Frances Baard District Municipality
Annual Financial Statements
for the period ended 30 June 2025

General Information

Country of origin and legal form	South African Category C Municipality as defined by the Municipal Structures Act. (Act no 117 of 1998)
Jurisdiction	The Frances Baard District Municipality includes the following local municipalities: Sol Plaatje; Phokwane; Dikgatlong; and Magareng.
Nature of business and principal activities	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Capacity of district authority	Medium capacity DC9
Management structure	The municipality executive management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and intergrated development planning functions.
Municipal Manager	Ms ZM Bogatsu
Acting Chief Finance Officer	Ms O Moseki
Registered office	51 Drakensberg Avenue Carters Glen Kimberley 8301
Legal representative	Mr K Matlakala
External auditors	Auditor-General of South Africa
Internal Auditors	The Internal Audit unit was fully staffed and operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialised investigations.
Members of the audit committee	Mr G Botha - Chairperson Mr T Mudamburi - Member Mr S Masikela - Member
Principal banker	First National Bank (FNB)
Executive Mayor	Ms U Buda - Executive Mayor Ms KC Mothibi - Speaker
Mayoral Committee	Mr M Mokgatlhanyane - Proportional Ms LM Shushu - Proportional Ms O M Ditakgwe - Proportional Mr K Sonyoni - Sol Plaatje Local Municipality Ms D Tshekedi - Proportion
Municipal Public Accounts Committee Chairperson	Ms K Molale
Part-time Councillors	Ms CC Lewis - Proportion Ms KJ Botman - Proportional

General Information

Ms GV Fish	- Proportional
Mr RV Raphoto	- Proportional
Ms E Davies	- Proportional
Ms MK Molatudi	- Sol Plaatje Local Municipality
Mr JG Diphahe	- Sol Plaatje Local Municipality
Mr TH Bopape	- Sol plaatje Local Municipality
Mr CP Whittaker	- Sol Plaatje Local Municipality
Mr J Smit	- Sol Plaatje Local Municipality
Ms E Badenhorst	- Sol Plaatje Local Municipality
Mr E Adams	- Sol Plaatje Local Municipality
Ms TG Diloke	- Phokwane Local Municipality
Mr MC Setlhogomi	- Phokwane Local Municipality
Mr TM van Wyk	- Phokwane Local Municipality
Mr LDK Leeuw	- Dikgatlong Local Municipality
Mr WAS Hendricks	- Dikgatlong Local Municipality
Ms LO Amose	- Magareng Local Municipality
Ms M Aaron	- Sol Plaatje Local Municipality
Ms D Harmse	- Proportional

Other directors of departments

Mr F Netshivhodza - Acting Director: Planning & Development
Mr R Setshogoe - Acting Director: Infrastructure Services

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The reports and statements set out below comprise the annual financial statements presented to the Auditor-General of South Africa:

Abbreviations used:

DORA	Division of Revenue Act
ITA	The Income Tax Amendment Act
GRAP	Generally Recognised Accounting Practice
VAT	Value Added Tax
MSA	Municipal Structures Act
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
HA	Housing Act
SDLAA	Skills Development Levies Amendment Act
EEA	Employment Equity Act
UIF	Unemployment Insurance Act

Accounting Officer's Responsibilities and Approval

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

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

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

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

I have reviewed the municipality’s cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue its operational existence for the foreseeable future.

The external auditors are responsible for the independent review and reporting on the municipality's annual financial statements.

The annual financial statements are set out in page 5, and have been prepared on the going concern basis.

Ms ZM Bogatsu
Municipal Manager

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	2	330 350	335 206
Receivables from exchange transactions	3	7 502 446	8 922 272
Investments	5	9 800 000	10 400 000
VAT receivable	6	1 261 963	1 640 078
Current Portion Long-term Receivables	8	671 000	611 000
Operating lease receivable	12	-	8 804
Cash and cash equivalents	7	139 575 944	113 099 485
		159 141 703	**135 016 845**
Non-Current Assets			
Statutory Receivables	4	389 000	389 000
Long-term Receivables	8	6 306 000	5 728 000
Property, plant and equipment	9	68 328 110	70 374 673
Intangible assets	10	711 501	739 249
Heritage assets	11	631 417	631 417
Operating lease receivable	12	46 328	-
		76 412 356	**77 862 339**
Total Assets		**235 554 059**	**212 879 184**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	10 128 203	5 530 225
Consumer deposits	16	7 270	4 370
Employee benefit obligation	13	13 480 974	13 396 888
Unspent conditional grants and receipts	15	1 988 197	1 571 136
		25 604 644	**20 502 619**
Non-Current Liabilities			
Employee benefit obligation	13	32 749 010	29 853 233
Total Liabilities		**58 353 654**	**50 355 852**
Net Assets		**177 200 405**	**162 523 332**
Reserves			
Revaluation reserve	17	41 524 944	42 572 802
Accumulated surplus	18	135 675 461	119 950 530
Total Net Assets		**177 200 405**	**162 523 332**

* See Note 55

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	20	314 094	195 237
Other income	21	1 125 903	68 151
Actuarial Gains	32	-	232 309
Interest revenue	22	13 826 928	13 344 406
Total revenue from exchange transactions		**15 266 925**	**13 840 103**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	147 618 245	141 487 870
Total revenue	19	**162 885 170**	**155 327 973**
Expenditure			
Employee related costs	24	(74 044 805)	(72 929 723)
Remuneration of councillors	25	(8 544 135)	(7 734 830)
Depreciation and amortisation	26	(4 669 139)	(4 985 766)
Debt Impairment	27	(3 934 679)	(314 343)
Inventory consumed	29	(1 139 859)	(1 144 766)
Transfers and Subsidies	30	(25 000 115)	(42 999 465)
Loss on Disposal of Property, Plant and Equipment	31	(665 697)	(9 702)
Actuarial losses	32	(901 335)	-
General Expenses	33	(29 400 958)	(22 696 759)
Total expenditure		**(148 300 722)**	**(152 815 354)**
Surplus for the year		**14 584 448**	**2 512 619**

* See Note 55

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	43 620 661	116 407 940	160 028 601
Balance at June 30, 2023	**43 620 661**	**116 407 940**	**160 028 601**
Changes in net assets			
Surplus for the year as previously reported	-	2 586 263	2 586 263
Depreciation Offset	(1 047 859)	1 047 859	-
Total changes	(1 047 859)	3 634 122	2 586 263
Opening balance as previously reported	42 572 802	120 042 062	162 614 864
Prior year adjustments 55	-	(91 532)	(91 532)
Balance at June 30, 2024	**42 572 802**	**119 950 530**	**162 523 332**
Changes in net assets			
Depreciation Offset	(1 047 859)	1 047 859	-
Movements recognised in net assets	-	92 623	92 623
Net income (losses) recognised directly in net assets	(1 047 859)	1 140 482	92 623
Surplus for the year	-	14 584 448	14 584 448
Total recognised income and expenses for the year	(1 047 859)	15 724 930	14 677 071
Total changes	(1 047 859)	15 724 930	14 677 071
Balance at 30 June 2025	**41 524 943**	**135 675 460**	**177 200 403**
Note(s)	17		

* Details on the movement of the Funds and Reserves are set out in Note 17 and Note 18.

* See Note 55

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Transfers and subsidies		148 035 306	141 806 313
External Interest and Dividends Received		13 826 928	13 418 050
Other receipts		407 994	1 831 029
		162 270 228	157 055 392
Payments			
Employee related costs		(70 944 309)	(70 632 646)
Remuneration of councillors		(8 544 135)	(7 734 830)
Suppliers paid		(27 712 968)	(33 098 184)
Other payments		(25 340 115)	(43 069 329)
		(132 541 527)	(154 534 989)
Net cash flows from operating activities	34	**29 728 701**	**2 520 403**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3 052 623)	(4 085 029)
Purchase of other intangible assets	10	(221 619)	(9 349)
Decrease / (Increase) in Current Investments		600 000	600 000
Decrease / (Increase) in Long-term Receivables		(578 000)	660 000
Net cash flows from investing activities		**(3 252 242)**	**(2 834 378)**
Net increase/(decrease) in cash and cash equivalents		**26 476 459**	**(313 975)**
Cash and cash equivalents at the beginning of the year		113 099 485	113 413 460
Cash and cash equivalents at the end of the year	7	**139 575 944**	**113 099 485**

The accounting policies on pages 18 to 37 and the notes on pages 38 to 96 form an integral part of the annual financial statements.

* See Note 55

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	91 000	-	**91 000**	314 094	**223 094**	
Other income	80 000	-	**80 000**	1 125 903	**1 045 903**	
Interest received - investment	9 600 000	-	**9 600 000**	13 826 928	**4 226 928**	
Total revenue from exchange transactions	**9 771 000**	**-**	**9 771 000**	**15 266 925**	**5 495 925**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	150 819 000	101 000	**150 920 000**	147 618 245	**(3 301 755)**	
Total revenue	**160 590 000**	**101 000**	**160 691 000**	**162 885 170**	**2 194 170**	
Expenditure						
Employee Related Cost	(98 526 000)	8 722 000	**(89 804 000)**	(74 044 805)	**15 759 195**	
Remuneration of councillors	(8 252 000)	(472 000)	**(8 724 000)**	(8 544 135)	**179 865**	
Depreciation and amortisation	(6 363 000)	-	**(6 363 000)**	(4 669 139)	**1 693 861**	
Debt Impairment	(20 000)	-	**(20 000)**	(3 934 679)	**(3 914 679)**	
Inventory consumed	(2 340 000)	(20 000)	**(2 360 000)**	(1 139 859)	**1 220 141**	
Transfers and Subsidies	(16 167 000)	(11 696 000)	**(27 863 000)**	(25 000 115)	**2 862 885**	
Loss on disposal of assets	(54 000)	-	**(54 000)**	(665 697)	**(611 697)**	
General Expenses	(44 773 000)	(2 227 000)	**(47 000 000)**	(29 400 958)	**17 599 042**	
Actuarial Gains and Losses	(2 300 000)	-	**(2 300 000)**	(901 335)	**1 398 665**	
Total expenditure	**(178 795 000)**	**(5 693 000)**	**(184 488 000)**	**(148 300 722)**	**36 187 278**	
Surplus before taxation	**(18 205 000)**	**(5 592 000)**	**(23 797 000)**	**14 584 448**	**38 381 448**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(18 205 000)**	**(5 592 000)**	**(23 797 000)**	**14 584 448**	**38 381 448**	

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Performance are explained below:.

Other revenue
Other revenue variance is a result of the refunds claimed from a service provider and a local municipality, we had anticipated to receive refunds from these parties.

Rental from Fixed Assets:
The variance on rental of facilities and equipment is due to the municipality entering a new contract with MTN that has favourable rates.

Interest, Dividends and Rent on Land Earned:
The income from external investments increased due to interest rates were higher during the current financial year as compared to the budget projections.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Employee Related Costs
Variance on the employee related costs is due to various vacant positions on director level and lower which have not been filled for the financial year including Directors - Finance, Administration, Infrastructure Services and Planning & Development.

Depreciation and Amortisation:
The depreciation & amortisation variance is due to the review of the assets remaining useful lives.

Impairment Losses:
The variance is due to a higher default rate from the debtors than budget projections.

Contracted Services:
Contracted Services and Repairs and Maintenance actual expenditures are reflected under general expenses.

Inventory Consumed:
Savings realised on the consumption of inventory due to the implementation of cost containment measures.

General Expenses*:*
Operational costs and Contracted Services expenditures are combined and the variance is due to the implementation of cost containment measures, and underspending on projects that will be rolled over to the new financial year.

Loss on Disposal of Property, Plant and Equipment:
Loss on Disposal of Property, Plant and Equipment expenditure is for assets which were disposed off and donated to NGOs and schools, assets which were anticipated to be disposed in the prior financial year were disposed in the current financial year.

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	239 000	96 000	**335 000**	330 350	**(4 650)**	
Investments	-	-	**-**	9 800 000	**9 800 000**	
Receivables from exchange transactions	9 416 000	(710 000)	**8 706 000**	7 502 446	**(1 203 554)**	
Receivables from non-exchange transactions	389 000	-	**389 000**	-	**(389 000)**	
VAT Receivable	11 016 000	7 168 000	**18 184 000**	1 261 963	**(16 922 037)**	
Current Portion Long-term Receivables	736 000	(125 000)	**611 000**	671 000	**60 000**	
Other current assets	449 000	(525 000)	**(76 000)**	-	**76 000**	
Cash and cash equivalents	110 601 000	11 362 000	**121 963 000**	139 575 944	**17 612 944**	
	132 846 000	**17 266 000**	**150 112 000**	**159 141 703**	**9 029 703**	
Non-Current Assets						
Property, plant and equipment	66 359 000	3 187 000	**69 546 000**	68 328 046	**(1 217 954)**	
Intangible assets	6 844 000	(6 138 000)	**706 000**	711 501	**5 501**	
Heritage assets	631 000	-	**631 000**	631 417	**417**	
Operating lease asset	-	-	**-**	46 328	**46 328**	
Long-term Receivables	6 388 000	(660 000)	**5 728 000**	6 306 000	**578 000**	
Statutory receivables	9 000	-	**9 000**	389 000	**380 000**	
	80 231 000	**(3 611 000)**	**76 620 000**	**76 412 292**	**(207 708)**	
Total Assets	**213 077 000**	**13 655 000**	**226 732 000**	**235 553 995**	**8 821 995**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	25 671 000	2 018 000	**27 689 000**	10 128 203	**(17 560 797)**	
VAT payable	257 000	8 757 000	**9 014 000**	-	**(9 014 000)**	
Consumer deposits	5 000	(1 000)	**4 000**	7 270	**3 270**	
Employee benefit obligation	15 941 000	1 556 000	**17 497 000**	13 480 974	**(4 016 026)**	
Unspent conditional grants and receipts	320 000	1 251 000	**1 571 000**	1 988 197	**417 197**	
	42 194 000	**13 581 000**	**55 775 000**	**25 604 644**	**(30 170 356)**	
Non-Current Liabilities						
Employee benefit obligation	31 499 000	355 000	**31 854 000**	32 749 010	**895 010**	
Total Liabilities	**73 693 000**	**13 936 000**	**87 629 000**	**58 353 654**	**(29 275 346)**	
Net Assets	**139 384 000**	**(281 000)**	**139 103 000**	**177 200 341**	**38 097 341**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	43 621 000	(1 048 000)	**42 573 000**	41 524 944	**(1 048 056)**	
Accumulated surplus	95 763 000	767 000	**96 530 000**	135 675 454	**39 145 454**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total Net Assets	**139 384 000**	**(281 000)**	**139 103 000**	**177 200 398**	**38 097 398**	

Financial Position: Explanation of Variances between Approved Budget and Actual

'Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:
Variance is less than 5%..

Investments:
The budget for invesments is under cash and cash equivalents.

Operating lease:
The budget for operating lease is under other current assets, this is due to mSCOA not having a line for operating leases.

Receivables from Exchange Transactions:
The year to date movement comprises of prepaid subscriptions, services debtors and other debtors balances for the year.

VAT receivable:
Tthe variance is due

Current portion of long-term:
The variance is due to payments and actuarial valuation performed during the current financial year.

Cash and Cash Equivalents:
The variance is due to the municipality not spending 100% of the final budget.

Operating Lease Receivables:
'Operating lease receivables is made of the contract the municipality has with MTN.

Property, Plant and Equipment:
The variance is as a result of additions, disposals and depreciation to PPE of the municipality.

Intangible Assets:
The variance is due to the additions, and amortisation during the financial year.

Long-term Receivables:
Due to the actuarial valuation performed during the current financial year.

Statutory Recivables:
The variance is due to the reclassification done during the current year.

Consumer Deposits:
The variance is due to the accumulating deposits of the consumers which was claimed during the financial year.

Payables from Exchange Transactions:
The variance is due to the fact that most suppliers were paid by 30 June 2025.

Unspent Conditional Grants and Receipts:
The municipality anticipated that it would spend all its grant allocations at the end of the financial year, however there is an underspending on RRAMS, FMG, EEDSM, Aids grant and Covid-19 grant.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Employee benefits liabilities:
The variance is as a result of the actuarial valuation performed at the end of the year.

Reserves:
The variance is due to the depreciation off-set, due to the revaluation model.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	150 819 000	101 000	**150 920 000**	148 035 306	**(2 884 694)**	
Interest income	9 600 000	-	**9 600 000**	13 826 928	**4 226 928**	
Other receipts	197 000	-	**197 000**	407 994	**210 994**	
	160 616 000	**101 000**	**160 717 000**	**162 270 228**	**1 553 228**	
Payments						
Suppliers and employees	(156 602 000)	5 337 000	**(151 265 000)**	(132 541 527)	**18 723 473**	
Transfer ans subsidies	(5 502 000)	(18 000)	**(5 520 000)**	-	**5 520 000**	
	(162 104 000)	**5 319 000**	**(156 785 000)**	**(132 541 527)**	**24 243 473**	
Net cash flows from operating activities	**(1 488 000)**	**5 420 000**	**3 932 000**	**29 728 701**	**25 796 701**	
Cash flows from investing activities						
Decrease/ (Increase) in Current Investments	-	-	**-**	600 000	**600 000**	
Decrease / (Increase) in Long-term Receivables	-	-	**-**	(578 000)	**(578 000)**	0%
Purchase of capital assets	(12 325 000)	6 871 000	**(5 454 000)**	(3 274 242)	**2 179 758**	
Net cash flows from investing activities	**(12 325 000)**	**6 871 000**	**(5 454 000)**	**(3 252 242)**	**2 201 758**	
Net increase/(decrease) in cash and cash equivalents	(13 813 000)	12 291 000	**(1 522 000)**	26 476 459	**27 998 459**	
Cash and cash equivalents at the beginning of the year	124 413 000	(914 000)	**123 499 000**	113 099 485	**(10 399 515)**	
Cash and cash equivalents at the end of the year	**110 600 000**	**11 377 000**	**121 977 000**	**139 575 944**	**17 598 944**	

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Cash Flow Statement are explained below:

Interest income:
Variance is due to higher interest rate received than anticipated during the financial year.

Other Receipts:
VAT receivable is accounted for under other receipts.

VAT Receivable / Payable:
Vat included in other receipts.

Suppliers Paid:
The variance is due operational cost and contracted services projects which were completed with savings and variances

Purchase of Property, Plant and Equipment:
The variance is due to purchases of property, plant and equipment and intagible assets.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Reason for adjustment to original budget
Please refer to the adjustment budget for reasons on variances from the original budget.

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2025											
Financial Performance											
Investment revenue	9 600 000	-	9 600 000	-		9 600 000	13 826 928		4 226 928	144 %	144 %
Transfers recognised - operational	150 819 000	101 000	150 920 000	-		150 920 000	147 618 245		(3 301 755)	98 %	98 %
Other own revenue	171 000	-	171 000	-		171 000	1 454 282		1 283 282	850 %	850 %
Total revenue (excluding capital transfers and contributions)	**160 590 000**	**101 000**	**160 691 000**	**-**		**160 691 000**	**162 899 455**		**2 208 455**	**101 %**	**101 %**
Employee costs	(98 526 000)	8 722 000	(89 804 000)	-	-	(89 804 000)	(74 044 805)	-	15 759 195	82 %	75 %
Remuneration of councillors	(8 252 000)	(472 000)	(8 724 000)	-	-	(8 724 000)	(8 544 135)	-	179 865	98 %	104 %
Debt impairment	(20 000)	20 000	-			-	(3 934 679)	-	(3 934 679)	DIV/0 %	19 673 %
Depreciation and asset impairment	(6 363 000)	-	(6 363 000)			(6 363 000)	(4 669 139)	-	1 693 861	73 %	73 %
Materials and bulk purchases	(2 340 000)	(20 000)	(2 360 000)	-	-	(2 360 000)	(1 139 859)	-	1 220 141	48 %	49 %
Transfers and grants	(16 167 000)	(11 696 000)	(27 863 000)	-	-	(27 863 000)	(25 000 115)	-	2 862 885	90 %	155 %
Other expenditure	(47 127 000)	(2 227 000)	(49 354 000)	-	-	(49 354 000)	(30 982 275)	-	18 371 725	63 %	66 %
Total expenditure	**(178 795 000)**	**(5 673 000)**	**(184 468 000)**	**-**	**-**	**(184 468 000)**	**(148 315 007)**	**-**	**36 152 993**	**80 %**	**83 %**
Surplus/(Deficit)	**(18 205 000)**	**(5 572 000)**	**(23 777 000)**	**-**		**(23 777 000)**	**14 584 448**		**38 361 448**	**(61)%**	**(80)%**
Surplus/(Deficit) for the year	**(18 205 000)**	**(5 572 000)**	**(23 777 000)**	**-**		**(23 777 000)**	**14 584 448**		**38 361 448**	**(61)%**	**(80)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	10 674 000	(5 975 000)	4 699 000	-		4 699 000	3 252 242		(1 446 758)	69 %	30 %
Sources of capital funds											
Internally generated funds	10 674 000	(5 975 000)	4 699 000	-		4 699 000	3 252 242		(1 446 758)	69 %	30 %
Cash flows											
Net cash from (used) operating	(1 488 000)	5 420 000	3 932 000	-		3 932 000	29 728 701		25 796 701	756 %	(1 998)%
Net cash from (used) investing	(12 325 000)	6 871 000	(5 454 000)	-		(5 454 000)	(3 252 242)		2 201 758	60 %	26 %
Net increase/(decrease) in cash and cash equivalents	**(13 813 000)**	**12 291 000**	**(1 522 000)**	**-**		**(1 522 000)**	**26 476 459**		**27 998 459**	**(1 740)%**	**(192)%**
Cash and cash equivalents at the beginning of the year	124 413 000	(914 000)	123 499 000	-		123 499 000	113 099 485		(10 399 515)	92 %	91 %
Cash and cash equivalents at year end	**110 600 000**	**11 377 000**	**121 977 000**	**-**		**121 977 000**	**139 575 944**		**(17 598 944)**	**114 %**	**126 %**

1.1 BASIS FOR PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

The municipality has the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

1.1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality’s Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.1.4 Revenue Recognition

Accounting Policy 1.10 on Revenue from Exchange Transactions and Accounting Policy 1.10 on Revenue from Non-exchange

(continued)

Transactions describes the conditions under which revenue will be recorded by the management of the municipality.In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Accounting Policy 1.8 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

Impairment of Trade Receivables:

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.1.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 1.3, and 1.5, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.1.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 1.5 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 10. and 11. to the Annual Financial Statements, if applicable.

1.1.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 1.12, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

(continued)

1.1.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.1.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.1.5 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

1.1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been amended and/or issued but are not yet effective and have not been early adopted by the municipality:

GRAP 25 Employee Benefits (Effective date to be determined)

GRAP 104 Financial Instruments (Effective 1 April 2025)

GRAP7 The limit on a define benefit asset, minimum funding requirement and their interaction (Effective date to be determined)

GRAP 21 The effect of past decisions on materiality (Effective 1 April 2023)

1.2 NET ASSETS

1.2.1 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. Subsequent adjustments to the Revaluation Reserve are made in accordance with GRAP 17 (Property, Plant and Equipment).

1.2.2 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.

The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.

Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

Accounting Policies

(continued)

If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

(continued)

1.3 PROPERTY, PLANT AND EQUIPMENT

1.3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

1.3.2 Subsequent Measurement

Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Revaluation Model:

Buildings and Land

The municipality opted to adopt the application of the Revaluation Model for its land and buildings based on the conclusion that this is the more prudent approach for the municipality to follow. The assets are revaluated every 5 years.

Subsequent to initial recognition land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by experienced valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

1.3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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 rates are based on the following estimated useful lives:

(continued)

Assets Class	Years
Land and Buildings	
Land	Indefinite
Buildings	5 - 50
Other	
Computer Equipment	5 - 27
Emergency Equipment	5 - 27
Furniture and Fittings	4 - 30
Motor Vehicles	5 - 15
Office Equipment	5 – 27
Plant and Machinery	5 – 30
Security Assets	10 – 50
Roads and Pavements	5 – 50
Carpots	5 – 50

1.3.4 Land

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite useful life.

1.3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.3.6 Derecognition

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. Gains are not classified as Revenue.

1.4 HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

(continued)

1.4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

1.4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

1.4.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.5 INTANGIBLE ASSETS

1.5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (Intangible Assets). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

1.5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

(continued)

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

Assets Class	Years
Computer Software	3 - 10
Computer Software Licenses	3 - 10

1.5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.6 INVESTMENT PROPERTY

1.6.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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

1.6.2 Subsequent Measurement

The municipality reviewed its application of the Fair Value Model and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the Cost Model would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

1.6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

(continued)

1.7 IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets.

All other assets are classified as Non-cash Generating Assets.

1.7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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 recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

(continued)

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.8 FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

(continued)

1.8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

1.8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

1.8.3 Initial and Subsequent Measurement

1.8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

(continued)

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

1.8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

1.8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

1.8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

(continued)

1.8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1.8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

1.8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

1.9 INVENTORIES

1.9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.9.2 Subsequent Measurement

1.9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores distributed at no charge or for a nominal charge are valued at the lower of cost and current replacement cost. The cost is determined using the weighted average Method.

(continued)

1.9.2.2 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

1.10 REVENUE RECOGNITION

1.10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

1.10.2 Revenue from Exchange Transactions

1.10.2.1 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

1.10.2.2 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

1.10.2.3 Sale of Goods (including Houses)

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

The municipality has transferred to the buyer 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.

1.10.3 Revenue from Non-exchange Transactions

1.10.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Accounting Policies

(continued)

1.10.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met are transferred to revenue in the statement of financial performance.

The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the statement of financial performance.

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of financial position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

1.10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

1.11 PROVISIONS

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

(continued)

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

1.12 EMPLOYEE BENEFIT LIABILITIES

1.12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

1.12.2 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.12.3 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.12.4 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section56 employees, is recognised as it accrue to Section 56 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.5 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

(continued)

1.12.5.1 Defined Contribution Plans

The municipality’s contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12.5.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality’s liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

Accounting Policies

(continued)

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the statement of financial performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the statement of financial performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee’s employment term.

Accumulated leave is vesting.

1.13 LEASES

1.13.1 The Municipality as Lessor

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

1.14 GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;

Expect to be repaid in future; or

Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

(continued)

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

1.16 UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised

Expenditure is accounted for as an expense in Surplus or Deficit 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 Surplus or Deficit.

1.17 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), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality’s or Municipal Entities’ Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit 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 Surplus or Deficit.

1.19 MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing municipalities and municipal ntities.

1.20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

1.21 STATUTORY RECEIVABLES

The municipality recognised and disclosed its Statutory Receivables in its books at year-end. The transactions relates to all the legislative transactions which were due to the municipality at year end.

Accounting Policies

(continued)

1.22 COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

The municipality discloses capital expenditure budgeted for but not yet committed.

1.23 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises of the Councillors and Executive Management.

1.24 SEGMENT REPORTING

A segment is an activity of an entity:

-that generates ecomocis 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 on3, in the segment report. They are the segments identified or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

The municipality's segments are grouped in accordance with mSCOA functional classification. The material information of actual transactions that relates to segment reporting are derived from the statement of financial performance, which is the same basis applied on section 71 reporting.

1.25 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

1.26 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2024 to 30 June 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. Inventories

Consumable stores	330 350	335 206

Reconciliation

Opening balance	335 207	239 492
Purchases	353 254	438 626
Issues	(358 111)	(342 911)
Closing balance	**330 350**	**335 207**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Stores issues amounted to R358,111 for the current year (2024: R342,911)

No Inventories have been pledged as collateral for liabilities of the municipality

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Receivables from exchange transactions

Gross balances		
Service debtors	9 983 085	7 484 274
Prepayments and Advances	1 476 051	1 614 350
Other Debtors	368 792	214 451
	11 827 928	**9 313 075**
Less: Allowance for impairment		
Trade debtors	(4 325 482)	(390 803)
Prepayments and Advances	-	-
	(4 325 482)	**(390 803)**
Net balance		
Service Debtors	5 657 603	7 093 471
Prepayments and Advances	1 476 051	1 614 350
Other Debtors	368 792	214 451
	7 502 446	**8 922 272**
Service Debtors Ageing		
Current (0 -30 days)	672 001	209 485
31 - 60 days	171 918	139 780
61 - 90 days	219 274	314 815
91+ days	4 594 410	6 429 391
	5 657 603	**7 093 471**
Prepayments and Advances Ageing		
Current (0 -30 days)	1 476 051	1 614 350
31 - 60 days	-	-
61 - 90 days	-	-
91+ days	-	-
	1 476 051	**1 614 350**
Other Debtors Ageing		
Current (0 -30 days)	368 792	214 451
31 - 60 days	-	-
61 - 90 days	-	-
91+ days	-	-
	368 792	**214 451**
Service Debtors By Type		
Provincial Departments	8 570 034	6 462 884
Councillors	321 094	395 065
Officials	5 979	5 979
Medical Aid Debtor	1 871	1 871
Private Business	633 104	618 475
Local Municipalities	451 004	-
	9 983 086	**7 484 274**

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	672 001	209 485
31 - 60 days	171 918	139 780

Figures in Rand	2025	2024

3. Receivables from exchange transactions (continued)

61 - 90 days	169 585	314 815
91+ days	8 969 580	6 838 079
	9 983 084	7 502 159
Less: Allowance for impairment	(4 325 482)	(390 803)
	5 657 602	**7 111 356**

Prepayments and Advances

Current (0 -30 days)	1 476 051	1 614 350
31 - 60 days	-	-
61 - 90 days	-	-
91+ days	-	-
	1 476 051	1 614 350
Less: Allowance for impairment	-	-
	1 476 051	**1 614 350**

Other Debtors

Current (0 -30 days)	368 792	214 451
31 - 60 days	-	-
61 - 90 days	-	-
91+ days	-	-
	368 792	214 451
Less: Allowance for impairment	-	-
	368 792	**214 451**

Total Debtors

Current (0 -30 days)	2 520 107	2 038 286
31 - 60 days	171 918	139 780
61 - 90 days	169 585	314 815
91+ days	8 969 580	6 820 649
	11 831 190	9 313 530
Less: Allowance for impairment	(4 325 482)	(390 803)
	7 505 708	**8 922 727**

As at 30 June 2025 Receivables of R9,311,083 (30 June 2024 - R6,901,871) were past due on accounts older than 30 days, R4,325,482 (30 June 2024 - R390,803) was assessed to be impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

Total debtor past due and impaired

Current (0 -30 days)	-	-
31 - 60 days	171 918	139 780
61 - 90 days	169 585	314 815
91+ days	8 969 580	6 447 276
	9 311 083	**6 901 871**

Reconciliation of allowance for impairment

Balance at beginning of the year	390 803	95 523
Contributions to allowance	3 934 679	295 280
Debt impairment written off against allowance	-	-
Reversal of allowance	-	-
	4 325 482	**390 803**

Figures in Rand	2025	2024

4. Statutory Receivables

Recovery of disaster grant DORA	389 000	389 000

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Recovery of disaster grant DORA	389 000	389 000
Provision for impairment	-	-
	389 000	**389 000**

Total receivables from non-exchange transactions	389 000	389 000

An amount of R389 000 was gazetted in the 2019/20 Northern Cape Provincial Gazzette. The Disaster Grant was due from Department of Co-operative Governance, Human Settlements and Traditional Affiars and has not yet been received. The Northern Cape Provincial Government has not issued any gazettee reversing the allocation. Such amount has been recognised as a debtor, and management has considered to follow the legal route in line with the legal framework.

None of the statutory receivables have been pledged as security.

5. Investments

Residual interest at cost		
Fixed term deposit	9 800 000	10 400 000
Fixed deposit at deposit taking institution until 30 June 2026		

Reconciliation		
Opening Balance	10 400 000	11 000 000
Invested	9 800 000	10 400 000
Withdrawn	(10 400 000)	(11 000 000)
	9 800 000	**10 400 000**

2025	**Cashbook**	**Bank statement**	
Nedbank	9 800 000	9 800 000	-

2024	**Cashbook**	**Bank statement**	
ABSA	10 400 000	10 400 000	-

None of the investments are pledged as security.

6. VAT receivable

VAT	1 261 963	1 640 078

Reconciliation		
Opening Balance	1 640 078	2 631 927
Input VAT	6 227 591	7 996 313
Output VAT	(50 814)	(4 196)
VAT Accruals	(58 317)	(36 767)
Sars Refunds	(6 496 575)	(8 947 199)
	1 261 963	**1 640 078**

6. VAT receivable (continued)

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

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

None of the VAT receivable is pledged as security.

Figures in Rand	2025	2024

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 299	3 297
Bank balances	10 109 307	5 937 581
Current Investments - Short-term deposits	129 463 338	107 158 607
	139 575 944	**113 099 485**

The list of municipal bank accounts

Bank accounts	Bank statement balances		Cash book balances	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
FNB - Kimberley Regional Office - Primary Account	11 565 290	7 106 967	10 109 307	5 937 581

7.1 Current Investment Deposits

	129 463 338	107 158 607
Total Current Investment Deposits	**129 463 338**	**107 158 607**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.6% to 8.9% (2024: 4.60 % to 9.6 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 7.85% to 9.67 % (2024: 4.60 % to 9.6 %) per annum.

7.2 Notice Deposits

Deposits attributable to Unspent Conditional Grants	1 988 197	1 571 136
Deposits attributable to Capital Replacement Reserve	7 957 082	7 957 082
Deposits attributable to Payables	10 128 203	5 530 222
Deposits attributable to Current Provisions	13 480 974	13 396 888
Deposits attributable to Consumer Deposits	7 270	4 370
Deposits available for operations	95 901 612	78 698 909
Total Deposits attributable to Commitments of the Municipality	**129 463 338**	**107 158 607**

7.3 Bank Accounts

Cash in bank	10 109 307	5 937 581
Bank Overdraft	-	-
Total bank accounts	**10 109 307**	**5 937 581**

Primary Bank Account

FNB - Kimberley Regional Office - Primary Account:

Cash book balance at end of year	10 109 307	5 937 581

FNB - Kimberley Regional Office - Primary Account:

	-	-
Bank statement balance at end of year	11 565 290	7 106 967

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

2025	**Cashbook**	**Bank statement**
ABSA	31 986 214	31 986 113
FNB	35 377 124	34 998 412
Nedbank	32 100 000	32 100 000
Standard Bank	30 000 000	30 000 000
	129 463 338	**129 084 525**

2024	**Cashbook**	**Bank statement**
ABSA	26 986 214	26 986 114
FNB	30 998 749	30 998 585
Nedbank	32 173 644	32 100 000
Standard Bank	17 000 000	17 000 000
	107 158 607	**107 084 699**

Cash on hand		
	3 299	3 297
Total Cash on hand in Cash Floats, Advances and Equivalents	**3 299**	**3 297**
Total cash and cash equivalents	**139 575 944**	**113 099 485**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. Long-term Receivables

8.1 Employee Benefits		
Opening Balance	6 339 000	7 124 000
Interest cost	698 000	818 000
Payments made	(632 138)	(633 679)
Actuarial loss/(gain)	572 138	(969 321)
Total Long Term Receivables	**6 977 000**	**6 339 000**
Less: Current Portion transferred to Current Receivables:-Employee Benefits	(671 000)	(611 000)
Non-Current Potion of Long Term Receivables	**6 306 000**	**5 728 000**

Employee benefits receivables
The municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the agreement, the municipality will continue payment of the post-service medical aid premiums of the retired employees to the service provider. The department will refund the employer's portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valuated by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 13.

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	3 120 700	-	3 120 700	3 120 700	-	3 120 700
Buildings and Ancillary Assets	60 879 891	(6 940 715)	53 939 176	60 824 549	(5 077 090)	55 747 459
Plant and machinery	8 142 739	(5 689 926)	2 452 813	8 305 511	(5 832 916)	2 472 595
Furniture and fixtures	8 395 380	(7 552 283)	843 097	8 878 249	(7 810 875)	1 067 374
Motor vehicles	11 741 438	(7 623 977)	4 117 461	12 030 418	(8 489 874)	3 540 544
IT equipment	7 523 708	(5 851 651)	1 672 057	8 026 139	(5 782 944)	2 243 195
Work In Progress	2 182 806	-	2 182 806	2 182 806	-	2 182 806
Total	**101 986 662**	**(33 658 552)**	**68 328 110**	**103 368 372**	**(32 993 699)**	**70 374 673**

9. Property, plant and equipment (continued)

9.1 Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	3 120 700	-	-	-	-	-	-	-	3 120 700
Buildings and Ancillary Assets	55 747 459	146 700	(80 924)	-	-	-	(1 874 060)	-	53 939 176
Plant and machinery	2 472 595	1 091 965	(570 267)	-	-	-	(542 333)	-	2 452 812
Furniture and fixtures	1 067 374	116 888	(10 631)	-	-	-	(330 534)	-	843 096
Motor vehicles	3 540 544	1 510 818	(6 408)	-	-	-	(927 493)	-	4 117 462
IT equipment	2 243 195	186 252	(11 751)	-	-	-	(745 637)	-	1 672 057
Work In Progress	2 182 806	-	-	-	-	-	-	-	2 182 806
	70 374 673	**3 052 623**	**(679 981)**	**-**	**-**	**-**	**(4 420 056)**	**-**	**68 328 109**

9. Property, plant and equipment (continued)

9.2 Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Total
Land	3 120 700	-	-	-	-	-	3 120 700
Buildings and Ancillary Assets	53 200 329	996 550	-	3 295 952	-	(1 745 372)	55 747 459
Plant and machinery	2 280 676	488 512	(2 096)	157 368	-	(451 865)	2 472 595
Furniture and fixtures	1 227 600	142 665	(496)	37 019	-	(339 414)	1 067 374
Motor vehicles	2 244 246	1 960 725	(1 323)	-	-	(663 104)	3 540 544
IT equipment	2 567 868	496 578	(4 675)	-	-	(816 576)	2 243 195
Work In Progress	5 673 145	-	-	-	(3 490 339)	-	2 182 806
	70 314 564	**4 085 030**	**(8 590)**	**3 490 339**	**(3 490 339)**	**(4 016 331)**	**70 374 673**

9.3 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use
There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.4 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation
No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

9.5 Assets pledged as security
The municipality did not pledge any of its assets as security.

9.6 Impairment of Property, Plant and Equipment
No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

9.7 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed
There were changes in the estimated useful life of various assets during the financial year due to the reassement of useful lives. The changes resulted in a decrease in current year depreciation by R886,151

9.8 Land and Buildings carried at Fair Value
The municipality's Land and Buildings are accounted for according to the revaluation value model. Revaluation is done every five years.

9. Property, plant and equipment (continued)

9.9 Property, plant and equipment in the process of being constructed or developed

	2025	2024
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	2 182 806	2 182 806

	2025	2024
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Project 1: Disaster Management Center - Delayed	2 182 806	2 182 806
The project is delayed due to sourcing of funds ensuring sufficiency for all its phases. The municipality is currently building a case for Municipal Infrastructure Grant funding with the view on amendment to White Paper on Local Government and hosting District Disaster Model.		
	2 182 806	**2 182 806**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	-	2 182 806	2 182 806
Additions/capital expenditure	-	-	-
	-	**2 182 806**	**2 182 806**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	5 534 674	138 471	5 673 145
Additions/capital expenditure	-	-	-	-
Transferred to completed items	-	(3 351 868)	(138 471)	(3 490 339)
	-	**2 182 806**	**-**	**2 182 806**

9.10 Expenditure incurred to repair and maintain property, plant and equipment

	2025	2024
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Computer Equipment	6 845	9 890
Furniture and Office Equipment	548 463	419 799
Machinery and Equipment	77 326	256 142
Other Assets - Buildings	448 978	356 777
Transport Assets	459 574	244 491
	1 541 186	**1 287 099**

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance have been restated as follows:

	Restated	Previously reported
Information and Communication Infrastructure	R0	R18 014
Furniture and Office Equipment	R419 799	R432 377

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 735 521	(3 024 020)	711 501	3 513 903	(2 774 654)	739 249

10.1 Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	739 248	221 619	(249 366)	711 501

10. Intangible assets (continued)

10.2 Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1 700 446	9 349	(1 111)	(969 435)	739 249

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (**see Note 27**).

All of the municipality’s Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.3 Significant Intangible Assets
There are no significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31.

10.4 Intangible Assets with Indefinite Useful Lives and change in accounting estimates
The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

There are changes in the estimated useful life of some intangible assets during the financial year due to the reassement of useful live.

10.5 Impairment of Intangible Assets
No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

10.6 Work-in-Progress
The municipality had no capital projects for Intangible Assets which were not completed at year-end.

10.7 Delayed Projects
No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Intangible assets (continued)

10.7 Expenditure incurred to repair and maintain intangible assets

Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software	3 577 341	2 804 248

Cumulative expenditure recognised in the carrying value of Intangible assets were restated as follows:

	Restated	Previously Reported
Licenses and franchises	R 0	R 2 660 398
Computer software, internally generated	R 0	R 143 850
Computer software	R 2 804 248	R 0

Reason for restatement is that the municipality only has one class of intangible assets

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11. Heritage assets

	2025			2024		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	631 417	-	631 417	631 417	-	631 417

11.1 Reconciliation of heritage assets 2025

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Impairment losses recognised**	**Total**
Art Collections, antiquities and exhibits	631 417	-	-	-	-	631 417

11.2 Reconciliation of heritage assets 2024

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Impairment losses recognised**	**Total**
Art Collections, antiquities and exhibits	631 417	-	-	-	-	631 417

All of the municipality’s Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

11. Heritage assets (continued)

11.3 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

11.4 Heritage Assets measured after recognition using the Cost Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

11.5 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

11.6 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

11.7 Expenditure incurred to repair and maintain heritage assets

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Operating lease asset (receivable)

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Non-current assets	46 328	-
Current assets	-	8 804
	46 328	**8 804**

Reconciliation of Operating Lease Receivables		
Balance at beginning of year	8 804	39 285
Operating lease instalment reversal/adjustment	(8 804)	-
Operating Lease Revenue affected	46 328	(30 481)
	46 328	**8 804**

The following amounts are due as shown below:		
Up to 1 year	-	8 804
Later than 1 but not later than 5 years	46 328	-
	46 328	**8 804**

12.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2024/25: 60 months), the new lease came into effect on 01 October 2024.

The operating lease contract contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Amounts receivable under Operating Leases

12.2 At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	345 000	259 738
2 to 5 years	1 688 851	-
	2 033 851	**259 738**

The following restrictions have been imposed by the municipality in terms of the lease agreements:
(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement

Figures in Rand	2025	2024

13. Employee benefit obligations

Defined benefit plan

13.1 Employee Benefit Liabilities		
Post-retirement Health Care Benefits Liability	31 983 000	29 194 000
Long Service Awards Liability	3 656 000	3 247 000
Total Employee Benefit Liabilities	35 639 000	32 441 000
Less: Current Portion of Employee Benefit Liabilities	-	-
Current - Post-retirement Health Care Benefits Liability	(2 350 000)	(2 341 000)
Current - Long Service Awards Liability	(557 000)	(264 000)
	32 732 000	**29 836 000**

Non-current liabilities	32 749 010	29 853 233
Current liabilities	13 480 974	13 396 888
	46 229 984	**43 250 121**

13.2 Post-retirement Health Care Benefits Liability

Liability		
Opening balance	29 194 000	28 511 999
Interest cost	3 243 000	3 309 000
Current service cost	482 000	446 000
Actual employer benefit payments	(2 343 358)	(2 250 665)
Actuarial loss/ (gain) recognised in the year	1 407 358	(822 335)
Balance at end of Year	31 983 000	29 193 999
Less: Current Portion of Liability	(2 350 000)	(2 341 000)
Non-Current Portion of Liability	**29 633 000**	**26 852 999**

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr. Chanan Weisss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	74	70
In-service Non-Members (Employees)	16	14
Continuation Members (Retirees, widowers and orphans)	31	34
Total Members	**121**	**118**

The liability in respect of past service has been estimated as follows:

In-service Members (Employees)	8 448 000	6 666 000
In-service Non-members (Employees)	334 000	281 000
Continuation Members (Retirees, widowers and orphans)	23 201 000	22 247 000
Total Liability	**31 983 000**	**29 194 000**

13. Employee benefit obligations (continued)

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current Service Cost for the year ending 30 June 2025 is estimated to be R480,00 whereas the cost for the ensuing year (30 June 2026) is estimated to be R559,000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	10.73%	11.56%
Health Care Cost Inflation Rate	6.60%	7.11%
CPI Inflation Rate	4.80%	5.61%
Net Effective Discount Rate	3.85%	7.11%
Expected Rate of Salary Increase	5.01%	5%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Liability		
Opening balance	29 194 000	28 511 990
Interest cost	3 243 000	3 309 000
Current service cost	482 000	446 000
Actual employer benefit payments	(2 343 358)	(2 250 665)
Actuarial loss/(gain) recognised in the year	1 407 358	(822 335)
Total Recognised Benefit Liability	**31 983 000**	**29 193 990**

The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	31 983 000	29 193 990
Unfunded Accrued Liability	31 983 000	29 193 990
Total Benefit Liability	**31 983 000**	**29 193 990**

The history of fair values are as follows:	**2025**	**2024**	**2023**	**2022**	**2021**
Present Value of Defined Benefit Obligation	31 983 000	29 193 990	28 511 990	29 999 999	28 967 999

	2025	**2024**	**2023**	**2022**	**2021**
Experienced adjustments on Plan Liabilities	382 000	(640 000)	578 000	864 000	4 073 000

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:	-	-
Effect on the aggregate of the current service cost and the interest cost	1	4 207 000
Effect on the defined benefit obligation	1	35 610 000
Decrease:	-	-

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Effect on the aggregate of the current service cost and the interest cost	(1)	3 327 000
Effect on the defined benefit obligation	(1)	28 923 000

The municipality expects to make a contribution of R2,473,000 (2024: R2,341,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 48, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

13.3 Long Service Awards Liability

Opening balance	3 247 000	3 233 963
Current service cost	305 000	312 000
Interest cost	352 000	358 000
Actual employer benefit payments	(303 784)	(268 074)
Actuarial loss/(gain) recognised in the year	55 784	(388 926)
Balance at end of year	3 656 000	3 246 963
Less: Current Portion of Liability	(557 000)	(264 000)
Total Non-Current - Long Service Awards Liability	**3 099 000**	**2 982 963**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 90 (2024: 84) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2025 is estimated to be R305,000 whereas the cost for the ensuing year (30 June 2026) is estimated to be R324,000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	10.00%	11.29%
CPI inflation rate	4.00%	5.42%
General earnings inflation rate	5.00%	6.42%
Net discount rate	4.76%	4.58%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening balance	3 247 000	3 233 963
Increases	712 784	281 074
Payments Made	(303 784)	(268 074)
	3 656 000	**3 246 963**

The amounts recognised in the Statement of Financial Position are as follows:

Preseent value of fund obligations	3 656 000	3 246 963
Unfunded Accrued Liability	3 656 000	3 246 963

13. Employee benefit obligations (continued)

	2025	2024
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	305 000	312 000
Interest cost	352 000	358 000
	-	-
Actuarial losses/(gains)	55 784	(388 926)
Total Post-retirement Benefit included in Employee Related Costs	**712 784**	**281 074**

The history of fair values are as follows:	**2025**	**2024**	**2023**	**2022**	**2021**
	3 656 000	3 246 963	3 233 963	3 431 963	3 102 963

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase		
Effect on the aggregate of the current cost and the interest cost	1	704 000
Effect on the defined benefit obligation	1	3 869 000
Decrease	**-**	**-**
Effect on the aggregate of the current cost and the interest cost	(1)	614 000
Effect on the defined benefit obligation	(1)	3 461 000

The municipality expects to make a contribution of R557,000 (2024: R264,000) to the defined benefit plan during the next financial year.

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(32 749 010)	(29 853 233)
Present value of the defined obligation - current	(13 480 974)	(13 396 888)
	(46 229 984)	**(43 250 121)**
Non-current liabilities	(32 749 010)	(29 853 233)
Current liabilities	(13 480 974)	(13 396 888)
	(46 229 984)	**(43 250 121)**

The major categories of plan assets as a percentage of total plan assets are as follows:

13.4 Current Liabilities: Employee benefit obligation

Reconciliation - 2025	**Opening Balance**	**Additions**	**Payments made**	**Reversed/ Reductions during the year**	**Total**
Ex-gratia Pensions	11 280	-	-	(560)	10 720
Leave provision	10 260 145	6 561 543	(7 154 836)	-	9 666 852
Performance bonus provision	520 462	823 129	(258 691)	-	1 084 900
Post-retirement health care cost	2 341 000	9 000	-	-	2 350 000
Long service award	264 000	293 000	-	-	557 000
	13 396 887	**7 686 672**	**(7 413 527)**	**(560)**	**13 669 472**

13. Employee benefit obligations (continued)

Reconciliation - 2024	Opening Balance	Additions	Payments made	Reversed/ Reductions during the year	Total
Ex-gratia Pensions	11 420	-	-	(140)	11 280
Leave provision	8 760 200	9 046 308	(7 546 363)	-	10 260 145
Performance bonus provision	415 306	440 783	(335 627)	-	520 462
Post-retirement health care cost	2 347 000	-	(6 000)	-	2 341 000
Long service award	307 000	-	-	(43 000)	264 000
	11 840 926	**9 487 091**	**(7 887 990)**	**(43 140)**	**13 396 887**

13.5 The movement in Non-current Employee benefit obligations are reconciled as follows:

Staff Benefit:

	2025	2024
Ex-Gratia Pension		
Opening balance	17 010	18 551
Increases	2 090	2 280
Payment Made	(13 331)	(13 331)
Other reductions	-	-
Reversals	10 891	9 631
	16 660	**17 131**

Ex-gratia Pensions

Ex-gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality’s obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

Leave Provision

Leave Provision Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Performance Bonus

Performance accrue to directors on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

14. Payables from exchange transactions

	2025	2024
Trade payables	8 118 463	3 485 805
Bonus	1 970 556	2 038 524
Third Party Payments	39 184	5 896
	10 128 203	**5 530 225**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

Figures in Rand	2025	2024

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Rural Road Asset Management System Grant (RRAMS)	30 691	42 625
National Revenue Fund - Fuel Levy & Equitable Share	1 031 708	1 031 708
Provincial Government	199 686	199 686
Financial Management Grant (FMG)	445 698	296 702
Expanded Public Woks Programme (EPWP)	414	415
Energy Efficiency and Demand Side Management (EEDSM)	280 000	-
	1 988 197	**1 571 136**

Movement during the year

Balance at the beginning of the year	1 571 136	1 351 693
Additions during the year	9 242 306	5 535 313
Income recognition during the year	(8 485 245)	(5 216 870)
Repayment of unspent grant	(340 000)	(99 000)
	1 988 197	**1 571 136**

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

See note 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

16. Consumer deposits

Rental Properties	7 270	4 370

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

17. Reserves

Opening balance	42 572 802	43 620 661
Transfers to/from Accumulated Surplus	(1 047 858)	(1 047 859)
	41 524 944	**42 572 802**

Reserves		
Revaluation Reserve	33 567 857	34 615 717
Capital Replacement Reserve	7 957 082	7 957 082
	41 524 939	**42 572 799**

17.1 Reconciliation of the Capital Replacement Reserve

Revaluation surplus beginning of period	7 957 082	7 957 082
Movements in the reserve for the year	-	-
	7 957 082	**7 957 082**

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

Figures in Rand	2025	2024

17. Reserves (continued)

17.2 Reconciliation of Revaluation Reserve

Revaluation surplus beginning of period	34 615 717	35 663 577
Movements in the reserve for the year	(1 047 860)	(1 047 860)
	33 567 857	**34 615 717**

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

18. Accumulated surplus

Reconciliation of Accumulated Surplus:

Opening Balance	119 950 530	116 407 940
Correction of prior period error	-	(17 889)
Depreciation Offsets	1 047 680	1 047 860
Movements recognised directly in accumulated surplus	92 623	-
Surplus As Per Financial Performance	14 584 448	2 512 619
	135 675 281	**119 950 530**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

19. Revenue

Rental of facilities and equipment	314 094	195 237
Other Income	1 125 903	68 151
Actuarial Gains	-	232 309
Interest received - investment	13 826 928	13 344 406
Government grants & subsidies	147 618 245	141 487 870
	162 885 170	**155 327 973**

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

Rental of facilities and equipment	314 094	195 237
Other income	1 125 903	68 151
Acturial Gains (Losses)	-	232 309
Interest received - investment	13 826 928	13 344 406
	15 266 925	**13 840 103**

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

Government grants & subsidies	147 618 245	141 487 870

20. Rental of facilities and equipment

Premises

Rental of facilities and equipment	314 094	195 237

Figures in Rand	2025	2024

20. Rental of facilities and equipment (continued)

Rental income generated are at market related premiums.

21. Other revenue

Other income	1 125 903	68 151

The amounts included in other income are as follows:		
Commission	30 211	28 581
Lecture Hall Hire Charges	31 500	38 900
Recoupment of bursaries from employees	30 668	670
Refund from service providers	626 748	-
Refund from local municipalities	392 177	-
Recovery from employees	14 600	-
	1 125 904	**68 151**

22. Investment revenue

Interest revenue		
Bank - Investment account	13 702 524	13 048 460
Bank - Operating account	124 404	295 946
	13 826 928	**13 344 406**

Figures in Rand	2025	2024

23. Government grants & subsidies

Operating grants

National Revenue Fund: Equitable share	139 133 000	136 271 000
National Government: Rural Road Asset Management System Grant (RRAMS)	2 797 933	2 663 916
National Governments: Extended Public Woks Programme (EPWP)	1 274 001	959 000
National Governments: Financial Management Grant (FMG)	554 004	703 289
Departmental Agencies and Accounts: SETA	139 307	119 313
Provincial Government	-	771 352
National Government: Energy Efficiency Demand Side Management Grant (EEDSM)	3 720 000	-
	147 618 245	**141 487 870**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	8 485 245	5 216 870
Unconditional grants received	139 133 000	136 271 000
	147 618 245	**141 487 870**

23.1 National Revenue Fund - Fuel Levy & Equitable Share

Balance unspent at beginning of year	1 031 708	1 031 708
Current year receipts	139 133 000	136 271 000
Conditions met - transferred to Revenue	(139 133 000)	(136 271 000)
	1 031 708	**1 031 708**

This grant has been used to fund operational expenses within the municipality. Included in the Equitable share allocation is the Covid-19 share allocation of R1 469 000 which was received during the 2020/21 FY. The unspent amount is for Covid-19 expenditure.

23.2 Rural Road Asset Management System Grant (RRAMS)

Balance unspent at beginning of year	42 625	73 541
Current-year receipts	2 829 000	2 707 000
Conditions met - transferred to revenue	(2 797 934)	(2 663 916)
Repayment of unspent grant	(43 000)	(74 000)
	30 691	**42 625**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to assist the municipality in monitoring the conditions of the municipal roads within the district.

23.3 Provincial Government

Balance unspent at beginning of year	199 686	221 038
Current-year receipts	-	750 000
Conditions met - transferred to revenue	-	(771 352)
	199 686	**199 686**

Conditions still to be met - remain liabilities (see note 15).

The grants were used for operation and maintenance of clean up amenities, Tourisim Grant and HIV/AIDS awareness (AIDS Grant) from provincial government.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies (continued)

23.4 Financial Management Grant (FMG)

Balance unspent at beginning of year	296 702	24 991
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(554 004)	(703 289)
Repayment of unspent grant	(297 000)	(25 000)
	445 698	**296 702**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to assist the municipality in building in house capacity, promote and support reform to financial management and implementation of the Municipal Financial Management Act (MFMA) 56 of 2003.

23.5 Expanded Public Woks Programme (EPWP)

Balance unspent at beginning of year	415	415
Current-year receipts	1 274 000	959 000
Conditions met - transferred to revenue	(1 274 001)	(959 000)
	414	**415**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the grant is to expand job creation programs in the Frances Baard District.

23.6 SETA: Skills grant

Current-year receipts	139 307	119 313
Conditions met - transferred to revenue	(139 307)	(119 313)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

This grant has been used to fund training within the municipality No funds have been withheld.

Energy Efficiency Demand Side Management Grant (EEDSM)

Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(3 720 000)	-
	280 000	**-**

Conditions still to be met - remain liabilities (see note 15).

The purpose of the EEDSM Grant is to implement energy efficiency and demand-side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Employee related costs

Basic	50 273 914	48 230 440
Bonus	4 348 384	3 893 308
Medical aid - company contributions	3 060 470	2 660 912
UIF	234 226	227 994
Other payroll levies	17 159	16 012
Leave pay provision charge	157 128	2 579 977
Pension	7 070 015	6 449 223
Overtime payments	209 205	193 981
Long-service awards	305 000	312 000
Car allowance	2 771 991	3 104 141
Housing benefits and allowances	536 634	482 981
Cellular and Telephone	289 528	321 688
Group life insurance	1 390 061	1 159 786
Post retirement benefits movement - Current Service Cost	482 000	446 000
Post retirement benefits movement - Interest cost	2 899 090	2 851 280
	74 044 805	**72 929 723**

24.1 Remuneration of Municipal Manager - Ms ZM Bogatsu

Annual Remuneration	1 679 227	1 207 239
Car Allowance	192 591	236 932
Performance Bonuses	178 247	63 724
Contributions to UIF, Medical and Pension Funds	2 269	2 262
	2 052 334	**1 510 157**

24.2 Remuneration of Acting Chief Finance Officer - Ms. O Moseki

Annual Remuneration	1 257 480	1 218 543
Car Allowance	149 040	179 837
Performance Bonuses	66 287	114 199
Contributions to UIF, Medical and Pension Funds	273 050	250 920
	1 745 857	**1 763 499**

24.3 Remuneration of Acting Director: Planning & Development - Mr F Netshivhodza

Annual Remuneration	1 195 173	1 076 567
Car Allowance	149 040	179 837
Performance Bonuses	43 086	76 133
Contributions to UIF, Medical and Pension Funds	237 097	217 863
Long Service Awards	-	36 322
	1 624 396	**1 586 722**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Employee related costs (continued)

24.4 Remuneration of Acting Director: Administration - Mr T Ndlazi

Annual Remuneration	-	117 862
Car Allowance	-	29 973
Contributions to UIF, Medical and Pension Funds	-	31 938
	-	**179 773**

24.5 Remuneration of Acting Director: Infrastructure Services- Mr R.R Setshogoe

Annual Remuneration	1 037 160	930 313
Car Allowance	120 000	150 797
Performance Bonuses	49 715	81 571
Contributions to UIF, Medical and Pension Funds	208 767	191 878
	1 415 642	**1 354 559**

Total Remuneration of Section 56 Employees

Annual Remuneration	6 838 229	6 394 710

The total remuneration packages of the municipal manager and managers directly accountable to the municipal manager is paid in line with the upper limits. In addition to the upper limits, they receive a cell phone allowance for the daily operations in line with the approved policy and the performance bonus assessed in line with the Municipal Systems Act.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Remuneration of councillors

Executive Mayor	1 084 591	1 040 254
Mayoral Committee Members	4 341 978	3 604 570
Speaker	877 080	842 114
Other Councillors	2 240 486	2 247 892
	8 544 135	**7 734 830**

25.1 Remuneration Councillors: Reconciliation 2025	**Basic salary**	**Allowance**	**Total**
Executive Mayor	1 037 587	47 004	1 084 591
Speaker	830 076	47 004	877 080
Mayoral Committee Members	4 106 958	235 020	4 341 978
Other Councillors	2 005 845	234 641	2 240 486
	7 980 466	**563 669**	**8 544 135**

25.2 Remuneration Councillors: Reconciliation 2024	**Basic salary**	**Allowance**	**Total**
Executive Mayor	990 646	49 608	1 040 254
Speaker	792 506	49 608	842 114
Mayoral Committee Members	2 806 824	454 329	3 261 153
MPAC Chaiperson	343 417	-	343 417
Other Councillors	1 982 991	264 901	2 247 892
	6 916 384	**818 446**	**7 734 830**

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.

26. Depreciation and amortisation

Property, plant and equipment	4 419 773	4 016 331
Intangible assets	249 366	969 435
	4 669 139	**4 985 766**

26.1 Depreciation: Property, Plant and Equipment Reconciliation		
Buildings	1 874 060	1 745 372
Other assets	2 545 713	2 270 959
	4 419 773	**4 016 331**

27. Debt impairment

Debt impairment	3 934 679	314 343

Debt impairment is for debtors which the municipality foresee not collecting its remaining debt on the debtors list.

28. Contracted services

Outsourced Services	7 072 122	3 158 313
Consultants and Professional Services	4 391 227	3 593 378
Contractors	7 505 916	5 420 545
Total Contracted Services	**18 969 265**	**12 172 236**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Inventory consumed

Materials and Supplies	1 139 859	1 144 766

30. Transfer and subsidies paid

Capital Grants		
Local Municipalities	4 215 902	24 505 801
Non-Profit Institutions	-	-
	4 215 902	**24 505 801**
Operational Grants		
Local Municipalities	19 724 552	16 754 112
Households	986 311	1 435 956
Non-Profit Institutions	73 350	303 596
	20 784 213	**18 493 664**
	25 000 115	**42 999 465**
	-	-
	-	-

The allocations made to non-profit institutions consist of donations made to NGO's.

31. Gains and losses on disposal of assets

Property, Plant and Equipment	(679 982)	(9 702)
Disposal of inventory	14 285	-
	(665 697)	**(9 702)**

The gain/loss on disposal of PPE and inventory is assets/goods which were no longer in use for the municipality and were donated to either local municipalities, schools or NGO's.

32. Actuarial Gains/Losses

Actuarial Gains	-	232 309
Actuarial Losses	(901 335)	-
	(901 335)	**232 309**

The actuarial gains and losses relate to the employee benefit obligations. Refer to employee benefit obligations note 13.

Figures in Rand	2025	2024

33. General expenses

Advertising, Publicity and Marketing	601 963	496 308
External Audit Fees	2 271 521	2 156 627
Bank Charges, Facility and Card Fees	67 034	67 973
Cleaning Services	6 556	10 757
Legal costs	8 170	174
Entertainment	21 020	20 888
Insurance Underwriting	662 033	825 108
Registration Fees	142 125	167 994
External computer service	230 531	590 121
Licences	26 862	21 365
Wet Fuel	1 314	-
Printing, Publications and Books	15 313	11 808
Event Promoters	884 310	197 456
Uniform and Protective Clothing	88 359	53 311
Maintenance of equipment	1 071 020	963 645
Maintenance of buildings and facilities	1 407 383	382 006
Business and Advisory	9 698 088	4 666 021
Security services	1 193 165	1 170 092
Maintenance of computer software	3 438 467	2 804 248
Employee Wellness	215	49 614
Professional Bodies, Membership and Subscription	974 459	1 052 704
Communication	5 192	39 447
Transport and freight	3 173	2 799
Disability Training	565 500	575 239
Travel and Subsistence	1 277 438	1 052 554
Municipal Services	2 532 545	2 260 902
Catering Services	552 872	787 640
Exhibit installations	113 204	472 907
Bursaries (employees)	170 440	237 263
Resettlement costs	82 554	167 906
Transport provided as part of Departmental activities	232 040	220 071
Burial Services	9 600	-
Stage and sound crew	-	164 000
Graphic designers	26 405	7 628
Skills Development Levy	665 848	637 195
Workmen's Compensation Fund	354 239	362 988
	29 400 958	**22 696 759**

The general expenses have been restated as follows:

	Restated	**Previously reported**
Registration fees	R167 994	R130 429
Uniform and Protective Clothing	R53 311	R52 938
Maintenance of equipment	R963 645	R909 662
Maintenance of buildings and facilities	R382 006	R394 115
Disability Training	R575 239	R612 804
Catering Services	R787 640	R886 825

Calculation of Cash Flow:

	29 400 958	22 753 697

Trave and subsistence

Accomodation	516 348	465 112
Daily allowance	111 412	158 101

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. General expenses (continued)

Food and beverage (served)	94 500	61 860
Transport without operator	189 919	367 481
Transport with operator	352 023	-
Non-employees	13 234	-
	1 277 436	**1 052 554**

No other extra-ordinary expenses were incurred.

34. Cash generated from operations

Surplus	14 584 448	2 512 619
Adjustments for:		
Depreciation and amortisation	4 669 139	4 985 766
Loss on disposal of assets	665 697	9 702
Debt impairment	3 934 679	314 343
Movements in operating lease assets and accruals	(37 524)	30 480
Contribution to Employee Benefits	8 039 358	5 537 665
Expenditure incurred from Post-retirement Employee Benefits	(2 343 358)	(2 250 665)
Contribution to Long Service Awards Liability	326 970	13 000
Contribution to Provisions - Current	(6 332 267)	(7 105 720)
Contribution to Provisions - Non-Current	12 981	11 911
Expenditure incurred from Employee Benefits - Current	3 395 852	6 105 820
Expenditure incurred from Provisions - Non-current	(13 331)	(13 331)
Changes in working capital (Decrease/Increase):		
Inventories	4 856	(95 714)
Receivables from exchange transactions	1 419 826	1 085 118
Debt Impairment	(3 934 679)	(314 343)
VAT Receivable	378 115	991 849
Current Portion Long-term Receivables	(60 000)	125 000
Payables from exchange transactions	4 597 978	(9 641 965)
Unspent conditional grants and receipts	417 061	219 443
Increase/(Decrease) in Consumer deposits	2 900	(575)
	29 728 701	**2 520 403**

35. Auditors' remuneration

Fees	2 271 521	2 156 627

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	-	-
• Investment property	-	-
	-	**-**
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	4 565 000	315 000
• Investment property	-	4 152 000
• Intangible assets	-	6 250 000
	4 565 000	**10 717 000**
Total capital commitments		
Already contracted for but not provided for	-	-
Not yet contracted for and authorised by accounting officer	4 565 000	10 717 000
	4 565 000	**10 717 000**

Total commitments

Total commitments		
Authorised capital expenditure	4 565 000	10 717 000

This committed expenditure relates to property, plant and equipment and Intangible assets and will be financed by internally generated funds.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Contingencies

37.1 Contigent liabilities

Case 1 - State Attorney	81 068	81 068
Case 2 - Opinion - Appointed Adv C. Towell	77 533	77 533
	158 601	**158 601**

Contingent liabilities have been restated as follows:

	Restated	Previously reported
Case 1 - State Attorney	R81 068	R100 000

The municipality was engaged in the following transaction / event during the year under review involving Contingent Liabilities:

2025 Litigation and Claims

Case 1
State Attorney

Damages to infrastructure. filed plea:

MTN claims that they suffered damages as a result of employees of the municipality that were working in a project which led to the damage of their fibre cables.

Case 2
(i) Opinion. Appointed Adv.C.Towell:

In this matter the Director for Administration filed a high court application requesting the court to review the decision of council to grant her leave without pay for being absent from work without authorization. We are awaiting for the matter to be set down for hearing.

2024 Litigation and Claims

Case 1
State Attorney

Damages to infrastructure. filed plea:

(i) MTN claims that they suffered damages as a result of employees of the municipality that were working in a project which led to the damage of their fibre cables.

Case 2
(i) Opinion. Appointed Adv.C.Towell:

In this matter the former Director for Administration filed a high court application requesting the court to review the decision of council to grant her leave without pay for being absent from work without authorization. We are awaiting for the matter to be set down for hearing.

37.2 Contingent assets

The municipality was not engaged in any transaction or event during the year under review involving contingent assets.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors	Refer to general information
Members of key management	Refer to employee related cost note

All Related Party Transactions are conducted at arm's length, unless stated.

38.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

38.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

38.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 24 and 25, to the Annual Financial Statements.

38.4 Purchases from Related Parties

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2024/25 financial year.

39. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 135 675 460 and that the municipality's total assets exceed its liabilities by R 177 200 405.

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

The municipality’s cash flow forecast for the year to 30 June 2026 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2024 was taken into consideration during the review.

40. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2025:

Notes to the Annual Financial Statements

Figures in Rand

41. Unauthorised expenditure

Opening balance as previously reported	-	387 874
Add: Unauthorised expenditure - current	-	-
Add: Unauthorised expenditure - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	(100 461)
Less: Amount authorised - current	-	-
Less: Amount authorised - prior period	-	(287 413)
Closing balance	**-**	**-**

Unauthorised expenditure is presented exclusive of VAT.

Unauthorised expenditure awaiting write off/recovery

Amount written off

Overspending on depreciation	-	287 413

Amount to be recovered

Overspending on Bid: 04/22	-	100 461

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
42. Fruitless and wasteful expenditure		
Opening balance as previously reported	138 799	138 799
Add: Fruitless and wasteful expenditure identified - current	44 126	-
Add: Fruitless and wasteful expenditure identified - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**182 925**	**138 799**

Fruitless and wasteful expenditure is presented exclusive of VAT

Fruitless and Wasteful Expenditure awaiting write off/recovery.

42. Fruitless and wasteful expenditure (continued)

Amount written-off

Opening balance	-	1 207

43. Irregular expenditure

Opening balance as previously reported	-	-
Add: Irregular expenditure - current	-	-
Add: Irregular expenditure - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	**-**	**-**

Figures in Rand	2025	2024

44. 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/she records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Service	**Supplier**	**Nature**		
Testing of water samples	SIMLAB	Emergency/Impractical/Impossible	-	203 859
Calibration and maintenance of polludrone ambient air pollution monitoring system	Envirocon Instruments	Sole supplier	10 925	45 764
Catering: Economic Summit (Net working session)	Julies Malay Kitchen and Photo Shop	Emergency/Impractical/Impossible	-	61 075
Maintenance of lift	Schindler	Emergency/Impractical	72 782	-
Annual maintenance charge of the of the Teammate software licence.	Wolters Kluwer	Sole supplier	21 814	20 716
Anti-virus software	ESET Southern Africa	Sole supplier	58 829	-
Catering: Economic Summit	Thepa Trading 646	Emergency/Impractical/Impossible	-	145 630
Venue: Economic Summit	Amor De Dios	Emergency/Impratical/Impossible	-	160 000
			164 350	**637 044**

45. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	**At amortised cost**	**Total**
Receivables From Exchange Transactions - Other Services Charges	-	5 660 865	5 660 865
Receivables from Exhange Transactions - Other Debtors	-	368 792	368 792
Investments	-	9 800 000	9 800 000
Cash and cash equivalents - Call Deposits	-	129 463 338	129 463 338
Cash and cash equivalent - Bank Balances	-	10 109 307	10 109 307
Cash and cash equivalents - Cash Floats and Advances	3 299	-	3 299
	3 299	**155 402 302**	**155 405 601**

Financial liabilities

	At amortised cost	**Total**
Payables from Exchange Transactions - Trade Creditors	8 118 463	8 118 463

45. Financial instruments disclosure (continued)

2024

Financial assets

	At fair value	At amortised cost	Total
Receivables From Exchange Transactions - Other Services Charges	-	7 111 356	7 111 356
Receivables from Exhange Transactions - Other Debtors	-	214 451	214 451
Investments	-	10 400 000	10 400 000
Cash and cash equivalents - Call Deposits	-	107 158 607	107 158 607
Cash and cash equivalents - Bank Balances	-	5 937 581	5 937 581
Cash and cash equivalents - Cash Floats and Advances	3 297	-	3 297
	3 297	**130 821 995**	**130 825 292**

Financial liabilities

	At amortised cost	Total
Payables from Exchange Transactions - Trade Creditors	3 485 802	3 485 802

Receivables From Exchange Transactions - Other Services Charges has been adjusted to reflect the net carrying value of the financial asset at amortised cost.

The following restatements were done:

Restated	Previously Reported
R7 111 356	R7 484 275

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

45. Financial instruments disclosure (continued)

Financial Instruments at Fair Value: 30 June 2025	**Level 1**	**Level 2**	**level 3**	**Total**
Cash and cash equivalents - Cash Floats and Advances	-	3 299	-	3 299
Total Financial Assets	-	3 299	-	3 299
Total Financial Instruments	**-**	**3 299**	**-**	**3 299**

Financial Instruments at Fair Value: 30 June 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents - Cash Floats and Advances	-	3 297	-	3 297
Subtotal	-	3 297	-	3 297
Total Financial Instruments	**-**	**3 297**	**-**	**3 297**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Risk management

46.1 Capital Risk Management

Gearing Ratio

The gearing ratio is not applicable because the municipality does not have long-term debt.

	2025	2024
	-	-

46.2 Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk managment policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilites are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department, Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for intiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46.3 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Liquidity Risk;
- Credit Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

46. Risk management (continued)

46.3.1 Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 45.3.4 to the Annual Financial Statements.

46.3.2 Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Trade Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Councillors and Department of Roads and Public Works for which there is uncertainty about the collectivity. Councillors have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	Credit Limit 30 June 2025	Carrying Amount 2025	Credit Limit 30 June 2024	Carrying Amount 2024
Department of Safety & Liaison	-	55 234	-	55 234

Notes to the Annual Financial Statements

Figures in Rand			2025	2024

46. Risk management (continued)

Department of Roads and Public Works	-	8 514 800	-	6 407 654
Phokwane Municipality	-	451 004	-	-
Councillors	-	321 094	-	395 065
Officials	-	5 979	-	5 979
Lateral Unison Insurance Brokers (Pty) Ltd	-	-	-	12 620
Medical Aid	-	1 871	-	1 871
Railex	-	30 000	-	30 000
MTN	-	27 252	-	-
Sedibeng Water (now t/a Vaal Central Water)	-	499 986	-	499 986
Orange Development (Pty) Ltd	-	75 866	-	75 866
	-	**9 983 086**	**-**	**7 484 275**

In the prior year, the Department of Transport was incorrectly disclosed as owing the municipality.
The counterparties have been restated as follows:

	Restated	Previously reported
Department of Transport	R0	R6 407 654
Department of Roads and Public Works	R6 407 654	R0

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

Maximum Credit and Interest Risk Exposure

Receivables from Exchange Transactions	7 502 446	8 922 272
Investments	9 800 000	10 400 000
Bank, Cash and Cash Equivalents	139 575 944	113 099 485
Maximum Credit and Interest Risk Exposure	**156 878 390**	**132 421 757**

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Capital Risk Management

46.3.3 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

Interest rate risk Management

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

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

46. Risk management (continued)

Trade Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposure to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 46.3.4 below:

Cash and Cash Equivalents:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:
•Surplus for the year ended 30 June 2025 would have increased by R12,071,829 (30 June 2024: -R5,328,288). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Notes to the Annual Financial Statements

46. Risk management (continued)

46.3.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the municipality, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46.3.4 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Reconciliation	Average effective interest rate	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
30 June 2025		-	-	-	-	-	-
Non-interest Bearing	0.00%	8 156 310	8 156 310	-	-	-	-
- Payables from Exchange transactions		8 156 310	8 156 310	-	-	-	-
		8 156 310	**8 156 310**	**-**	**-**	**-**	**-**
30 June 2024		-	-	-	-	-	-
Non-interest Bearing	0.00%	5 056 938	5 056 938	-	-	-	-
- Payables from Exchange transactions		5 056 938	5 056 938	-	-	-	-
		5 056 938	**5 056 938**		**-**	**-**	**-**

The amounts for bonus and third party payments has been removed amounting to R1,970,556 and R39,183 respectively.

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Average effective interest rate	Total	6 months or less	6-12 months	1 - 2 years	2 - 5 years	over 5 years
30 June 2025		-	-	-	-	-	-
		-	-	-	-	-	-
Non-interest Bearing	0.00%	**7 505 745**	**7 505 745**	**-**	-	-	-
		-	-	-	-	-	-
- Trade Receivables from Exchange Transactions		7 502 446	7 502 446	-	-	-	-
- Cash and Cash Equivalents		3 299	3 299	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Variable Interest Rate Instruments	8.00%	**139 572 645**	**139 572 645**	**-**	-	-	-
- Call Deposits		129 463 338	129 463 338	-	-	-	-
- Bank Account		10 109 307	10 109 307	-	-	-	-
		-	-	-	-	-	-
Fixed Interest Rate Instruments		**9 800 000**	-	**9 800 000**	-	-	-

46. Risk management (continued)

- Fixed Deposits	8.2%	9 800 000	-	9 800 000	-	-	-
		156 878 390	**147 078 390**	**9 800 000**	**-**	**-**	**-**
30 June 2024		**-**	**-**	**-**	**-**	**-**	**-**
Non-interest Bearing	0.00%	**8 943 454**	**8 943 454**	**-**	-	-	-
- Trade Receivables from Exchange Transactions		8 940 157	8 940 157	-	-	-	-
- Cash and Cash Equivalents		3 297	3 297	-	-	-	-
Variable Interest Rate Instruments	9.60%	**113 096 188**	**113 096 188**	-	-	-	-
- Call Deposits		107 158 607	107 158 607	-	-	-	-
- Bank Account		5 937 581	5 937 581	-	-	-	-
Fixed Interest Rate Instruments		**10 400 000**	-	**10 400 000**	-	-	-
- Fixed Deposits	9.60%	10 400 000	-	10 400 000	-	-	-
		132 513 286	**122 113 286**	**10 400 000**	**-**	**-**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Additional disclosure in terms of Municipal Finance Management Act

47.1 Contributions to organised local government

Current year subscription / fee	974 459	1 039 551
Amount paid - current year	(974 459)	(1 039 551)
	-	-

The municipality made the above contributions to SALGA.

47.2 Audit fees

Current year subscription / fee	2 271 521	2 156 627
Amount paid - current year	(2 271 521)	(2 156 627)
	-	-

Any unpaid balances are included as part of creditors.

47.3 PAYE, Skills Development Levy and UIF

Opening balance	5 555	5 555
Current year subscription / fee	60 411 734	44 730 506
Amount paid - current year	(60 411 734)	(44 730 506)
	5 555	**5 555**

Any unpaid balances are included as part of creditors.

47.4 Pension and Medical Aid Deductions

Opening balance	5 928	5 928
Current year subscription / fee	67 308 267	49 615 548
Amount paid - current year	(67 273 597)	(49 615 548)
	40 598	**5 928**

Any unpaid balances are included as part of creditors.

47.5 VAT

VAT receivable	1 261 963	1 640 078

Refer to note 6

47.6 Non-compliance with the Municipal Finance Management Act

None

48. Multi-employer retirement benefit information

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

48. Multi-employer retirement benefit information (continued)

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R7,070,015 (2024: R6,449,223) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

48.1 Defined Contribution schemes

The municipality contribute to the Municipal Workers Pension Fund and Cape Retirement Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by the municipality are charged against expenditure on the basis of current service costs. The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

49. In-kind donations and assistance

Mr. G Botha served on the audit committee for the 2024/25 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

50. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

51. Awards to close family members of persons in the service of the state

In terms of section 45(1) of the Municipal Supply Chain Management Policy approved by the Council, the accounting officer must ensure that particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous five years, must be disclosed in the notes to the Annual Financial Statements.

The following awards to close family members of persons in the service of the state in terms of the municipality's Supply Chain Management Policy and declared on MBD 4 were made:

Notes to the Annual Financial Statements

51. Awards to close family members of persons in the service of the state (continued)

Supplier	Capacity	2025	2024
Ultimate Health and Hygiene Solutions	Owner was employed by the NC Department of Education. Resigned in September 2024	66 150	-
TJM Greentech	Spouse of director is employed by the Dept. of Education	13 000 000	-
Mosima IT Solutions	DR. T.C. Motaung - Spouse Department of Health Medical Officer	5 263 684	-
Breezehost	DR. T.C. Motaung - Spouse Department of Health Medical Officer	440 623	-
Nkadivho Development Consultant Bid01/23	Dept. Of Home Affairs - Spouse is an administration officer	-	350 000
Cash asset trading	Dept. of Sports arts and Culture - Wife work as assistant librarian	-	390 488
		18 770 457	**740 488**

52. Segment information

General information

Identification of segments

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has seven primary reportable segments:

-Executive and Council: Consists of Executive Mayor and Council, and the Office of The Municipal Manager.
-Finance and Administration: Consists of Finance, and Administration.
-Internal Audit: Consists of Internal Audit Services.
-Community and Social Services: Consist of Fire-fighting and Disaster Services.
-Housing: Consists of Housing Services.
-Environmental Protection: Consists of Environmental Health and Development Services.
-Planning and Development: Consists of Project and Advisory Services and, Planning and Development Services.

No individually material operating segments have been aggregated to form the above reportable operating segments.

The municipality operates within the following local geographical area:

Dikgatlong Local Municipality
Magareng Local Municipality
Phokwane Local Municipality
Sol Plaatje Municipality

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Protection	Planning and Development	Total
Revenue								
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Transfers and subsidies	-	139 826 311	-	-	-	-	7 791 934	147 618 245
	-	-	-	-	-	-	-	-
Revenue from exchange transactions	-	-	-	-	-	-	-	-
Other Revenue	-	1 125 903	-	-	-	-	-	1 125 903
Rental of facilities and equipment	-	314 094	-	-	-	-	-	314 094
Interest, Dividends and Rent on Land Earned	-	13 826 928	-	-	-	-	-	13 826 928
Total segment revenue	**-**	**155 093 236**	**-**	**-**	**-**	**-**	**7 791 934**	**162 885 170**
Entity's revenue								**162 885 170**
Expenditure								
Employee related costs	8 536 784	31 501 768	1 945 505	5 492 814	2 380 738	7 061 580	17 125 611	74 044 800
Remuneration of councillors	8 544 134	-	-	-	-	-	-	8 544 134
Depreciation and amortisation	134 716	3 569 694	244 144	383 946	34 275	64 118	238 244	4 669 137
Debt Impairment	3 934 679	-	-	-	-	-	-	3 934 679
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-
General expenses	3 116 268	11 825 576	307 831	1 416 659	797 841	212 810	11 723 968	29 400 953
Inventory consumed	58 812	995 274	3 940	11 595	9 284	12 495	48 458	1 139 858
Transfers and subsidies paid	73 350	-	-	-	-	-	24 926 765	25 000 115
Operational costs	-	-	-	-	-	-	-	-
Loss on disposal of Property, Plant and Equipment	4 546	89 499	3	568 361	2 620	141	527	665 697
Actuarial Losses	-	901 335	-	-	-	-	-	901 335
Total segment expenditure	**24 403 289**	**48 883 146**	**2 501 423**	**7 873 375**	**3 224 758**	**7 351 144**	**54 063 573**	**148 300 708**
Total segmental surplus/(deficit)	**(24 403 289)**	**106 210 090**	**(2 501 423)**	**(7 873 375)**	**(3 224 758)**	**(7 351 144)**	**(46 271 639)**	**14 584 462**

52. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Protection	Planning and Development	Total
Assets								
Intangible Assets	-	711 501	-	-	-	-	-	711 501
Property Plant and Equipment	93 486	66 373 399	19 904	1 532 394	19 904	89 225	199 797	68 328 109
Heritage Assets	-	631 417	-	-	-	-	-	631 417
Operating lease receivable	-	46 327	-	-	-	-	-	46 327
Long-Term Receivables	-	6 305 999	-	-	-	-	-	6 305 999
Statutory	-	389 000	-	-	-	-	-	389 000
Inventories	-	330 350	-	-	-	-	-	330 350
Receivables from exchange transactions	-	7 502 446	-	-	-	-	-	7 502 446
Investments	-	9 800 000	-	-	-	-	-	9 800 000
Vat Receivable	-	1 261 963	-	-	-	-	-	1 261 963
Current Portion Long-Term Receivables	-	671 000	-	-	-	-	-	671 000
Cash and Cash equivalents	-	139 575 942	-	-	-	-	-	139 575 942
Total segment assets	**93 486**	**233 599 344**	**19 904**	**1 532 394**	**19 904**	**89 225**	**199 797**	**235 554 054**
Total assets as per Statement of financial Position								**235 554 054**
Liabilities								
Payables from exchange transactions	-	10 128 203	-	-	-	-	-	10 128 203
Consumer deposits	-	7 270	-	-	-	-	-	7 270
Employee benefit obligation	-	13 480 974	-	-	-	-	-	13 480 974
Unspent conditional grants and receipts	-	1 988 197	-	-	-	-	-	1 988 197
Employee benefit obligation	-	32 749 010	-	-	-	-	-	32 749 010
Total segment liabilities	**-**	**58 353 654**	**-**	**-**	**-**	**-**	**-**	**58 353 654**
Total liabilities as per Statement of financial Position								**58 353 654**

52. Segment information (continued)

2024

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Health	Planning and Development	Total
Revenue								
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Transfers and subsidies	279 880	137 093 602	-	-	-	-	4 114 388	141 487 870
Revenue from exchange transactions	-	-	-	-	-	-	-	-
Other Income	-	68 151	-	-	-	-	-	68 151
Rental from Fixed Assets	-	195 237	-	-	-	-	-	195 237
Interest, Dividends and Rent on Land Earned	-	13 344 406	-	-	-	-	-	13 344 406
Acturial Gains	-	232 309	-	-	-	-	-	232 309
Total segment revenue	**279 880**	**150 933 705**	**-**	**-**	**-**	**-**	**4 114 388**	**155 327 973**
Entity's revenue								**155 327 973**
Expenditure								
Employee related costs	14 273 673	27 135 468	1 272 129	5 277 853	2 957 582	6 341 902	15 671 117	72 929 724
Remuneration of councillors	7 734 830	-	-	-	-	-	-	7 734 830
Depreciation and amortisation	346 537	3 892 781	6 671	380 682	18 348	64 944	275 804	4 985 767
Debt Impairment	314 343	-	-	-	-	-	-	314 343
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-
Contracted services	940 500	4 136 036	60 437	1 556 890	423 550	584 812	4 499 551	12 201 776
Inventory consumed	159 546	883 228	7 080	4 969	8 137	17 642	36 410	1 117 012
Transfer and subsidies paid	274 460	3 716 647	-	1 258 600	-	3 824 109	33 896 513	42 970 329
Operational costs	2 501 404	6 706 239	113 905	128 330	50 493	145 319	906 153	10 551 843
Loss on disposal of Property, Plant and Equipment	578	5 538	563	29	5	2 538	452	9 703
Total segment expenditure	**26 545 871**	**46 475 937**	**1 460 785**	**8 607 353**	**3 458 115**	**10 981 266**	**55 286 000**	**152 815 327**
Total segmental surplus/(deficit)	**(26 265 991)**	**104 457 768**	**(1 460 785)**	**(8 607 353)**	**(3 458 115)**	**(10 981 266)**	**(51 171 612)**	**2 512 646**

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Health	Planning and Development	Total
Assets								
Intangible Assets	15 598	716 395	4 017	52	-	-	3 187	739 249
Property Plant and Equipment	70 760	66 211 745	15 220	3 377 965	91 659	138 179	469 145	70 374 673
Heritage Assets	-	631 417	-	-	-	-	-	631 417
Long-Term Receivables	-	5 728 000	-	-	-	-	-	5 728 000
Operating Lease	-	8 804	-	-	-	-	-	8 804
Cash and cash equivalent	-	113 099 485	-	-	-	-	-	113 099 485
Investment	-	10 400 000	-	-	-	-	-	10 400 000
Current portion Long-Term Receivables	-	611 000	-	-	-	-	-	611 000
Inventory	-	335 206	-	-	-	-	-	335 206
Statutory Receivables	-	389 000	-	-	-	-	-	389 000
Vat Receivables	-	1 640 078	-	-	-	-	-	1 640 078
Receivables from exchange transactions	-	8 922 272	-	-	-	-	-	8 922 272
Total segment assets	**86 358**	**208 693 402**	**19 237**	**3 378 017**	**91 659**	**138 179**	**472 332**	**212 879 184**
Total assets as per Statement of financial Position								**212 879 184**
Liabilities								
Payables from exchange transactions	-	5 530 222	-	-	-	-	-	5 530 222
consumers deposits	-	4 370	-	-	-	-	-	4 370
Employee benefit obligation	-	13 396 888	-	-	-	-	-	13 396 888
Unspent conditional grant and receipts	-	1 571 136	-	-	-	-	-	1 571 136
Employee benefit obligation	-	29 853 233	-	-	-	-	-	29 853 233
Total segment liabilities	**-**	**50 355 849**	**-**	**-**	**-**	**-**	**-**	**50 355 849**
Total liabilities as per Statement of financial Position								**50 355 849**

52. Segment information (continued)

53. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	14 584 448	2 512 619		
Revenue from Non-exchange Transactions				
Transfer and Subsidies			(3 301 755)	(3 724 130)
Revenue Exchange Transactions				
Other Income			1 045 903	(51 849)
Rental from Fixed Assets			223 094	(54 763)
Interest, Dividends and Rent on Land Earned			4 226 928	6 778 050
Gains on Disposal of Property, Plant and Equipment			-	-
Acturial Gains			-	232 309
Expenditure				
Employee Related Cost			15 759 195	13 121 277
Remuneration of Councillors			179 865	2 486 170
Depreciation and Amortisation			1 693 861	922 234
Impairment Losses			(3 914 679)	95 657
Inventory Consumed			1 220 141	534 036
Grants and Subsidies			2 862 885	756 671
Operational Costs			17 599 042	18 903 303
Loss on Disposal of Property, Plant and Equipment			-	12 298
Fair Value Gains/Losses			-	1 413 000
			37 594 480	**41 424 263**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

	2025	2024
Loss on sale/ disposal of property, plant and equipment	(679 982)	(9 702)
Loss on disposal of inventory	14 285	-
Amortisation on intangible assets	249 366	969 435
Depreciation on property, plant and equipment	4 419 773	4 016 331
Employee costs	82 588 940	80 664 553

55. 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. The prior period error was mainly neccessitated by unadjusted prior period errors identified by management and the auditors during the 2023/24 audit.

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets		-	-	-	-
Receivables from exchange transactions	3	9 013 801	(73 644)	(17 885)	8 922 272
Net Assets		-	-	-	-
Accumulated surplus	18	120 042 062	(73 644)	(17 885)	119 950 533
		-	-	-	-
		-	-	-	-
		-	-	-	-

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment revenue	22	13 418 050	(73 644)	-	13 344 406
Inventory consumed	29	(1 116 964)	-	(27 802)	(1 144 766)
Transfers and subsidies	30	(42 970 329)	-	(29 136)	(42 999 465)
General expenses	33	(22 753 697)	-	56 938	(22 696 759)
Surplus for the year		2 586 263	(73 644)	-	2 512 619

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Prior-year adjustments (continued)

Errors
.]

The following prior period errors adjustments occurred:

Receivables from exchange transactions:
Restated due to the correction of Other Debtors closing balance and correction of the Service Debtors opening balance

Accumulated surplus:
Restated as a result of realising a decrease in Surplus for the year and correction of the Service Debtors opening balances

Investment revenue:
Restated due to the reversal of investment revenue that was incorrectly recognised in the prior period.

Inventory consumed:
Restated due to correction of reclassified expenditure to the correct nature in the prior period.

Transfers and subsidies:
Restated due to correction of reclassified expenditure to the correct nature in the prior period.

General expenses:
Restated due to correction of reclassified expenditure to the correct nature in the prior period.

Surplus for the year:
Restated as a result of correction of investment revenue that was overstated in the prior period.