scanners	42 143	-
Fixed asset register conversion, Licensing and training	330 000	-
	372 143	-

The services and goods relating to the supply of scanners, fixed assets register module conversion, licensing and training support were received from Stap-Sigma appointed by South African Local Government Association (SALGA) with the aim to support the municipalities in improving the control environment. These were received at no cost to the municipality.

The following Services in-Kind were received

Conversion of the fixed assets register module by Munsoft
Licensing of the module with Munsoft
Training and support by Munsoft
Updating of the Fixed Asset Register Stap-Sigma

Goods received in-Kind

The municipality received bar-code scanners used for conditional assessment and seamless update of the fixed asset register on the system.

These services were received without any exchange of consideration and are recognised as non-exchange revenue (Donations) and the municipality assessed the fair value of these goods and services.

The municipality acknowledges the continued support from SALGA in enhancing institutional capacity and governance.

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24. Revenue

Service charges	2 885 599	1 798 964
Rental of facilities and equipment	2 789 641	2 093 960
Interest received on outstanding receivables	405 476	352 903
Licences and permits	570 784	533 052
Recoveries	7 253	4 550
Operating income	1 299 102	400 371
Interest received - investment	4 872 161	6 312 390
Government grants & subsidies	305 430 232	347 458 422
Public contributions and donations	372 143	-
	318 632 391	358 954 612

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

Service charges	2 885 599	1 798 964
Rental of facilities and equipment	2 789 641	2 093 960
Interest received (trading)	405 476	352 903
Licences and permits	570 784	533 052
Recoveries	7 253	4 550
Operating income	1 299 102	400 371
Interest received - investment	4 872 161	6 312 390
	12 830 016	11 496 190

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

Taxation revenue

Transfer revenue

Government grants & subsidies	305 430 232	347 458 422
Public contributions and donations	372 143	-
	305 802 375	347 458 422

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25. Employee related costs		
Basic	144 099 544	135 375 062
Bonus	10 826 006	10 211 866
Medical aid - company contributions	13 886 131	13 079 383
UIF	700 301	709 047
SDL	1 783 982	1 690 113
Leave pay provision charge	3 568 865	879 656
Pension fund contributions	25 682 840	24 540 912
Group insurance	2 451 593	2 323 924
Travel, motor car, accommodation, subsistence and other allowances	12 831 331	11 997 940
Overtime payments	212 564	12 057
Acting allowances	960 182	341 966
Housing benefits and allowances	1 267 958	1 245 679
Standby and night shift allowance	10 601 652	8 668 496
Bargaining council	46 928	45 259
Current service cost (medical and long service)	3 613 000	3 460 000
	232 532 877	214 581 360
Remuneration of Municipal Manager		
Annual Remuneration	1 514 149	1 464 989
Travelling Allowance	216 000	216 000
Performance Bonus	78 094	140 568
Other	17 795	17 921
	1 826 038	1 839 478
Remuneration of Chief Financial Officer		
Annual Remuneration	1 030 376	1 162 803
Travelling Allowance	196 521	216 000
Performance Bonus	63 838	114 908
Leave pay	190 185	-
Other	14 513	14 643
	1 495 433	1 508 354
The Chief Financial Officer's initial contract expired on 28 February 2025 and was subsequently reappointed effective from 1 April 2025.		
Remuneration of Executive Director: Regional Planning and Economic Development		
Annual Remuneration	1 201 114	1 162 803
Travelling Allowance	216 000	216 000
Performance Bonus	63 838	114 908
Acting allowance	15 426	-
Other	14 677	15 129
	1 511 055	1 508 840
Remuneration of Executive Director: Corporate Services		
Annual Remuneration	1 189 114	1 208 291
Travelling Allowance	228 000	171 000
Performance Bonus	63 838	51 830
Other	12 331	12 207
	1 493 283	1 443 328

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25. Employee related costs (continued)

Remuneration of Executive Director: Health and Social Development

Annual Remuneration	1 237 114	1 243 803
Travelling Allowance	180 000	135 000
Performance Bonus	63 838	114 908
Other	14 594	14 805
	1 495 546	1 508 516

Remuneration of the Chief Audit Executive

Annual Remuneration	145 068	-
Travelling Allowance	30 000	-
Other	3 884	-
	178 952	-

The Chief Audit Executive position is a new appointment, effective 1 April 2025.

Remuneration of Executive Director: Public Safety

Acting allowance	79 700	85 047
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Remuneration of Acting Chief Financial Officer

Acting allowance	8 553	-
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The municipality appointed the Acting Chief financial officer for the month of March 2025.

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26. Remuneration of councillors		
Executive Mayor	943 378	962 914
Mayoral Committee Members	6 698 578	6 226 252
Speaker	448 415	447 507
Councillors	5 478 174	5 645 444
	13 568 545	13 282 117

In-kind benefits

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

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

The Executive Mayor has two full-time VIP protection. The Speaker and Council Whip each has one full-time VIP protection.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

27. Depreciation and amortisation

Property, plant and equipment	5 839 792	5 449 694
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28. Interest costs

Interest cost - actuarial valuation	9 187 091	8 851 000
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29. Lease rentals on operating lease

Equipment

Contractual amounts	523 882	406 590
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Lease rentals on operating lease refer to the lease of office equipment (printing machines) through a transversal contract between Apex Business Systems and the West Rand District Municipality.

30. Debt impairment

Debt impairment	(772 417)	535 529
Bad debts written off (1)	765 399	-
	(7 018)	535 529

(1) The above consumer debts has been long outstanding for more than thirteen (13) years and in terms of Prescription Act they are no longer recoverable. These debtors were tabled to Council for write off as they are deemed to be no longer recoverable. These debtors includes South African Municipal Workers' Union (SAMWU) and Jumbo Furnishers.

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31. Contracted services		
Outsourced Services		
Burial Services	320 546	268 435
Business and Advisory	26 200	19 205
Security Services	4 175 053	4 099 766
Consultants and Professional Services		
Business and Advisory	890 940	1 126 167
Infrastructure and Planning	-	24 584
Legal Cost	1 989 115	327 325
Contractors		
NDPG expenditure (1)	33 463 791	63 851 299
Maintenance of Buildings and Facilities	207 871	2 560 059
Maintenance of Equipment	57 234	110 540
Maintenance of Unspecified Assets	577 268	1 696 191
	41 708 018	74 083 571
(1) This expenditure relates to the design and implementation of Neighbourhood development partnership related construction projects and this is done on behalf of Rand West City Local municipality		
32. Transfer and subsidies		
Other subsidies		
Roll-over not approved (1)	-	733 642
Local Municipalities HIV/ Aids Subsidy (2)	11 630 520	11 508 478
	11 630 520	12 242 120
(1) Roll over not approved relates to the unspent grant relating to HIV/ Aids subsidy which was surrendered back to Gauteng Revenue Fund.		
(2) This relates to HIV/AIDS grant distributed equitably to all the three local municipalities in the West Rand region based on the funding agreement between the District and Gauteng Department of Health.		
33. Auditors' remuneration		
Fees	3 777 865	3 605 280

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Figures in Rand	2025	2024
34. Operating costs		
Advertising	377 155	205 759
Auditors remuneration	3 777 865	3 605 280
Bank charges	33 350	33 822
Insurance	1 704 334	1 294 728
Municipal Levies	4 073 589	4 177 405
Fuel and oil	1 345 177	1 536 632
License fees	41 128	46 857
Software expenses (1)	6 853 432	4 608 888
Subscriptions and membership fees	2 686 143	2 605 749
Telephone and fax	1 089 336	1 588 590
Training	2 054 223	3 164 826
Travel - local	690 344	339 077
Uniforms and protective clothing (2)	144 554	2 618 998
Stock and materials	871 238	782 016
Unexpected losses (3)	-	715 957
	25 741 868	27 324 584

(1) Software expenses includes the upgrade from Microsoft 365 E1 to Microsoft 365 E3 to address challenges pertaining to cyber crime, it also includes the asset management conversion from manual asset register to the automated asset register and lastly it includes the software upgrade for the financial management system.

(2) Uniforms and protective clothing relates to the procurement of fire fighting services protective gear and uniform purchased through operational fire services grant allocated by Gauteng CoGTA in improving the implementation of service delivery.

(3) Unexpected losses relates to the missing funds which were discovered by the municipality on 20 June 2024 as a result of cyber crime. A case has been opened with South African Police Services (SAPS) and the matter is currently under investigation. The matter was also reported to Council. The municipality has since improved its internal controls to avoid recurrence.

35. Gains or losses on biological assets

Gains or losses arising from a change in fair value less point of sale costs	14 067	(83 236)
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36. Gain on foreign exchange transaction

This relates to the microsoft enterprise 365 license transaction between the municipality and Microsoft Ireland operation Ltd. The transaction was initially recorded in the functional currency (South African Rand - R) using the spot exchange rate at the time of the transaction (R18.6626 to \$1). This established an initial accounts payable liability in Rands. When the payment was made, the actual spot rate on that date (R18.3698 to \$1) was used to record the cash outflow. The difference between the Rands initially recorded for the liability and the Rands actually paid was realized as foreign exchange gain because the liability was settled for a lower amount in the functional currency (Rands improved/strengthened).

The invoiced amount is \$139 435

Timing	Exchange rates	Translated amount
Invoice date	18.6626	R2 602 223
Payment date	18.3698	R2 561 397
Exchange rate gain		R40 827

37. Fair value adjustments

Investment property (Fair value model)	100 000	-
Biological assets - (Fair value model)	14 067	(83 236)
	114 067	(83 236)

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38. Actuarial gains/ (losses)		
Actuarial gains/ losses is made up of the following:		
Long service award	1 921 914	526 448
Post employment medical subsidy	(3 645 768)	2 448 986
	(1 723 854)	2 975 434
39. Impairment loss		
Impairments		
Property, plant and equipment	79 965	153
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
40. Reversal of investment impairment		
VBS investment Claim	14 157 326	-
On 12 December 2024 the approved claim from VBS bank liquidators was paid into the municipality primary bank account and the receipts were key in assisting the municipality to settle majority of its outstanding obligations which were not met from previous financial years.		
41. Cash used in operations		
(Deficit) surplus	(2 076 244)	2 114 927
Adjustments for:		
Depreciation and amortisation	5 839 792	5 449 694
(Loss) gain on sale of assets and liabilities	(94 378)	38 701
Workmens compensation movement	1 254 839	2 936 464
Fair value adjustments	(114 067)	83 236
Impairment deficit	79 965	153
Debt impairment	(7 018)	535 529
Movements in retirement benefit assets and liabilities	3 818 674	3 007 000
Movements in provisions	(14 025 080)	2 363 530
Other non-cash items	801 490	8 285 989
Past service cost (Long service)	(8 669 000)	-
Changes in working capital:		
Inventories	21 699	(45 483)
Receivables from exchange transactions	(568 816)	(422 967)
Consumer debtors	7 018	(535 529)
Other receivables from non-exchange transactions	(1 397 963)	733 642
Payables from exchange transactions	2 369 227	(13 717 217)
VAT	(1 074 087)	(1 123 313)
Transfers payable (non-exchange)	(2 589 425)	2 589 425
Unspent conditional grants and receipts	1 397 963	(15 408 260)
	(15 025 411)	(3 114 479)

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42. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	Total
Receivables from exchange transactions	3 214 540	3 214 540
Receivables from non-exchange transactions	1 397 963	1 397 963
Cash and cash equivalents	4 833 737	4 833 737
	9 446 240	9 446 240

Financial liabilities

	At fair value	At cost	Total
Payables from exchange transactions	(22 845 084)	-	(22 845 084)
Taxes and transfers payable (non-exchange)	-	(30 444 345)	(30 444 345)
Unspent conditional grants and receipts	-	(1 397 963)	(1 397 963)
	(22 845 084)	(31 842 308)	(54 687 392)

2024

Financial assets

	At fair value	Total
Receivables from exchange transactions	3 816 753	3 816 753
Cash and cash equivalents	9 615 165	9 615 165
	13 431 918	13 431 918

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	(26 441 727)	-	(26 441 727)
Transfers payable (non-exchange)	-	(33 033 769)	(33 033 769)
	(26 441 727)	(33 033 769)	(59 475 496)

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43. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Neighborhood Development Partnership	29 418 000	64 367 000
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	-	3 600 000
Total capital commitments		
Already contracted for but not provided for	29 418 000	64 367 000
Not yet contracted for and authorised by accounting officer	-	3 600 000
	29 418 000	67 967 000
Total commitments		
Total commitments		
Authorised capital expenditure	29 418 000	67 967 000
This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	553 747	69 852
- in second to fifth year inclusive	692 184	415 310
	1 245 931	485 162
Operating leases - as lessor (income)		
Minimum lease income due		
- within one year	2 079 627	2 029 857
- in second to fifth year inclusive	5 036 289	1 155 994
	7 115 916	3 185 851

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44. Contingencies

Contingent Liabilities

Litigation is in the process against the municipality relating to a dispute whereby IMATU, on behalf of its members, lodged three (3) cases against the municipality seeking reimbursement of the locomotion allowance, which they allege was unfairly suspended in November 2017.

In the first case with case number 31231/2021, relating to the dispute over employee benefits (locomotion allowance), the estimated cost of liability amounts R2 443 148.23, and the legal costs estimated to R200 000+. The municipality's lawyers consider the likelihood of the action succeeding against the municipality to be reasonable.

In the second case with case number 35942/21, relating to the dispute over employee benefits (locomotion allowance), the estimated liability amounts to be R6 583 335.15, and the legal costs estimated to R200 000+. The municipality's lawyers consider the likelihood of the action succeeding against the municipality to be reasonable.

In the third case with case number 2024-077690, relating to the dispute over employee benefits (locomotion allowance), the estimated liability amounts to R2 162 584.32, and the legal costs are estimated to R200 000+. The municipality's lawyers consider the likelihood of the action succeeding against the municipality to be reasonable.

The commulative total for the three (3) cases amounts to R11 189 067.70 (2024 - R9 426 483).

A litigation is in process against the municipality due to a former municipal employee who alleges to have suffered injuries while he was still an employee of the municipality and is seeking damages of R 4 500 000 (2024 - R4 500 000). The municipality's lawyers consider the likelihood of the action against the municipality being unsuccessful as prospects of success to defend the matter in favor of the municipality are very high.

Contingent assets

VBS Investments

VBS Mutual Bank was placed under curatorship on 11 March 2018. On the 14 March 2018, the curator informed the municipality that he will consider the interests of all depositors and creditors. The WRDM made investments in terms of Section 13 of the MFMA supported by Council approved policy.

The municipality lodged a claim for the first distribution account, which was approved by the liquidator, resulting in a payment of R5 328 026 to the municipality during 2021/22 financial period. A subsequent claim was lodged for the second distribution account which was also approved, and an amount of R14 157 326 was paid during the 2024/25 financial period. The municipality has since lodged another claim against other distribution accounts and as matters stand, the likelihood of any recovery of any additional amount from the liquidator is uncertain. Numerous follow ups have been made but it appears the liquidator is behind the schedule in terms of processing outstanding claims..

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45. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: community and public safety, health & social services and planning & development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the West Rand region in three cities (namely, Mogale City, Rand West City and Merafong City). Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout West Rand were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and public safety	Fire fighting and rescue services, emergency services and fire risk management, disaster management services and community safety
Health and social services	Municipal health services, air quality and social services
Planning and development	Infrastructure services, roads and transport, economic development

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45. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
Revenue					
Revenue from non-exchange transactions	78 464 541	36 632 132	62 028 330	128 677 372	305 802 375
Revenue from exchange transactions	2 436 123	562 088	1 215 598	3 338 570	7 552 379
Debt impairment	-	-	-	7 018	7 018
Past service cost (Long Service)	-	-	-	8 669 000	8 669 000
Interest received on outstanding receivables	-	-	-	405 476	405 476
Interest received - investment	-	-	-	4 872 161	4 872 161
Fair value adjustment	-	-	-	114 067	114 067
Reversal of investment impairment	-	-	-	14 157 326	14 157 326
Gain on foreign exchange transaction	-	-	-	40 827	40 827
Gains on disposal assets and liabilities	-	-	-	94 378	94 378
Total segment revenue	80 900 664	37 194 220	63 243 928	160 376 195	341 715 007
Entity's revenue					341 715 007
Expenditure					
Total segment expenses	114 945 172	37 851 757	49 642 739	123 266 133	325 705 801
Depreciation and amortisation	2 643 482	330 042	190 567	2 675 701	5 839 792
Interest costs	-	-	-	9 187 000	9 187 000
Workmen's compensation movement	-	-	-	1 254 839	1 254 839
Impairment of assets	-	-	-	79 965	79 965
Actuarial gains/ (losses)	-	-	-	1 723 854	1 723 854
Total segment expenditure	117 588 654	38 181 799	49 833 306	138 187 492	343 791 251
Total segmental surplus/(deficit)	(36 687 990)	(987 579)	13 410 622	22 188 703	(2 076 244)

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	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
45. Segment information (continued)					
Assets					
Segment assets	29 560 609	3 808 771	2 614 977	43 060 926	79 045 283
Total assets as per Statement of financial Position					79 045 283
Liabilities					
Segment liabilities	38 287 123	13 861 397	19 096 687	112 303 678	183 548 885
Total liabilities as per Statement of financial Position					183 548 885
Other information				Community and public safety	Non-reportable segments *
Capital expenditure (excluding additions to financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts)				3 519 275	702 237

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

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45. Segment information (continued)

2024

	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
Revenue					
Revenue from non-exchange transactions	122 971 492	48 186 700	106 150 808	70 149 421	347 458 421
Revenue from exchange transactions	1 285 064	533 051	144 093	2 868 689	4 830 897
Interest received on outstanding receivables	-	-	-	352 903	352 903
Interest received - investment	-	-	-	6 312 390	6 312 390
Actuarial gains/(losses)	-	-	-	2 975 434	2 975 434
Total	124 256 556	48 719 751	106 294 901	82 658 837	361 930 045
Total segment revenue					361 930 045
Expenditure					
Total segment expenses	112 410 605	48 860 810	79 733 920	100 915 478	341 920 813
Depreciation and amortisation	2 680 452	511 271	185 098	2 072 874	5 449 695
Debt impairment	-	-	-	535 531	535 531
Interest costs	-	-	-	8 851 000	8 851 000
Impairment loss	-	-	-	153	153
Loss on disposal of assets and liabilities	-	-	-	38 236	38 236
Fair value adjustment	-	-	-	83 226	83 226
Workmen's compensation movement	-	-	-	2 936 464	2 936 464
Total segment expenditure	115 091 057	49 372 081	79 919 018	115 432 962	359 815 118
Total segmental surplus/(deficit)	9 165 499	(652 330)	26 375 883	(32 774 125)	2 114 927
Assets					
Segment assets	32 215 041	4 150 784	2 849 792	44 372 051	83 587 668
Total assets as per Statement of financial Position					83 587 668

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	Community and public safety	Health and social services	Planning and development	Non-reportable segments *	Total
45. Segment information (continued)					
Liabilities					
Segment liabilities	69 288 222	25 084 976	34 559 283	57 082 639	186 015 120
Total liabilities as per Statement of financial Position					186 015 120

	Community and public safety	Health and social services	Non-reportable segments *
Other information			
Capital expenditure (excluding additions to financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts)	3 815 468	224 298	1 805 826

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

* 'Non-reportable segments' incorporates the departments which are assessed by management as non-segmental information. This includes the support departments such as the office of the Municipal manager, Budget & Treasury office, Corporate services and Corporate Governance.

Information about geographical areas

The municipality's operations are in the West Rand region (namely, Mogale City, Rand West City and Merafong City)

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46. Related parties

Relationships

Accounting Officer

Members of key management

Mr. M.E Koloï

Mr. L.S Ramaele: Chief Financial Officer

Mr. B.D Monamoli: Acting Chief Financial Officer

Ms N Seabi: Chief Audit Executive

Ms. M.G Magole - Executive Director: Corporate Services

Mr. A.Z Mphaphuli - Executive Director: Regional Planning and Economic Development

Dr. M.M Daka - Executive Director: Health and Social Development

Mr. M Garane - Executive Director: Public Safety

Mr. H.N Kahts - Acting Executive Director: Public Safety

Close family members

The Acting Chief Financial Officer has a close relationship with the employee who occupies a junior position in the municipality.

Compensation to accounting officer and other key management

Short-term employee benefits	8 088 559	7 901 164
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Key management information

Class	Description	Number
Executive Mayor	Head of Political office bearers	1
Speaker	Political office bearer	1
Council Whip	Whip of Council	1
Members of Mayoral committee	Political office bearer	8
Councillors	Councillors	33
Municipal manager	Head of administration	1
Executive committee	Section 56 managers	6

Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Travel allowance	Other benefits (Cell-phone allowance, mobile data bundles and skills)	Total
Ald. D.S Thabe	887 034	-	56 344	943 378
Cllr. H.B Munyai	418 571	-	29 844	448 415
Cllr. M.N Ndzilane	760 403	-	55 078	815 481
Ald N Tundzi-Hawu	578 035	182 369	54 713	815 117
Cllr. R.T Molusi	760 403	-	55 078	815 481
Cllr. T.M Bovungana	742 017	127 618	55 915	925 550
Cllr. S.R Dikana	760 403	-	55 078	815 481
Cllr. S Boyce	578 034	182 369	54 713	815 116
Cllr. A Shikoane	578 035	182 369	54 713	815 117
Cllr. L Legabe	334 391	105 438	29 845	469 674
Ald. I.G Khoza	382 082	-	29 479	411 561

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46. Related parties (continued)				
Cllr. H.O Butler	737 454	-	54 849	792 303
Ald. J Zwart	26 255	-	25 920	52 175
Ald. Blake	243 644	76 930	50 526	371 100
Cllr. A.Rowles Zwart	243 644	76 930	50 526	371 100
Cllr. B Van der Berg	31 221	-	25 970	57 191
Cllr. J.N kotze	31 469	-	25 973	57 442
Cllr. Myeki	8 317	-	-	8 317
Cllr. M.P Teleko	243 644	76 930	50 526	371 100
Cllr. M Naki	23 684	-	25 895	49 579
Cllr. H.H Hild	35 043	-	26 008	61 051
Cllr. A Steyn	26 255	-	25 921	52 176
Cllr. A.A Moleko	243 643	76 930	50 526	371 099
Cllr. N.G Mphafudi	320 573	-	50 680	371 253
Cllr. T.L.J Schoeman	243 644	76 930	50 526	371 100
Cllr. M.F Chohledi	243 644	76 930	50 526	371 100
Cllr. G Kruger	29 935	-	25 957	55 892
Cllr. F.C.J Steffers	38 758	-	26 046	64 804
Cllr. B.V Molefe	10 533	-	17 211	27 744
Cllr. NT Xhale	36 116	-	26 020	62 136
Cllr. LP Pii	36 151	-	26 020	62 171
Cllr. R.J Mokoto	35 148	-	26 010	61 158
Cllr. O.S.S Moralo	32 401	-	25 982	58 383
Cllr. B.A Kubayi	32 542	-	25 984	58 526
Cllr. M.B Nkabinde	21 254	-	25 871	47 125
Cllr. L.M Mpupu	19 898	-	25 857	45 755
Cllr. T.M Tlholoe	36 151	-	26 020	62 171
Cllr. D.C Pannal	243 644	76 930	50 526	371 100
Cllr. S.A Dabhelia	31 221	-	25 970	57 191
Cllr. N Mrwetyana	37 366	-	26 032	63 398
Cllr. K.C Ntshangase	43 405	-	26 092	69 497
Cllr. T.G koto	37 472	-	26 033	63 505
Cllr. F Ngobeni	42 297	-	26 081	68 378
Cllr. P.K Faku	35 868	-	26 017	61 885
Cllr. D.D Moroetsenye	317 795	-	50 652	368 447
Cllr. M.C Mosala	12 149	-	8 673	20 822
	10 611 646	1 318 673	1 638 226	13 568 545

2024

Name	Basic salary	Travel allowance	Other benefits (Cell-phone allowance, mobile data bundles and skills)	Total
Cllr T.M Bovungana	972 018	-	59 824	1 031 842
Ald G Khoza	237 544	-	19 189	256 733
Ald N Tunzdi-hawu	727 489	2 307	58 754	788 550
Ald D.S Thabe	727 489	2 307	57 397	787 193
Cllr R.T Molusi	736 408	5 837	57 515	799 760
Cllr S Boyce	727 489	2 307	57 397	787 193
Cllr S.R Dikana	729 795	-	57 402	787 197
Cllr A Shikoane	566 623	163 172	57 076	786 871
Cllr L Legabe	417 066	-	31 247	448 313
Cllr M.N Ndzilane	727 489	2 307	57 397	787 193
Cllr H.O Butler	705 447	2 537	57 179	765 163
Cllr H.B Munyai	432 169	-	31 398	463 567

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46. Related parties (continued)				
Ald J Zwart	33 367	2 822	27 432	63 621
Ald B.D Blake	250 163	74 372	53 201	377 736
Cllr Alme Rowles Z	250 163	74 372	53 201	377 736
Cllr B Van der berg	36 948	2 822	27 468	67 238
Cllr J.N Kotze	44 167	2 462	27 537	74 166
Cllr M.P Teleko	235 125	78 375	53 522	367 022
Cllr M Naki	25 460	-	27 331	52 791
Cllr H.H Hild	39 200	-	27 468	66 668
Cllr M Myeki	216 223	72 074	45 691	333 988
Cllr B Mahuma	100 944	-	9 328	110 272
Cllr W.S Njani	5 768	-	10 512	16 280
Cllr H.H Kruger	5 786	1 929	889	8 604
Cllr A Steyn	29 727	-	26 546	56 273
Cllr A.A Moleko	319 470	5 065	53 339	377 874
Cllr N.G Mphafudi	319 470	5 065	53 339	377 874
Cllr T.L.J Schoeman	235 125	78 375	53 082	366 582
Cllr M.F Chohledi	235 125	78 375	53 082	366 582
Cllr G Kruger	18 765	-	27 264	46 029
Cllr F.J.C Steffers	38 421	-	27 460	65 881
Cllr B.V Molefe	27 906	-	27 355	55 261
Cllr N.T Xhale	30 437	-	27 380	57 817
Cllr L.P PII	31 228	-	27 388	58 616
Cllr R.J Mokoto	38 521	-	27 461	65 982
Cllr O.S.S Moralo	34 687	2 462	27 443	64 592
Cllr B.A Kubayi	33 790	-	27 414	61 204
Cllr M.B Nkabinde	20 699	-	27 283	47 982
Cllr L.M Mpupu	16 068	-	27 237	43 305
Cllr T.M Tiholoe	31 574	-	27 392	58 966
Cllr D.C Pannall	235 125	78 375	53 082	366 582
Cllr S.A Dabhelia	29 128	-	27 367	56 495
Cllr S Mrwetyana	30 883	-	26 321	57 204
Cllr K.C Ntshangase	29 488	-	23 815	53 303
Cllr T.G Koto	34 205	-	23 862	58 067
Cllr F Ngobeni	33 026	-	23 850	56 876
Cllr PK Faku	21 231	-	17 318	38 549
Cllr B Makhene	518	-	951	1 469
Cllr T Ramaisa	1 123	-	2 776	3 899
Cllr A Saba	1 784	-	3 574	5 358
Cllr M.R Lephadi	1 123	-	2 776	3 899
Cllr M.J Koboekae	1 123	-	2 776	3 899
	10 830 110	737 719	1 714 288	13 282 117

Refer to note "Remuneration of councillors"

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46. Related parties (continued)

Management class: Executive management

2025

	Basic salary	Bonuses and performance related payments	Travel allowance	Acting Allowance	Termination benefits	Other benefits	Once off gratuity	Total
Name								
Mr. M.E Koloï	1 498 894	78 094	216 000	-	-	17 795	15 255	1 826 038
Mr. L.S Ramaele	1 015 121	63 838	196 520	-	190 185	14 513	15 255	1 495 432
Mr. A.Z Mphaphuli	1 185 859	63 838	216 000	15 426	-	14 677	15 255	1 511 055
Ms. M.G Magole	1 173 859	63 838	228 000	-	-	12 331	15 255	1 493 283
Dr. M,M Daka	1 221 859	63 838	180 000	-	-	14 594	15 255	1 495 546
Ms. N Seabi	145 068	-	30 000	-	-	3 884	-	178 952
Mr. H.N Kahts	-	-	-	79 700	-	-	-	79 700
Mr. B.D Monamoli	-	-	-	8 553	-	-	-	8 553
	6 240 660	333 446	1 066 520	103 679	190 185	77 794	76 275	8 088 559

2024

	Basic salary	Bonuses and performance related payments	Travel allowance	Acting allowance	Other benefits	Once off gratuity	Total
Name							
Mr. M.E Koloï	1 439 564	140 568	216 000	-	17 921	25 425	1 839 478
Mr. L.S Ramaele	1 137 378	114 908	216 000	-	14 643	25 425	1 508 354
Mr. A.Z Mphaphuli	1 137 378	114 908	216 000	7 600	15 129	25 425	1 516 440
Ms. M.G Magole	1 182 866	51 830	171 000	-	12 207	25 425	1 443 328
Dr. M,M Daka	1 218 378	114 908	135 000	-	14 806	25 425	1 508 517
Mr. H.N kahts	-	-	-	85 047	-	-	85 047
	6 115 564	537 122	954 000	92 647	74 706	127 125	7 901 164

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46. Related parties (continued)

*Refer to note "Employee related costs"

The Chief Financial Officer (CFO) initial contract expired on 28 February 2025 and was subsequently reappointed effective from 1 April 2025. Mr. B.D Monamoli acted in the CFO position in March 2025 during the recruitment process.

The Chief Audit Executive position is a new appointment, effective 1 April 2025.

Mr. Nico Kahts acted in the position Executive Director: Public Safety in the 2024 and 2025 financial years.

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46. Related parties (continued)

Management class: Key advisors/Sub committees

2025

Name	Audit committee sitting allowance	Performance Audit committee sitting allowance	Risk management committee sitting allowance	Disciplinary Board sitting allowance	Total
L konar (AC Chairperson)	58 284	-	-	-	58 284
K Moahloli (DC Board chairperson)	-	-	-	213 708	213 708
B Ahmed (AC Member)	17 676	29 460	-	-	47 136
L Mangqhuku (AC Member)	39 174	-	-	-	39 174
M Maseko (AC Member)	35 352	-	-	-	35 352
L Ravhuhali (AC Member)	29 460	-	-	-	29 460
C Makgopa (AC member)	647	-	-	-	647
O Sehunelo (AC member)	5 892	-	-	-	5 892
K Mathatho (AC member)	5 892	-	-	-	5 892
P Mongalo (PAC Chairperson)	5 892	55 221	-	-	61 113
A Mangokwana (PAC Member)	-	17 676	-	-	17 676
M.J Mohlakoana (RMC Chairperson)	23 568	23 568	67 554	-	114 690
O Senokoane (PAC Member)	-	1 962	-	-	1 962
P Fourie (PAC Member)	-	17 676	-	-	17 676
S.P Khoza (PAC Member)	-	23 568	-	-	23 568
M Nondwangu (PAC member)	-	5 892	-	-	5 892
Z Mongalo (PAC member)	-	5 892	-	-	5 892
J Masite (PAC member)	-	5 892	-	-	5 892
	221 837	186 807	67 554	213 708	689 906

2024

Name	Audit committee sitting allowance	Performance Audit committee sitting allowance	Risk management committee sitting allowance	Disciplinary Board sitting allowance	Total
L konar (AC Chairperson)	67 998	-	-	-	67 998
K Moahloli (DC Board chairperson)	-	-	-	116 568	116 568
B Ahmed (AC Member)	35 352	-	-	-	35 352
L Mangqhuku (AC Member)	45 066	-	-	-	45 066
M Maseko (AC Member)	35 352	-	-	-	35 352
L Ravhuhali (AC Member)	35 352	-	-	-	35 352
P Mongalo (PAC Chairperson)	21 603	67 998	-	-	89 601
A Mangokwana (PAC Member)	-	17 676	-	-	17 676
M.J Mohlakoana (RMC Chairperson)	10 146	-	29 142	-	39 288
O Senokoane (PAC Member)	-	1 308	-	-	1 308
P Fourie (PAC Member)	-	23 568	-	-	23 568
S.P Khoza (PAC Member)	5 892	23 568	-	-	29 460
	256 761	134 118	29 142	116 568	536 589

The municipality appointed new Audit committee, Performance audit committee, Risk management committee chairperson and a Disciplinary board chairperson in the 2025 financial year.

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47. Change in estimate

Property, plant and equipment

The useful life of property, plant and equipment were revised during the current year based on the annual assessment of the useful life. The effect of this revision has decreased the depreciation charges for the current period by -R429 311 (2024 - R39 927) and has increased depreciation charges for future periods by R131 937 (2024 - R 65 059).

2025	Depreciation before adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of change in estimate on current depreciation	Effect of change in estimate on future depreciation
Buildings	(608 388)	907 657	299 269	2 478 935
Plant and Machinery	(141 863)	111 568	(30 295)	(148 693)
Furniture and Fixtures	(28 658)	13 411	(15 247)	(76 278)
Motor vehicles	(1 001 701)	365 270	(636 431)	(2 563 496)
Infrastructure	(17 538)	8 580	(8 958)	(87 993)
Security measures	(901)	1 525	624	4 850
Emergency equipment	(57 915)	71 534	13 618	134 974
Office equipment	(274 493)	216 868	(57 624)	(246 478)
Specialised vehicles	(921 711)	927 444	5 733	636 116
	(3 053 168)	2 623 857	(429 311)	131 937

2024	Depreciation before adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of change in estimate on current depreciation	Effect of change in estimate on future depreciation
Buildings	(976 192)	(976 192)	-	(5)
Plant and Machinery	(107 934)	(104 264)	3 670	(6 061)
Furniture and Fixtures	(57 827)	(41 862)	15 965	(16 116)
Motor vehicles	(1 020 004)	(1 020 004)	-	-
Infrastructure	(57 246)	(57 246)	-	-
Security measures	(26 055)	(26 055)	-	(3)
Emergency equipment	(34 748)	(32 933)	1 815	(2 218)
Electrical equipment	(2 091)	(2 091)	-	-
Office equipment	(557 002)	(538 525)	18 477	(40 656)
Specialised vehicles	(2 550 153)	(2 550 153)	-	-
	(5 389 252)	(5 349 325)	39 927	(65 059)

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48. Prior-year adjustments

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

Statement of financial position

2024

	Note	Opening balance as previously reported	Correction of error	Restated
Property, plant and equipment	9	60 077 042	234 015	60 311 057
VAT payables	13	(1 705 577)	(1 394 769)	(3 100 346)
Payables from exchange transactions	10	(66 532 610)	10 655 738	(55 876 872)
Accumulated deficit		111 922 441	(9 494 984)	102 427 457
		103 761 296	-	103 761 296

Statement of financial performance

2024

	Note	Opening balance as previously reported	Correction of error	Restated
Employee related costs	25	214 866 503	(285 143)	214 581 360
Depreciation and amortisation	27	5 349 385	100 309	5 449 694
Loss on disposal of assets and liabilities	9	-	38 701	38 701
Surplus for the year		220 215 888	(146 133)	220 069 755

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48. Prior-year adjustments (continued)				
Accumulated deficit (net assets)				
2024				
	Note	Opening balance as previously reported	(Surplus)/deficit	Restated
The reconciliation of net assets:				
Audited opening balance as previously reported at the beginning of the year		113 891 235	(1 968 794)	111 922 441
Prior period adjustments		(9 348 857)	(146 133)	(9 494 990)
		104 542 378	(2 114 927)	102 427 451
Impact of adjustments on opening balance as previously reported at the beginning of the year:				
Property, plant and equipment	9	(373 024)	-	(373 024)
VAT payables	13	1 394 769	-	1 394 769
Payables from exchange transactions	10	(10 370 595)	-	(10 370 595)
		(9 348 850)	-	(9 348 850)
Impact of adjustments on current year comparative (2024) surplus/ deficit:				
Employee related costs	25	-	(285 143)	(285 143)
Depreciation and amortisation	27	-	100 309	100 309
Loss on disposal of assets and liabilities	9	-	38 700	38 700
		-	(146 134)	(146 134)

Errors

The following prior period errors adjustments occurred:

Payables from exchange transactions

The performance assessment committee recommended to Council the payment of performance bonuses for senior managers amounting to 9% of the total cost to company, while Council reduced it to 5% after year-end and effecting actual payments of 5%. This resulted in reduction of bonus accrual in the prior year. The affected accounts were bonus accrual under payables from exchange transaction with an amount of R285 143 and the corresponding account which is bonus expense under employee related cost with the same amount.

The municipality (District) entered into set off/ settlement agreement with its sister municipality (Rand West City local municipality) concerning the amounts both owed to and owed by the District municipality. The accounting officers of both municipalities signed a set off/ settlement agreement which resulted in the reduction of trade creditors utility account, which was based on the District's commitment to adhere to the payment arrangement and interest levied being rectified. The affected accounts were trade creditors under payables from exchange transaction with an amount of R10 655 738 and the corresponding account which is accumulated deficit and VAT payables with the same amount.

Property, plant and equipment

The municipality brought in assets which were identified from the floor during the physical verification into the fixed asset register and the insurance replacement assets were also recognised in the fixed asset register. On the other hand the lost assets were derecognised. The total impact amounts to an increase in assets to the value of R234 015 and the corresponding affected accounts is depreciation, gains/(loss) on disposal of assets and accumulated deficit with the same amount.

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48. Prior-year adjustments (continued)

Operating lease commitments

The operating lease commitments were restated based on the new agreement of lease of photocopy machines.

As previously reported	-	69 852
Adjustments made (Amount recognised based on new agreement)	-	415 310
	-	485 162

Deviation from supply chain management regulations

The deviations relating to subscriptions and membership fees amounting to R2 605 749 were not recorded under the deviations in the prior year as per the deviation register since the amount was referred to MPAC committee for further investigations. MPAC committee tabled a report to Council on 30 June 2025 that the amount meet all the requirements of being classified as deviations in terms of Supply Chain Management (SCM) regulations and the approved SCM policy.

As previously reported	-	33 276
Adjustments made (Amount not recorded in previous periods)	-	2 605 749
Restated opening balance	-	2 639 025

Irregular expenditure

As previously reported	-	2 936 497
Adjustments made (Amount incorrectly classified as irregular expenditure in previous periods)	-	(224 038)
Restated opening balance	-	2 712 459

Adjustment made to opening balance of irregular expenditure is due to an incorrect inclusion of 224 038 as irregular expenditure as it derived from the previous valid contract where the proper procurement processes were correctly followed.

Fruitless and wasteful expenditure

As previously reported	-	3 395 486
Adjustments made (Amount written off in previous periods)	-	(949 136)
Restated opening balance	-	2 446 350

The municipality only included the amount of R297 500 recommended for write off by the DC Board committee and did not include the amount of R949 136 also recommended for write off by the MPAC committee.

Unauthorised expenditure

As previously reported	-	51 137 625
Adjustments made (Amount recovered in previous periods)	-	(5 328 026)
Restated opening balance	-	45 809 599

This relates to the refund concerning a payment of a claim that was made with the first distribution account on VBS Bank liquidation process. As a result this proves the recovery of the unauthorised expenditure which was incurred during 2018/19 financial period.

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49. 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.

Credit risk

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

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations. The municipality is exposed to the foreign exchange risk upon the procurement of Microsoft licenses which occurs only once per annum.

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

West Rand District Municipality

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50. Going concern

We draw the attention to the fact on 30 June 2025, the municipality had an accumulated surplus (deficit) of (104 503 608) and that the municipality's total liabilities exceed its assets by (104 503 608).

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

The Executive Council in a meeting held on 14 May 2025 approved the termination of the mandatory intervention instituted at the municipality in terms of section 139(5) of the Constitution, read with section 148(2)(b) of the Municipal Finance Management Act. The decision followed the favourable findings of the financial recovery plan impact assessment presented to EXCO sub-committee on governance and planning and subsequently endorsed by the full Executive Council. The Executive Council acknowledged the significant progress made by the municipality during the intervention period, including improvements in financial governance, institutional stability, and compliance with key financial reforms. Critical issues remain outstanding, particularly with regards to Powers and Functions, service delivery realignment and long-term financial sustainability.

There is material uncertainty related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern, and therefore it maybe unable to realise its assets and discharge its liabilities in the normal course of its operations. Management has implemented the following strategies to mitigate the risk of material uncertainty related to going concern:

To mitigate and reduce the deficit going forward, the municipality will implement the Financial Turnaround Plan (voluntary intervention) with the assistance of National Treasury's Municipal Financial Recovery Services (MFRS).

The implementation plan aims to reduce the negative net asset value (accumulated deficit) by focusing on the following areas; namely:

- *Phase 1 Rescue (6 – 8 months)*: Focus on cash and short term liquidity, cost containment, revenue enhancement.
- *Phase 2 Stabilisation (9 – 24 months)*: "Plugging the holes and fixing the leaks", Focus is on the areas that are depleting the municipality's financial resources, Deeper focus on governance, service delivery and institutional pillars and Longer-term liquidity's.
- *Phase 3 Sustainability (from 25 months)*: Focus on preventing a regression in performance, Long-term financing strategy, revenue enhancements and Technological improvements, innovation,

The municipality manages its working capital management by continuous engagements with their major creditors and payments are made upon the receipt of equitable share tranche. The municipality entered into settlement agreement with its consumer debtors and local municipalities to collect amounts outstanding to them. Cash flow forecast is reviewed and analysed regularly to manage monthly unavoidable obligations

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51. Events after the reporting date

The following events occurred after the reporting date but before the authorisation date of the annual financial statements.

Other consumer debtors written-off

Council approved the write-off of two trade debtors during the council meeting held on 30 July 2025, namely the South African Municipal Workers Union (SAMWU) and Jumbo Furnishers. These accounts have been adjusted accordingly in the financial statements as at 30 June 2025. Please refer to note 30 for more details of debtors written off.

Legal arbitration award

On 08 July 2025 a judgement from the High Court was issued in favour of the former municipal manager who filed a legal claim of unfair labour practices against the municipality. Please refer to note 15 for more details concerning the amount of the legal award.

Above events are adjusting events as they provide evidence of conditions that existed at 30 June 2025.

52. Unauthorised expenditure

Opening balance as previously reported (1)	45 809 599	84 628 714
Less: Amount recovered - current	(14 157 326)	-
Less: Amount written off - prior period (2)	-	(38 819 115)
Closing balance	31 652 273	45 809 599

(1) Unauthorised expenditure relates to actual expenditure exceeding the approved budget, due to the impairment of the VBS investments impaired during 2017/18 financial year. This matter was referred to the Municipal Public Accounts Committee (MPAC) for investigation. MPAC recommended that a criminal case be lodged with the South African Police Service (SAPS). A case number was issued.

(2) Following an investigation by the MPAC on unauthorised expenditure which relates to actual expenditure exceeding the budgeted expenditure for both 2020/21, 2021/22 and 2022/23 financial years, a recommendation was made to Council to write off unauthorised expenditure amounting to R38 819 115. The decision was made during a council meeting held on 27 June 2024.

Recoverability steps taken/criminal proceedings

A case was lodged with the SAPS with case number CAS 414/02/2020) provided.

Recoverability of unauthorised expenditure

The liquidator in the VBS matter allowed for the submission of claims from the liquidation and distribution account set up in terms of the Companies Act.

A claim for the first distribution account was approved by the liquidator and paid to the municipality during the 2021/2022 financial year. A refund amounting to R5 328 026 concerning a payment of a claim was made with the first distribution account through the VBS Bank liquidation process.

A second claim was submitted and approved against the second distribution account. On 12 December 2024 the approved claim from VBS bank liquidators amounting to R14 157 326 was paid through the VBS Bank liquidation process into the municipality's primary bank account

53. Fruitless and wasteful expenditure

Opening balance as previously reported	2 446 350	2 977 029
Add: Fruitless and wasteful expenditure identified - prior period	-	715 957
Less: Amount written off - prior period (MPAC recommendation)	-	(949 136)
Less: Amount written off - prior period (DC board recommendation)	-	(297 500)
Closing balance	2 446 350	2 446 350

Fruitless and wasteful expenditure is presented inclusive of VAT

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53. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Unexpected losses	Disciplinary steps taken/criminal proceedings The municipality opened a case with the SAPS (CAS: 259/06/2024). The matter was also referred to the DC board.	-	715 957
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Amount written-off

Arbitration awards	-	297 500
Interest on late payment	-	366 117
Interest on late payment	-	583 019
	-	1 246 636

Disciplinary steps taken/criminal proceedings

The DC Board committee further recommended that the accounting officer commence with the disciplinary steps against the affected employee. The process concerning the disciplinary steps has commenced and progress report on the matter will be reported to Council once the matter is concluded.

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54. Irregular expenditure		
Opening balance as previously reported	2 712 459	70 879 555
Less: Amount written off - current (DC Board recommendation)	(2 712 459)	-
Less: Amount written off - prior period (DC Board recommendation)	-	(68 167 096)
Closing balance	-	2 712 459

Cases under investigation

Municipal Supply Chain Management Policies and PPPFA Act	-	2 936 497
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Amount written-off

After the DC board committee investigations, Council adopted the DC board committee recommendations to write-off an amount of 2 712 459 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Value Added Tax (VAT) recovery services	320 459	-
Procurement for the lease of fire engines and mini rescue vehicles	-	46 740 892
Procurement for the lease and maintenance of municipal vehicles	-	21 426 204
General Financial Consulting Support (Review of annual financial statements)	2 392 000	-
	2 712 459	68 167 096

55. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	8 136 930	7 136 930
Current year subscription / fee	2 644 066	2 500 000
Amount paid - current year	(5 413 684)	(1 500 000)
	5 367 312	8 136 930

Material losses through criminal conduct

Opening balance as previously reported	2 219 775	2 219 775
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During the 2011/12 financial year, the accounting officer opened a criminal case with the South African Police Services (SAPS) in terms of Section 52 of the MFMA. The perpetrator admitted guilt and was subsequently dismissed. The municipality recovered R1.7 million through the MGF Pension Fund.

Audit fees

Opening balance	763 552	583 000
Current year subscription / fee	3 777 871	3 558 086
Amount paid - current year	(4 541 423)	(3 377 534)
	-	763 552

PAYE and UIF

Opening balance	3 295 079	2 805 164
Current year subscription / fee	40 186 425	38 697 043
Amount paid - current year	(39 887 678)	(38 207 128)
	3 593 826	3 295 079

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Opening balance	-	5 025 861
Current year subscription / fee	39 568 971	31 518 067
Amount paid - current year	(34 059 222)	(36 543 928)
	5 509 749	-

VAT

VAT payable	4 174 433	3 100 346
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VAT output payables and VAT input receivables are shown in note 13.

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

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 City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Sole provider	10 350	-
Impractical to follow SCM processes	2 777 245	2 639 025
Emergency	13 632	-
	2 801 227	2 639 025

56. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

A total of ten (10) deviations, amounting to R2 299 615.19 were incurred during the financial year under review. The procurement process for these goods and services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

57. Municipal Finance Management Act compliance provisions

The municipality is striving to comply with the provisions of Section 65(2)(e) of the MFMA which requires that all payments be reasonably made within 30 days. The accounting officer has taken all reasonable step to ensure payments are made by negotiating with its creditors to implement the extended payment plan linked with the dates of receipt of equitable share. The municipality has a signed payment arrangements in place. The municipality has been removed from the mandatory provincial intervention due to significant improvement in terms of sound financial practices and is currently implementing the financial recovery plan in terms voluntarily intervention based on the advice from National Treasury Municipal Financial Recovery Services.