Matatiele Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of basic services to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment
Area of jurisdiction	Matatiele Local Municipality (EC441)
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998)
	Local Government: Municipal Finance Management Act (Act 56 of 2003)
	Local Government: Municipal Systems Act (Act 32 of 2000)
	Local Government: Municipal Structures Act (Act 117 of 1998)
	Municipal Property Rates Act (Act of 6 2004)
	Division of Revenue Act (Act 1 of 2007)

Council

Mayor	S Mngenela (Resigned on 25th April 2025)
Acting mayor	P M Stuurman (Appointed on 1st May 2025)
Speaker	N Ngwanya
Chief Whip	N A Nkukhu
Portfolio Head: Budget and Treasury	P M Stuurman
Portfolio Head: Infrastructure	F Shale
Portfolio Head: Economic Development	M Facu
Portfolio Head: Community Services	S D Booth
Portfolio Head: Special Programmes	M Nyembezi
Portfolio Head: Corporate Services	N C Ludidi-Ndabane
Portfolio Head: Planning and development	T Dyantyi
EXCO Member	S D Booth
EXCO Member	T Dyantyi
EXCO Member	N C Ludidi Ndabane
EXCO Member	M Nyembezi
EXCO Member	F Shale
EXCO Member	W B Potwana
EXCO Member	S Sikhafungana
Chairperson: MPAC	M S Mokhesi
Chairperson: Public Participation	M Mapena
Chairperson: Women's Caucus	T Mtoto
Member	K A Mazwi
Member	S Mngenela
Member	L Leeu
Member	M P Mokhele
Member	M Seshea
Member	N I Nomlala
Member	N P Jona
Member	M Kondile
Member	N N Sontangane
Member	W K Leballo

General Information

Member	M A Ntsane
Member	S Vikwa
Member	M Molefe
Member	N Baba
Member	L E Nkamba
Member	S W Mbulawa
Member	W P Sipika
Member	N Mshuqwana
Member	T V Ngaleka
Member	T B Mantshule
Member	N D Nondabula
Member	S C Maphasa
Member	K E Sephuhle
Member	P Ntlokwana
Member	J G Luthuli
Member	M Tsoanyane
Member	S Nkosana
Member	M G Masela
Member	N Mpokolo
Member	F L Nyamakazi
Member	T Rakharebe
Member	F Zigxash
Member	T Motsilili
Member	T V Sisilana
Member	T F Mohatla
Member	C Motloli
Member	N R Duma
Member	N P Ntlahla
Member	P T Letsi
Member	N A Pambukele
Member	Y Lupindo
Member	S W Nkosana
Audit Committee	
Chairperson	A Gonzalves
Member	Z Zulu
Member	T Nevondwe
Member	S Nombembe
Member	N Ntshanga
Grading of local authority	3
Accounting Officer	L Matiwane
Chief Financial Officer (CFO)	Z C Matolo
Registered office	102 Main Street Matatiele 4730

General Information

Postal address	P.O. Box 35 Matatiele 4730
Telephone Number	039 737 8104
E-mail address	lmatiwane@matatiele.gov.za
Bankers	Nedbank
Auditors	Auditor General of South Africa (AGSA)
Website	www.matatiele.gov.za
Attorneys	Matthew Francis Inc
Level of assurance	These financial statements will be audited and are in compliance with the applicable requirements of GRAP
Preparer	Matatiele Local Municipality

Index

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

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Abbreviations used:

ASB	Accounting Standards Board
DORA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MDRG	Municipal Disaster Recovery Grant
MFMA	Local government: Municipal Finance Management Act (Act No.56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
SARS	South African Revenue Services
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
UIF	Unemployment Insurance Fund
VAT	Valued Added Tax (Act No. 89 of 1991)
WCA	Workmen's Compensation Act
MLM	Matatiele Local Municipality

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 34 to these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on pages 7 to 93, which have been prepared on the going concern basis, were approved.

L Matiwane
Accounting Officer

Matatiele Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	3,831,819	4,413,254
Statutory receivables	4	89,641,979	94,046,381
Trade receivables from non-exchange transactions	5	3,026,181	1,182,365
Input VAT Accrual	6	6,790,249	6,009,043
Trade receivables from exchange transactions	7	19,447,638	16,996,742
Security held in Eskom	8	5,350,718	5,047,848
Cash and cash equivalents	9	269,899,777	258,144,616
		397,988,361	**385,840,249**
Non-Current Assets			
Investment property	10	4,960,309	4,960,309
Property, plant and equipment	11	1,083,744,420	1,015,457,197
Property, plant and equipment - Capitalised restoration cost	12	11,043,884	11,557,633
Intangible assets	13	377,066	572,603
Heritage assets	14	1,542,530	1,542,530
		1,101,668,209	**1,034,090,272**
Total Assets		**1,499,656,570**	**1,419,930,521**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	70,239,832	61,216,932
VAT control	16	32,397,020	37,328,518
VAT output accrual	16	11,150,237	10,249,738
Consumer deposits	17	499,295	485,979
Employee benefit obligation	18	22,842,127	25,245,527
Unspent conditional grants and receipts	19	20,480,841	21,038,981
		157,609,352	**155,565,675**
Non-Current Liabilities			
Employee benefit obligation	18	19,270,000	18,080,003
Provisions	20	26,004,602	23,768,184
		45,274,602	**41,848,187**
Total Liabilities		**202,883,954**	**197,413,862**
Net Assets		**1,296,772,616**	**1,222,516,659**
Reserves			
Revaluation reserve	21	162,355,710	162,355,708
Accumulated surplus		1,134,416,906	1,060,160,951
Total Net Assets		**1,296,772,616**	**1,222,516,659**

* See Note 53

Statement of Financial Performance

Figures in Rand	Notes	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	89,707,240	79,146,335
Construction contracts	24	23,172,174	35,652,174
Rental of facilities and equipment	25	1,124,136	1,190,148
Agency services	26	1,538,783	1,667,672
Licences and permits	27	2,500,711	2,329,437
Other income	28	4,728,437	2,529,161
Interest revenue	29	17,255,049	14,978,185
Total revenue from exchange transactions		**140,026,530**	**137,493,112**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	56,360,466	50,848,798
Interest from non-exchange receivables	31	23,294,103	28,437,156
Transfer revenue			
Government grants and subsidies	32	413,051,140	384,889,488
Public contributions and donations	33	-	5,348,871
Fines, penalties and forfeits	34	2,126,531	2,287,519
Total revenue from non-exchange transactions		**494,832,240**	**471,811,832**
Total revenue		**634,858,770**	**609,304,944**
Expenditure			
Employee related costs	35	(165,748,488)	(166,595,397)
Remuneration of councillors	36	(24,244,366)	(22,577,828)
Remuneration to traditional leaders	37	(50,079)	(85,850)
Remuneration to ward committees	38	(4,761,000)	(4,717,000)
Depreciation and amortisation	39	(59,793,225)	(58,752,806)
Finance costs	40	(3,828,614)	(3,543,587)
Debt Impairment	42	(12,447,042)	(24,017,014)
Inventory consumed	43	(5,211,811)	(5,525,793)
Bulk purchases	44	(87,487,362)	(74,156,941)
Contracted services	45	(139,366,803)	(141,407,556)
General Expenses	46	(52,887,007)	(57,296,187)
Total expenditure		**(555,825,797)**	**(558,675,959)**
Operating surplus		**79,032,973**	**50,628,985**
Actuarial gains/(losses)	18	1,120,000	(51,000)
Impairment loss	47	(4,022,382)	(31,339,804)
Inventory losses/write-downs		(25,923)	(283,592)
Landfill site provision (contributions)/reversal		(810,327)	(631,132)
Profit on disposal of assets		27,098	-
Property, plant and equipment write-off		(1,065,481)	(7,442,350)
		(4,777,015)	**(39,747,878)**
Surplus for the year		**74,255,958**	**10,881,107**

* See Note 53

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	143,745,941	1,046,167,475	1,189,913,416
Correction of errors	-	3,112,369	3,112,369
Balance at 1 July 2023 as restated*	**143,745,941**	**1,049,279,844**	**1,193,025,785**
Changes in net assets			
Gain of revalued capital assets	22,303,592	-	22,303,592
Assets written off	(3,693,825)	-	(3,693,825)
Net income (losses) recognised directly in net assets	18,609,767	-	18,609,767
Surplus for the year	-	10,881,107	10,881,107
Total recognised income and expenses for the year	18,609,767	10,881,107	29,490,874
Total changes	18,609,767	10,881,107	29,490,874
Restated* Balance at 1 July 2024	**162,355,710**	**1,060,160,948**	**1,222,516,658**
Changes in net assets			
Surplus for the year	-	74,255,958	74,255,958
Total changes	-	74,255,958	74,255,958
Balance at 30 June 2025	**162,355,710**	**1,134,416,906**	**1,296,772,616**
Note	21		

* See Note 53

Cash Flow Statement

Figures in Rand	Notes	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Service charges		86,978,816	74,739,593
Property rates		68,146,414	56,663,362
Government grants and subsidies		412,493,001	401,023,999
Interest income		22,317,505	24,860,747
Traffic fines		425,841	444,116
Rental of facilities and equipment		1,124,136	1,190,148
Other receipts		29,406,817	41,130,044
		620,892,530	600,052,009
Payments			
Employee costs		(197,295,336)	(190,545,228)
Suppliers		(281,080,601)	(277,857,273)
Finance costs		(4,523)	(218,943)
		(478,380,460)	(468,621,444)
Net cash flows from operating activities	48	**142,512,070**	**131,430,565**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(131,045,521)	(128,073,048)
Proceeds from sale of property, plant and equipment	11	288,612	-
Net cash flows from investing activities		**(130,756,909)**	**(128,073,048)**
Net increase/(decrease) in cash and cash equivalents		**11,755,161**	**3,357,517**
Cash and cash equivalents at the beginning of the year		258,144,616	254,787,099
Cash and cash equivalents at the end of the year	9	**269,899,777**	**258,144,616**

* See Note 53

Matatiele Local Municipality
Annual Financial Statements for the year ended 30 June 2025

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 Performance						
Revenue						
Revenue from exchange transactions						
Service charges	91,971,672	-	**91,971,672**	89,707,240	**(2,264,432)**	
Construction contracts	-	26,648,004	**26,648,004**	23,172,174	**(3,475,830)**	60.1
Rental of facilities and equipment	2,027,532	-	**2,027,532**	1,124,136	**(903,396)**	60.2
Interest earned from receivables	2,199,996	-	**2,199,996**	1,636,042	**(563,954)**	60.3
Agency services	-	3,000,000	**3,000,000**	1,538,783	**(1,461,217)**	60.4
Licences and permits	4,547,100	(3,000,000)	**1,547,100**	2,500,711	**953,611**	60.5
Interest received	28,812,996	-	**28,812,996**	15,619,007	**(13,193,989)**	60.3
Other income	6,838,256	350,000	**7,188,256**	4,728,437	**(2,459,819)**	60.6
Total revenue from exchange transactions	**136,397,552**	**26,998,004**	**163,395,556**	**140,026,530**	**(23,369,026)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	61,936,752	-	**61,936,752**	56,360,466	**(5,576,286)**	60.7
Interest earned from receivables	-	24,270,000	**24,270,000**	23,294,103	**(975,897)**	60.8
Transfer revenue						
Government grants and subsidies	456,991,380	(24,649,256)	**432,342,124**	413,051,140	**(19,290,984)**	
Fine, penalties and forfeits	25,890,000	(24,270,000)	**1,620,000**	2,126,531	**506,531**	60.9
Total revenue from non-exchange transactions	**544,818,132**	**(24,649,256)**	**520,168,876**	**494,832,240**	**(25,336,636)**	
Total revenue	**681,215,684**	**2,348,748**	**683,564,432**	**634,858,770**	**(48,705,662)**	
Expenditure						
Employee related costs	(174,999,456)	-	**(174,999,456)**	(165,748,488)	**9,250,968**	60.10
Remuneration of councillors	(26,401,344)	-	**(26,401,344)**	(24,244,366)	**2,156,978**	60.11
Remuneration to traditional leaders	(99,996)	-	**(99,996)**	(50,079)	**49,917**	60.12
Remuneration to ward committees	(5,300,004)	498,000	**(4,802,004)**	(4,761,000)	**41,004**	
Depreciation and amortisation	(52,789,752)	19,950,000	**(32,839,752)**	(59,793,225)	**(26,953,473)**	60.13
Finance costs	-	-	**-**	(3,828,614)	**(3,828,614)**	60.14
Debt Impairment	-	-	**-**	(12,447,042)	**(12,447,042)**	60.15
Bad debts written off	(6,294,000)	-	**(6,294,000)**	-	**6,294,000**	60.16
Materials and stores	(6,897,036)	4,004	**(6,893,032)**	(5,211,811)	**1,681,221**	60.17
Bulk purchases	(76,245,564)	(14,300,000)	**(90,545,564)**	(87,487,362)	**3,058,202**	
Contracted services	(160,781,520)	(6,945,399)	**(167,726,919)**	(139,366,803)	**28,360,116**	60.18
General expenses	(74,657,640)	(7,004)	**(74,664,644)**	(52,887,007)	**21,777,637**	60.19
Total expenditure	**(584,466,312)**	**(800,399)**	**(585,266,711)**	**(555,825,797)**	**29,440,914**	
Operating surplus	**96,749,372**	**1,548,349**	**98,297,721**	**79,032,973**	**(19,264,748)**	
Property, plant and equipment write-off	-	-	**-**	(1,065,481)	**(1,065,481)**	60.20
Actuarial gains/losses	-	-	**-**	1,120,000	**1,120,000**	60.21

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
Inventory losses/write-downs	-	-	-	(25,923)	**(25,923)**	60.22
Impairment loss	-	-	-	(4,022,382)	**(4,022,382)**	60.23
Landfill site provision (contributions)/reversal	-	-	-	(810,327)	**(810,327)**	60.24
Profit on disposal of assets	-	-	-	27,098	**27,098**	
	-	**-**	**-**	**(4,777,015)**	**(4,777,015)**	
Surplus before taxation	**96,749,372**	**1,548,349**	**98,297,721**	**74,255,958**	**(24,041,763)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**96,749,372**	**1,548,349**	**98,297,721**	**74,255,958**	**(24,041,763)**	

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	3,040,580	-	**3,040,580**	3,831,819	**791,239**	60.25
Trade receivables from exchange transactions	126,604,211	2,199,996	**128,804,207**	19,447,638	**(109,356,569)**	60.26
Statutory receivables	-	-	**-**	89,641,979	**89,641,979**	60.27
Receivables from non-exchange	37,651,249	99,996	**37,751,245**	3,026,181	**(34,725,064)**	60.28
VAT receivable	18,836,346	-	**18,836,346**	6,790,249	**(12,046,097)**	60.29
Security held in Eskom	5,048,000	-	**5,048,000**	5,350,718	**302,718**	60.30
Cash and cash equivalents	290,162,233	(22,249,993)	**267,912,240**	269,899,777	**1,987,537**	
	481,342,619	**(19,950,001)**	**461,392,618**	**397,988,361**	**(63,404,257)**	
Non-Current Assets						
Investment property	4,960,000	-	**4,960,000**	4,960,309	**309**	
Property, plant and equipment	981,457,000	20,898,363	**1,002,355,363**	1,083,744,420	**81,389,057**	60.31
Property, plant and equipment - Capitalised restoration cost	-	-	**-**	11,043,884	**11,043,884**	60.32
Intangible assets	651,897	600,000	**1,251,897**	377,066	**(874,831)**	60.33
Heritage assets	1,542,530	-	**1,542,530**	1,542,530	**-**	
	988,611,427	**21,498,363**	**1,010,109,790**	**1,101,668,209**	**91,558,419**	
Total Assets	**1,469,954,046**	**1,548,362**	**1,471,502,408**	**1,499,656,570**	**28,154,162**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	126,890,256	(13)	**126,890,243**	70,239,832	**(56,650,411)**	60.34
Trade payable (non-exchange)	20,746,248	-	**20,746,248**	-	**(20,746,248)**	60.35
VAT payable	20,285,405	-	**20,285,405**	43,547,257	**23,261,852**	60.36
Consumer deposits	471,850	-	**471,850**	499,295	**27,445**	60.37
Employee benefit obligation	-	-	**-**	22,842,127	**22,842,127**	60.38
Unspent conditional grants and receipts	-	-	**-**	20,480,841	**20,480,841**	60.39
Provisions	29,992,680	-	**29,992,680**	-	**(29,992,680)**	60.40
	198,386,439	**(13)**	**198,386,426**	**157,609,352**	**(40,777,074)**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	19,270,000	**19,270,000**	60.41
Provisions	39,250,226	-	**39,250,226**	26,004,602	**(13,245,624)**	60.40
	39,250,226	**-**	**39,250,226**	**45,274,602**	**6,024,376**	
Total Liabilities	**237,636,665**	**(13)**	**237,636,652**	**202,883,954**	**(34,752,698)**	
Net Assets	**1,232,317,381**	**1,548,375**	**1,233,865,756**	**1,296,772,616**	**62,906,860**	

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
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	86,236,007	-	**86,236,007**	162,355,710	**76,119,703**	60.42
Accumulated surplus	1,146,081,388	1,548,349	**1,147,629,737**	1,183,176,374	**35,546,637**	
Total Net Assets	**1,232,317,395**	**1,548,349**	**1,233,865,744**	**1,345,532,084**	**111,666,340**	

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						
Service charges	80,375,928	(2,199,996)	**78,175,932**	86,978,816	**8,802,884**	60.43
Property rates	52,646,240	-	**52,646,240**	68,146,414	**15,500,174**	6044
Grants	456,991,380	(24,649,256)	**432,342,124**	412,493,001	**(19,849,123)**	
Traffic fines	-	-	**-**	425,841	**425,841**	60.45
Interest income	28,812,996	24,270,000	**53,082,996**	22,317,505	**(30,765,491)**	60.46
Other receipts	84,502,614	2,628,008	**87,130,622**	29,406,817	**(57,723,805)**	60.47
Rental of facilities	-	-	**-**	1,124,136	**1,124,136**	60.48
	703,329,158	**48,756**	**703,377,914**	**620,892,530**	**(82,485,384)**	
Payments						
Suppliers and employees costs	(525,382,560)	(20,750,386)	**(546,132,946)**	(478,375,937)	**67,757,009**	60.49
Finance costs	-	-	**-**	(4,523)	**(4,523)**	60.50
	(525,382,560)	**(20,750,386)**	**(546,132,946)**	**(478,380,460)**	**67,752,486**	
Net cash flows from operating activities	**177,946,598**	**(20,701,630)**	**157,244,968**	**142,512,070**	**(14,732,898)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(182,983,008)	(1,548,363)	**(184,531,371)**	(131,045,521)	**53,485,850**	60.51
Proceeds from sale of property, plants and equipment	-	-	**-**	288,612	**288,612**	60.52
Net cash flows from investing activities	**(182,983,008)**	**(1,548,363)**	**(184,531,371)**	**(130,756,909)**	**53,774,462**	
Net increase/(decrease) in cash and cash equivalents	(5,036,410)	(22,249,993)	**(27,286,403)**	11,755,161	**39,041,564**	
Cash and cash equivalents at the beginning of the year	295,198,643	-	**295,198,643**	258,144,616	**(37,054,027)**	
Cash and cash equivalents at the end of the year	**290,162,233**	**(22,249,993)**	**267,912,240**	**269,899,777**	**1,987,537**	

Significant Accounting Policies

Figures in Rand	2025	2024

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Offsetting

Assets and liabilities, and revenue and expenses, are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.4 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. In preparing the financial statements, management is required to make estimates and assumptions that impact on the municipality financial statements once implemented. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.5 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 Municipal Standard Chart of Accounts (mSCOA) Implementation and Reclassification

The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effective from 1 July 2017.

The main objective of this regulation is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which:

a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard chart of accounts for national and provincial government; and

b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

The impact of this mSCOA regulations affected the municipality's current business processes; transacting and reporting requirements.

1.7 Significant judgements and sources of estimation uncertainty

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

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

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Allowance for doubtful debts

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

Debtors from 90 days and above are impaired (debtors less than 90 days are not impaired).

1.8 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, as well as land with no determinable future use. Investment property is recognised as an asset i.e probable that future economic benefits will flow to the municipality, and cost or fair value of the investment property can be measured reliably.t

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and cost incurred subsequently to add to, or to replace a part or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.9 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

1.9 Property, plant and equipment (continued)

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

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

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

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

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is not in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

The following categories of Property, plant and equipment are measured using the revaluation model, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses:
- Land and buildings
- Infrastructure
- Community assets

The following categories of Property, plant and equipment are measured using the cost model, being the cost less accumulated depreciation and any impairment losses.
- Other property plant and equipment
- Capital under construction

Capital under construction is not depreciated as the asset has not been brought into use yet. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made every 5 years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The land and buildings are checked against deeds information to ensure that the properties included in the register are owned and controlled by the municipality.

Market values are analysed to ensure that the value reflect the fair value of the fixed asset concerned. The assets with significant high market values to their carrying values are assessed for reasonableness as per requirement of GRAP 17.

The market value is split between land and buildings using a 10:90 split respectively.

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

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

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

1.9 Property, plant and equipment (continued)

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

Depreciation

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

Land is not depreciated as it is regarded as having and indefinite life. Depreciation on assets other than land is calculated on cost or revalued amount, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used to reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year end.

Item	Depreciation method	Average useful life
Infrastructure	Straight-line	
• Roads and paving	15 - 30 years	
• Electricity	20 - 50 years	
• Water	20 - 50 years	
• Sewerage	15 - 50 years	
• Landfill sites	10 - 65 years	
• Housing	30 - 50 years	
Community	Straight-line	
• Improvements	25 - 30 years	
• Recreational facilities	20 - 50 years	
• Security	05 - 15 years	
Components	Straight-line	
• Doors and iron	08 - 15 years	
• Doors and iron (extensive)	15 - 30 years	
• Fittings	05 - 15 years	
• Fittings and fixtures	15 - 30 years	
• Windows and glazing	08 - 15 years	
• Windows and glazing (extensive)	15 - 30 years	
• External roof structure/covering	15 - 35 years	
• Floor finish	05 - 15 years	
• Wall structure (internal)	20 - 50 years	
• Electrical	10 - 30 years	
Other property, plant and equipment	Straight-line	
• Buildings	15 - 75 years	
• Special vehicles	10 years	
• other vehicles	05 - 10 years	
• Office equipment	05 - 10 years	
• Furniture and fittings	07 - 10 years	
• Water craft	15 years	
• Bins and containers	05 - 10 years	
• Specialised equipment	10 - 15 years	
• Other plant and equipment	02 - 15 years	
• External wall	20 - 30 years	
• Floor structure	20 - 40 years	
• Wall painting	05 - 10 years	
• Plumbing	10 - 30 years	

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

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

1.9 Property, plant and equipment (continued)

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

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

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

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

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

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

1.10 Intangible assets

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

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

Intangible assets are initially recognised at cost:

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

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

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

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

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

1.10 Intangible assets (continued)

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.11 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

1.11 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses
After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluationsurplus in respect of that heritage asset.

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

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

Significant Accounting Policies

1.12 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 substance of the contractual agreement. The municipality only recognises financial instrument when it becomes a party to the contractual provision of the instrument.

Initial recognition and measurement

The municipality recognises a financial asset or financial liability in its statement of financial position when the entity becomes a party to the contractual provision of the instrument.

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

The Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Amortised cost

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

Fair value method and assumptions

The fair values of the financial instruments are determined as follows:
- The fair values of quoted investments are based on current bid prices; and
- If the market for financial assets 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.

Classification

In accordance with GRAP 104 the financial assets and financial liabilities of the municipality are classified as follows into the three categories allowed by this standard:

- Financial assets (or financial liabilities) at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.

- Financial assets (or financial liabilities) at fair value are financial instruments that meet either of the following conditions: a. derivatives;
  b. combined instruments that are designated at fair value;
  c. instruments held for trading;
  d. non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  e. financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

- Financial assets (or financial liabilities) at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

1.12 Financial instruments (continued)

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as prepaid expenses, payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclose in Note 60. In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its significance. Where insignificant, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. this disclosure aggregation was specifically selected to ensure comprehensive classification.

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and Cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Security held in Eskom	Financial asset measured at amortised cost

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institution with maturities of three months or less and are subject to an insignificant risk of change of value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the financial liabilities of the municipality are all classified as financial liabilities at amortised cost, except for consumer deposits, which are classified as financial assets at fair value.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

In accordance with GRAP 104 the financial liabilities of the municipality are all classified as financial liabilities at amortised cost, except for consumer deposits, which are classified as financial liabilities at fair value.

Initial and subsequent measurement

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
.
Trade and other receivables (excluding value added taxation and prepayments) that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost..

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 the Statement of Financial Performance.

Significant Accounting Policies

1.12 Financial instruments (continued)

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 the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost

Any other financial liabilities are classified as other financial liabilities (all payables are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Finance costs are accounted for using the accrual basis and are added to the carrying amount of the payables to the extent that they are not settled in the period that they arise.

1.12 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Impairment and uncollectibility of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as 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 in accordance with GRAP 104.

An allowance for impairment of 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 amount of the allowance 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 asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Initially receivables from exchange and non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method, less an allowance for impairment. The allowance is made in accordance with GRAP 104, whereby the recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at year-end. Amounts are written off in the year during which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Annual impairment testing is conducted on all receivable balances. The effects of the annual impairment testing are accounted for against the provision for bad debts allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the reversal of impairment loss/(impairment loss) on receivables. Accounts identified and written-off during the year is recognised against bad debts written off in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the tatement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire 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 collateralized borrowing for the proceeds received.

Financial assets and financial liabilities are only offset when the municipality has a legally enforceable right to do so and expects to settle or recover the instruments on a net basis.

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)

1.12 Financial instruments (continued)
extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.13 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

1.13 Statutory receivables (continued)

- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

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

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

1.14 Leases

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

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

Operating leases - lessor

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

1.15 Inventories

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

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

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

- distribution at no charge or for a nominal charge; or

1.15 Inventories (continued)

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

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

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

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

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

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

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

1.16 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Where the outcome of the construction contract can be estimated reliably, contract revenue and costs are recognised by the reference to the stage of completion of the contract activity at the reporting date as measured by the proportion that contract cost incurred for work performed to date back to the estimated contract cost.

Contract revenue is measured at fair value of the consideration received or receivable shall compromise the initial amount of revenue agreed in the contract, variation in contract work, claims and incentive payment to the extent that it is probable that they will results in revenue and they are capable of being reliable measured.

when a contract covers a number of assets, the construction of each asset shall be treated as a separate construction contract when (a) separate proposal have been submitted for each asset (b) each asset has been subject to separate negotiation, and the contractor and the customer has been able to accept or reject that part of the contract relating to the asset and (c) the cost and revenue of each asset can be identified.

Issued cost are apportioned between liability and equity components of the compound instructions based on their relative carrying amount at the end of the issue the portion relating to the equity components is charged directly against equity.

1.17 Employee benefits

Short-term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and not discounted.

The expected cost of compensated absences is recognised as an expense as the employees renders services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a results of past performance.

Defined Contribution Plans

Payments to defined contribution retirement benefit plans charged as expenses as the fall due.

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

Defined Benefit Plans

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

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

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

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

All actuarial gains and losses are recognised immediately in surplus or deficit when they occur.

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

1.18 Provisions and contingencies

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 51.

1.19 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. a distinction is made between a capital and current commitments. Commitments are disclosed for:

1.19 Commitments (continued)

- Approved and contracted commitment, where the expenditure has been approved and contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitment where the municipality commits itself to the future transactions that will normally results in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are to be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality

1.20 Revenue from exchange transactions

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

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

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

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates allowed by the entity. Fair value is the amount for which an asset could be exchanged, or a liability, between knowledgeable, willing parties in an arm's length transaction.

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Significant Accounting Policies

1.21 Revenue from non-exchange transactions

Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Rates and taxes are statutory revenue.

Fines

Fines constitute both spot fines and summonses.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

Traffic fines are statutory revenue
.

Public Contributions

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. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

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.

Assets acquired from non-exchange transactions are measured at fair value in accordance with GRAP 23.

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.

Significant Accounting Policies

1.22 Investment income

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

1.23 Borrowing costs

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

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

1.24 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

Significant Accounting Policies

1.24 Accounting by principals and agents (continued)

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Unauthorised expenditure

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

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

1.26 Fruitless and wasteful expenditure

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

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

1.27 Irregular expenditure

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

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

1.28 Revaluation reserve

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

1.29 Segment information

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

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

Significant Accounting Policies

1.29 Segment information (continued)

Measurement

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

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

1.30 Budget information

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

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

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

The approved budget covers the fiscal period from 1/07/2024 to 30/06/2025.

The basis which has been applied in determining material variances is 5%. Income we have only provided reasons where the municipality has under achieved and for expenditure both over and under achieved where its 5% less or more than budget. The municipality treats employee costs as a major expense in its statement of financial performance hence we have provided a reason for that variance.

1.31 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 the significant influence over the other party in making financial and/ or operating decisions. Key management personnel is defined as the municipal manager, chief financial officer and all other senior managers reporting directly to the municipal manager or as designated by the municipal manager.

1.32 Events after reporting date

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

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

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

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

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after 1 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	1 April 2099	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	1 April 2099	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	1 April 2099	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	1 April 2099	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	1 April 2099	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	1 April 2099	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	1 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact

3. Inventories

	2025	2024
Consumable stores	3,805,115	4,626,744
COVID-19 PPE	49,958	67,433
Medallions - at cost	2,669	2,669
	3,857,742	4,696,846
Inventories (write-downs)	(25,923)	(283,592)
	3,831,819	**4,413,254**

Inventory pledged as security

No inventory is held as security by the municipality.

The carrying values of inventory approximate their fair values.

4. Statutory receivables

	2025	2024
Traffic fines debtor	11,074,533	9,373,843
Rates from non-exchange transactions	158,811,757	154,304,970
Impairment	(80,244,311)	(69,632,421)
	89,641,979	**94,046,392**

Rates from non-exchange transactions

These are the receivables as rates that are levied on the properties within the jurisdiction of Matatiele Local Municipality. The rates that are applicable to a particular property are determined using the valuation roll. Rates are determined in accordance with the Municipal Property Rates Act No. 6 of 2004 as amended in 2014.

Traffic fines

These are the receivables for the fines in terms of the Road Traffic Regulations and the Municipal by-laws where applicable. Fines are determined based on the Road Traffic Management Act.

Figures in Rand	2025	2024

4. Statutory receivables (continued)

Statutory receivables impairment

The Allowance for impairment of Statutory receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months (property rates and traffic fines) past due are not considered to be impaired. At 30 June 2025, R 2,859,423 (30 June 2024: R 2,507,566) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	629,498	670,351
2 months past due	742,995	660,726
3 months past due	1,486,930	1,176,490
	2,859,423	**2,507,567**

Factors the municipality considered in assessing statutory receivables past due but not impaired:

Property rates that are past due but not impaired are Government and Provincial accounts that the municipality should be able to collect.

Traffic fines which are less than 3 months past due but not impaired are not considered to be impaired.

Reconciliation of provision for impairment of statutory receivables

Opening balance	69,632,430	59,120,685
Provision for impairment	10,611,881	10,511,745
	80,244,311	**69,632,430**

Rates from non-exchange transactions		
Current	1,325,115	1,340,035
31-60 days	1,403,607	1,427,091
61-90 days	2,201,265	2,066,359
91-120 days	2,048,629	1,995,346
121-365 days	34,411,612	41,129,010
Over 365 days	117,421,530	106,347,130
Impairment	(69,820,526)	(61,011,571)
	88,991,232	**93,293,400**

Traffic Fines from non-exchange transactions		
Current	75,500	180,500
31-60 days	143,500	168,600
61-90 days	168,900	144,100
91-120 days	135,100	256,700
121-365 days	1,756,060	1,520,070
Over 365 days	8,795,473	7,103,870
Impairment	(10,423,784)	(8,620,860)
	650,749	**752,980**

Figures in Rand	2025	2024

5. Trade receivables from non-exchange transactions

Sundry receivables	5,993,655	4,228,257
Impairment on sundry receivables	(2,967,474)	(3,045,892)
	3,026,181	**1,182,365**

6. Input VAT accrual

VAT Input Accrual	6,790,249	6,009,046

VAT is received and paid as required per the Value Added Tax Act No. 89 of 1991 (VAT Act).

VAT is applied to all relevant goods and services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act.

VAT is submitted and paid on a monthly basis.

VAT control is a statutory receivable in context of GRAP 108, statutory receivable arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Refer to Note 3 for statutory receivables.

Statutory receivables past due but not impaired.

By the reporting date there were no statutory receivable that are past due.

VAT receivable from SARS is not impaired as the South African Revenue Services has sufficient funds to pay any outstanding amounts and SARS has been refunding the municipality in the previous periods.

As at 30 June 2025, VAT receivable - statutory receivables were not required to be impaired as there were not past due.

All VAT returns due for the period under review were submitted to SARS timeously.

7. Trade receivables from exchange transactions

Gross balances		
Electricity from exchange transactions	14,806,908	11,565,930
Refuse from exchange transactions	33,148,972	31,414,459
Principal/Agency sales electricity	28,588,335	28,216,120
Interest receivable	514,877	1,498,117
	77,059,092	**72,694,626**
Less: Allowance for impairment		
Electricity from exchange transactions	(312,783)	(252,834)
Refuse from exchange transactions	(30,839,219)	(28,985,599)
Principal/Agency sales electricity	(26,459,452)	(26,459,452)
	(57,611,454)	**(55,697,885)**
Net balance		
Electricity from exchange transactions	14,494,125	11,313,096
Refuse from exchange transactions	2,309,753	2,428,860
Principal/Agency sales electricity	2,128,884	1,756,668
Interest receivable	514,877	1,498,117
	19,447,639	**16,996,741**

Figures in Rand	2025	2024

7. Trade receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	4,892,478	4,100,792
31 - 60 days	1,587,358	1,066,156
61 - 90 days	638,282	978,293
91 - 120 days	1,034,483	1,060,488
121 - 365 days	6,006,441	4,049,550
> 365 days	647,865	310,650
	14,806,907	**11,565,929**

Refuse		
Current (0 -30 days)	867,267	937,051
31 - 60 days	540,330	589,095
61 - 90 days	457,423	493,903
91 - 120 days	449,210	429,609
121 - 365 days	3,420,720	3,065,443
> 365 days	27,414,022	25,899,358
	33,148,972	**31,414,459**

Principal/Agency sales electricity		
Current (0 -30 days)	2,128,884	-
31 - 60 days	-	1,756,668
121 - 365 days	1,828,161	-
> 365 days	24,631,290	26,459,452
	28,588,335	**28,216,120**

Interest receivable		
> 365 days	514,877	1,498,117

Figures in Rand	2025	2024

7. Trade receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	560,278	612,263
31 - 60 days	464,997	500,558
61 - 90 days	409,552	427,207
91 - 120 days	408,703	390,127
121 - 365 days	3,176,736	2,869,472
> 365 days	26,479,483	25,099,569
	31,499,749	29,899,196
Less: Allowance for impairment	(29,801,516)	(28,118,821)
	1,698,233	**1,780,375**

Industrial/ commercial		
Current (0 -30 days)	3,557,727	3,175,882
31 - 60 days	321,113	318,255
61 - 90 days	320,185	184,890
91 - 120 days	310,148	32,291
121 - 365 days	404,584	362,406
> 365 days	932,612	25,445,818
	5,846,369	29,519,542
Less: Allowance for impairment	(1,350,487)	(25,799,176)
	4,495,882	**3,720,366**

National and provincial government		
Current (0 -30 days)	1,641,738	1,249,698
31 - 60 days	1,341,578	836,438
61 - 90 days	365,968	860,100
91 - 120 days	764,842	1,067,680
121 - 365 days	5,845,841	3,883,115
> 365 days	649,793	1,794,028
	10,609,760	**9,691,059**

Total		
Current (0 -30 days)	5,759,744	5,037,843
31 - 60 days	2,127,689	1,655,251
61 - 90 days	1,095,705	1,472,197
91 - 120 days	1,483,693	1,490,098
121 - 365 days	9,427,161	7,114,993
> 365 days	28,061,888	52,339,415
	47,955,880	69,109,797
Less: Allowance for impairment	(31,152,002)	(53,917,997)
	16,803,878	**15,191,800**

Figures in Rand	2025	2024

7. Trade receivables from exchange transactions (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(55,697,884)	(42,476,852)
Contributions to allowance	(1,913,569)	(13,221,032)
	(57,611,453)	**(55,697,884)**

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R 7,757,121 (2024: R 5,206,901) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	6,242,244	3,780,790
2 months past due	785,630	816,253
3 months past due	729,257	609,859
	7,757,131	**5,206,902**

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R 47,955,880 (2024: R 69,109,796) were impaired and provided for.

The amount of the provision was R 31,152,002 as of 30 June 2025 (2024: R 53,917,997).

The ageing of these debtors is as follows:

3 to 6 months	4,478,065	2,962,293
Over 6 months	60,954,128	59,454,409

8. Security held in Eskom

Electricity deposits	5,350,718	5,047,848

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,250	1,250
Bank balances	12,731,381	10,645,867
Short-term deposits	257,167,146	247,497,499
	269,899,777	**258,144,616**

9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Nedbank - Current Account (Main) - 1011292106	11,517,143	7,390,626	11,405,374	7,312,045
Standard Bank - Current Account - 060435224	1,070,347	31,455	1,070,347	31,455
First National Bank - Current Account - 62108495187	255,661	3,302,371	255,661	3,302,371
Standard Bank - 60 Day Notice Account - 68600704/001	168,244,582	190,884,582	168,244,582	190,884,582
Standard Bank - 60 Day Notice Account - 68600704/002	-	12,894,896	-	12,894,896
First National Bank - Money Market - 62108496573	6,805,395	6,805,396	6,805,395	6,805,396
Nedbank - Call Account - 03/7881006129/000004	31,710,112	440,498	31,710,112	440,498
Nedbank - Call Account - 03/7881120797/000001	2,210,269	10,000	2,210,269	10,000
Nedbank - 32 day Notice - 03/7881006129/0006	8,388,944	7,737,501	8,388,944	7,737,501
First National Bank - Money Market - 62215611121	2,412,237	2,268,063	2,412,237	2,268,063
First National Bank -Money Market - 62286478906	733,254	690,074	733,254	690,074
Nedbank - Call Account - 03/7881134496/000001	-	64,591	-	64,591
Nedbank - Electrification - 03/7881140356/000001	-	322,475	-	322,475
Nedbank MIG - 03/7881096624/00001	3,587,809	28,697	3,587,809	28,697
First National Bank - 62175310045	236,386	222,506	236,386	222,506
Nedbank - Disaster Relief Fund - 03/7881160276/000001	-	911,179	-	911,179
Nedbank - COVID-19 Solidarity Fund - 03/7881160454/000001	-	110,434	-	110,434
Nedbank - 03/7881127902/000001	5,517,639	44,477	5,517,639	44,477
Nedbank - Termination Guarantee - 03/7881169443/000001	144,641	144,641	144,640	144,641
Nedbank - Account Guarantee - 03/7881169451/000001	6,202,000	6,202,000	6,202,000	6,202,000
Nedbank - 03/7881185562/000001	20,972,631	17,715,485	20,972,631	17,715,485
Nedbank- Finance Management - 03/7881185104/000001(13)	1,244	-	1,244	-
Total	**270,010,294**	**258,221,947**	**269,898,524**	**258,143,366**

10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	4,960,309	-	4,960,309	4,960,309	-	4,960,309

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	4,960,309	4,960,309

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	4,960,309	4,960,309

Pledged as security

All of the municipality's investment properties are held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality and are held for capital appreciation.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Investment property (continued)

Details of valuation

The effective date of the revaluations was 1 July 2024.

The valuation was performed using data based on arm's length transactions and related market evidence.

This was done by an independent and professional valuer with the Registration Number 3550, a member of SAIV (South African Institute of Valuers) by the name of Kwasi Agyaben-Boateng.

Amounts recognised in surplus or deficit

Rental revenue from investment property	1,124,136	1,190,148

Notes to the Annual Financial Statements

Figures in Rand

11. 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	55,960,786	-	55,960,786	55,960,786	-	55,960,786
Buildings	124,256,192	(8,477,224)	115,778,968	123,858,192	1	123,858,193
Infrastructure	574,476,799	(28,136,242)	546,340,557	511,196,066	52	511,196,118
Community	195,868,913	(16,435,876)	179,433,037	178,745,560	123	178,745,683
Other property, plant and equipment	102,765,229	(52,773,476)	49,991,753	92,478,925	(48,693,476)	43,785,449
Capital work under construction	136,239,319	-	136,239,319	101,910,968	-	101,910,968
Total	**1,189,567,238**	**(105,822,818)**	**1,083,744,420**	**1,064,150,497**	**(48,693,300)**	**1,015,457,197**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Write-offs	Total
Land	55,960,786	-	-	-	-	-	-	55,960,786
Buildings	123,858,193	398,000	-	-	(8,477,225)	-	-	115,778,968
Infrastructure	511,196,118	7,539,305	-	55,741,425	(24,113,909)	(4,022,382)	-	546,340,557
Community	178,745,683	1,478,261	-	15,645,091	(16,435,998)	-	-	179,433,037
Other property, plant and equipment	43,785,449	11,265,207	(261,514)	6,324,891	(10,056,802)	-	(1,065,481)	49,991,753
Capital work under construction	101,910,968	112,039,758	-	(77,711,407)	-	-	-	136,239,319
	1,015,457,197	**132,720,531**	**(261,514)**	**-**	**(59,083,934)**	**(4,022,382)**	**(1,065,481)**	**1,083,744,420**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	55,960,786	-	-	-	-	-	-	55,960,786
Buildings	158,776,971	4,992,877	-	-	(8,495,100)	(7,028,076)	(24,388,479)	123,858,193
Infrastructure	491,766,676	5,202,873	(6,770,520)	72,974,824	(11,366,122)	(32,119,937)	(8,491,677)	511,196,118
Community	144,709,218	728,944	(331,382)	-	44,187,231	(9,384,711)	(1,163,617)	178,745,683
Other property, plant and equipment	43,387,334	10,039,078	(338,592)	-	-	(9,302,371)	-	43,785,449
Capital work under construction	60,544,197	114,341,596	-	(72,974,824)	-	-	-	101,910,968
	955,145,182	**135,305,368**	**(7,440,494)**	**-**	**24,326,009**	**(57,835,095)**	**(34,043,773)**	**1,015,457,197**

Pledged as security

No property, plant and equipment was pledged as security on behalf of the municipality.

Revaluations

The effective date of the revaluations was 30 June 2024. Revaluations were performed by an independent valuer, Mr Phendukani Eldridge Ntini (Professional Civil Engineer). A member of the Engineering Council of South Africa (ECSA) Reg No.201670070.

Land and buildings are re-valued independently every 5 years.

The valuation was performed using the discounted cash flow approach.

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	86,860,150	12,457,839	2,593,043	101,911,032
Additions/capital expenditure	102,363,105	5,944,806	3,731,848	112,039,759
Transferred to completed items	(55,741,425)	(15,645,092)	(6,324,891)	(77,711,408)
	133,481,830	**2,757,553**	**-**	**136,239,383**

Reconciliation of Capital work under construction 2024

	Included within Infrastructure	Included within Community	Included within Land and Buildings	Total
Opening balance	55,419,814	2,194,440	2,930,007	60,544,261
Additions/capital expenditure	100,694,598	10,263,399	3,383,598	114,341,595
Transferred to completed items	(69,254,262)	-	(3,720,562)	(72,974,824)
	86,860,150	**12,457,839**	**2,593,043**	**101,911,032**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs on buildings	6,585,859	2,940,641
Repairs on equipment	6,280,816	6,889,910
Repairs on unspecified assets	4,234,772	1,286,868
	17,101,447	**11,117,419**

The Matatiele area was affected by severe weather conditions (floods) in the prior year that resulted in some road infrastructure being significantly affected in terms of functionality and service delivery.

Projects taking longer to complete

Harry Gwala Internal Streets WIP carrying amount R28 270 395.86. Project completion was supposed to be February 2024, reason for the delay was budget depletion and poor performance of the contractor.

Nkosana-Mafube AR WIP carrying amount R5 409 473.17. Project was supposed to be completed in June 2024 but was delayed by EIA approval which was revoked by Environmental Affairs Department.

11. Property, plant and equipment (continued)

Funding of property, plant and equipment acquisitions

	2025	2024
Additions to property, plant and equipment was funded from the following sources:		
Infrastructure Assets		
Own funds	7,539,305	5,202,874
Community Assets		
Own funds	1,478,265	372,950
Department of Sport, Recreation, Arts & Culture	-	355,994
Work in Progress		
Municipal Infrastructure Grant	42,477,855	45,269,568
Own funds	47,574,787	53,848,292
Disaster Relief Fund Grant	21,987,117	15,223,735
Buildings		
Department of Environmental Affairs	-	4,992,877
Own funds	398,000	-
Other Assets		
Own funds	5,455,762	10,039,079
Municipal Infrastructure Grant	5,180,052	-
Library support grant	629,393	-
	132,720,531	**135,305,368**

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

12. Property, plant and equipment - Capitalised restoration cost

	2025			2024		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Landfill site	14,640,111	(3,596,227)	11,043,884	14,640,111	(3,082,479)	11,557,632

Reconciliation of property, plant and equipment - capitalised restoration cost - 2025

	Opening balance	Depreciation	Total
Landfill site	11,557,632	(513,749)	11,043,884

Reconciliation of property, plant and equipment - capitalised restoration cost - 2024

	Opening balance	Depreciation	Total
Landfill site	12,071,381	(513,749)	11,557,632

Notes to the Annual Financial Statements

Figures in Rand

13. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,266,930	(3,889,864)	377,066	4,266,930	(3,694,327)	572,603

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	572,603	(195,537)	377,066

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	910,923	(338,321)	572,603

Pledged as security

None of the intangible assets are pledged as a security as at year end.

Other information

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

14. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	1,542,530	-	1,542,530	1,542,530	-	1,542,530

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	1,542,530	1,542,530

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	1,542,530	1,542,530

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Payables from exchange transactions

Trade payables	24,747,715	22,755,736
Retention	32,609,783	29,146,985
Income received in advanced	9,533,790	5,975,327
Deposits received	1,303,750	1,294,095
Payable water services	2,044,794	2,044,794
	70,239,832	**61,216,937**

16. VAT payable

VAT Control	32,397,020	37,328,518
VAT output accrual	11,150,237	10,249,738
	43,547,257	**47,578,256**

17. Consumer deposits

Electricity	499,295	485,980

Consumers on application for electricity connections pay consumer deposits. The deposit is repaid when the connection is terminated. Consumer deposits are refunded when a property changed ownership in the form of rental or permanent transfer (sold).

In cases when consumers default on their accounts, council can utilise the deposit as payment against the outstanding amount.

Consumer deposits approximate their fair value.

18. Employee benefit obligations

Defined benefit plans - General information

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	20,889,000	19,517,000
Performance bonus provision	3,080,272	3,943,492
Leave provision	14,454,689	16,321,696
Bonus accrual	3,688,166	3,543,342
	42,112,127	**43,325,530**
Non-current liabilities	(19,270,000)	(18,080,003)
Current liabilities	(22,842,127)	(25,245,527)
	(42,112,127)	**(43,325,530)**

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

Opening balance	16,232,361	14,173,361
Contributions by plan participants	(1,396,000)	(1,437,000)
Net expense recognised in the statement of financial performance	2,768,000	3,496,000
	17,604,361	**16,232,361**

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Current service cost	1,490,000	1,430,000
Interest cost	2,398,000	2,015,000
Actuarial (gains) losses	(1,120,000)	51,000
	2,768,000	**3,496,000**

Changes in the fair value of plan assets are as follows:

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	62.00 %	62.00 %
Discount rates used	8.90 %	10.75 %
Expected rate of return on assets	4.30 %	5.94 %
Expected rate of return on reimbursement rights	3.30 %	4.54 %

Sensitivity analysis

Healthcare cost trends

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

2025	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	1,470,000	1,477,000
Effect on defined benefit obligation	7,411,000	6,790,000

2024	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	3,445,000	3,468,000
Effect on defined benefit obligation	12,925,000	12,925,000

	2025	**2024**	**2023**	**2022**	**2021**
Defined benefit obligation	20,889,000	19,517,000	17,458,003	17,562,003	16,497,003
Surplus (deficit)	(20,889,000)	(19,517,000)	(17,458,003)	(17,562,003)	(16,497,003)

18. Employee benefit obligations (continued)

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

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

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

Employee benefit cost provision

Leave provision

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

Performance bonus provision

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

Bonus accrual

Bonus accrual is calculated on a 13th cheque attributable to all staff.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2025	2024
Unspent conditional grants and receipts		
Alien Plant Eradication Grant	465,060	465,064
Library Upgrade	1,905,324	1,750,386
Disaster Recovery Grant	17,385,667	18,098,742
Local Economic Development Projects	506,536	506,536
Municipal Infrastructure Grant	-	(1)
Other Grants	218,254	218,253
	20,480,841	**21,038,980**

	2025	2024
Other grants		
Fire Project	120,764	120,764
FNB Disaster Help	9,379	9,379
Human Settlements Grant	28,110	28,110
Museum Arts & Culture	60,000	60,000
	218,253	**218,253**

Movement during the year

	2025	2024
Balance at the beginning of the year	21,038,981	4,904,470
Additions during the year	92,172,000	138,054,000
Income recognition during the year	(92,730,140)	(121,919,489)
	20,480,841	**21,038,981**

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

Notes to the Annual Financial Statements

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20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Finance charges (Unwinding of discount rate)	Total
Environmental rehabilitation	23,768,184	810,327	1,426,091	26,004,602

Reconciliation of provisions - 2024

	Opening Balance	Additions	Finance charges (Unwinding of discount rate)	Total
Environmental rehabilitation	21,827,408	631,132	1,309,644	23,768,184

Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Environmental Affairs, Forestry and Fisheries. " All landfills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alias, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by Adv. Conrad Paul Herbs, who is registered with the Law Society of South Africa. This was carried out on the 12 July 2023 for the effective date, 30 June 2023. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

The life of a Landfill site can be acceptable up to a period of 25 years and seldom is it necessary to extend that. Periods longer than 25 years have only a marginal effect on the final value. This landfill site still have a validity period of 4 years.

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The land fill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:
- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 88 Rand per square meter based on previous closure of the Ducats landfill.

Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

The monetary value for the provision for the landfill site at 30 June 2025 is R26 004 602 (30 June 2024: R23 768 184).

Rehabilitation provision - Landfill site		
Opening balance	23,768,184	21,827,408
Contribution/(reduction) during the year	2,236,418	1,940,776
	26,004,602	**23,768,184**

Figures in Rand	2025	2024

20. Provisions (continued)

It is estimated that the site will be rehabilitated in 2029 thus there is no short term portion associated with this provision. The timing of the outflow of resources relating to this provision is uncertain, but management expects the timing to be in line with the legal requirement subsequent to the expected closure date of the site as indicated below.

The total obligation at year end is attributed to the following site:

Site - Expected Closure Date: 2029		
Matatiele Landfill Site	26,004,602	23,768,184

The Environmental Specialists were utilised to determine the cost of rehabilitation of landfill site as well to assist the municipality in identifying any changes (if any) to estimated closure dates previously reported on in former entities.

The estimated area per site to be rehabilitated at year end were as follow (Rehabilitation area - per metre squared).

Matatiele Landfill Site	150,000	150,000

The cost of rehabilitation per square metre is based on the current cost of construction at each reporting period. The cost per square metre were estimated as follows:

Matatiele Landfill Site	88	88

21. Revaluation reserve

Opening balance	162,355,708	143,745,941
Gain of revalued capital assets	-	18,609,767
	162,355,708	**162,355,708**

The revaluation reserve arose on the revaluation of land and buildings and infrastructure asset in prior periods. Where revalued land and buildings and infrastructure assets are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. The revaluation reserve is also realised through the transfer of depreciation on revalued assets to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council does not currently intend to make any distributions from the revaluation reserve.

22. Revenue

Service charges	89,707,240	79,146,335
Construction contracts	23,172,174	35,652,174
Rental of facilities and equipment	1,124,136	1,190,148
Agency services	1,538,783	1,667,672
Licences and permits	2,500,711	2,329,437
Interest from non-exchange receivables	23,294,103	28,437,156
Other income	4,728,437	2,529,161
Interest received - investment	17,255,049	14,978,185
Property rates	56,360,466	50,848,798
Government grants and subsidies	413,051,140	384,889,488
Public contributions and donations	-	5,348,871
Fines, penalties and forfeits	2,126,531	2,287,519
	634,858,770	**609,304,944**

Figures in Rand	2025	2024

22. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	89,707,240	79,146,335
Construction contracts	23,172,174	35,652,174
Rental of facilities and equipment	1,124,136	1,190,148
Agency services	1,538,783	1,667,672
Licences and permits	2,500,711	2,329,437
Other income	4,728,437	2,529,161
Interest received - investment	17,255,049	14,978,185
	140,026,530	**137,493,112**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	56,360,466	50,848,798
Interest from non-exchange receivables	16,292,735	16,570,959
Transfer revenue		
Government grants and subsidies	413,051,140	384,889,488
Public contributions and donations	-	5,348,871
Fines, penalties and forfeits	2,126,531	2,287,519
	487,830,872	**459,945,635**

23. Service charges

Sale of electricity	77,913,750	67,647,426
Refuse removal	11,793,490	11,498,908
	89,707,240	**79,146,334**

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

24. Construction contracts

Contract between MLM and Department of Energy.

An amount of R23 172 174 (2024: R35 652 174) was recognised by the municipality as revenue during the current financial year. As the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognised by reference to the stage of completion of the contract at reporting date.

The municipality determines the stage of completion of contract in progress by the accumulative actual work performed i.e. contract cost divide by contract price.

Retentions for the construction contract during the year is R4 868 024 (2024: R6 953 844).

25. Rental of facilities and equipment

Facilities and equipment		
Hall hire	45,605	77,198
Site rental	1,069,673	1,095,438
Stadium hire	8,858	17,512
	1,124,136	**1,190,148**

26. Agency services

Motor vehicle licences	1,538,783	1,667,672

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Licences and permits

Drivers and motor vehicle licences	2,418,816	2,270,330
Business licences	31,200	28,022
Fishing licences	50,695	31,085
	2,500,711	**2,329,437**

28. Other income

Building plans	58,122	141,886
Camping fees	609	270
Cemetery fees	78,691	101,222
Insurance refund	163,061	327,891
Pool fees	56,880	37,363
Rates certificates	16,765	17,008
Commission fees	3,091,861	776,502
Rezoning certificates	28,888	35,804
SETA refund	353,370	306,179
Special consent	13,854	22,724
Sub-division planning	10,221	17,065
Sundry services	192,716	103,772
Temporary structure planning	10,240	5,564
Tender documents	305,663	337,811
Ticket sales	347,496	298,100
	4,728,437	**2,529,161**

With the exception of the insurance refund and the SETA refund the amounts disclosed above are in respect of services rendered which are billed to or paid by the users in accordance with approved tariffs and pricing.

Other income has significantly increased due to the increase in Human settlement allocation thus an increase in commission fee.

29. Interest revenue

Interest revenue		
Interest on short term deposits	15,316,136	12,994,550
Interest on electricity receivables	1,636,042	1,656,980
Interest on Eskom deposit	302,871	326,655
	17,255,049	**14,978,185**

Figures in Rand	2025	2024

30. Property rates

Rates received

Residential	6,570,927	7,624,170
Commercial	13,758,033	7,018,908
State owned	34,041,115	34,293,377
Communal land	953,221	1,088,150
Vacant land	1,037,170	824,193
	56,360,466	**50,848,798**

Supplementary assessment rates are levied on the value of land and improvements, for which a valuation is performed every five years. Valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A new valuation roll has been implemented from 1 July 2024.

The council approved randage for this financial year are: Government R0,02176, Municipality R0,013054, Vacant Land R0,02176, Residential R0,010878, Business R0,013054 and Agricultural R0,0026403.

Rebates are as follows:

Public Benefit Organisation 100%, Municipal Rebate 100%, Agriculture 70%, Residential Rebate 40% and Business 15%. Residential properties receives R190 000 exemption.

Valuations

Residential	1,796,567,500	1,399,874,039
Commercial	1,610,193,553	838,358,720
State owned	1,497,563,500	1,588,762,385
Communal land	1,194,370,722	1,260,537,441
Vacant land	47,039,000	40,880,725
Exempted properties	240,599,500	366,081,970
	6,386,333,775	**5,494,495,280**

31. Interest from non-exchange receivables

Interest from rates	16,292,735	16,570,959
Interest on investments	7,001,368	11,866,197
	23,294,103	**28,437,156**

Figures in Rand	2025	2024

32. Government grants & subsidies

	2025	2024
Operating grants		
Equitable share	320,321,000	303,970,000
Financial management grant	1,700,000	1,700,000
Expanded public works programme	3,880,000	3,974,000
Alien plant eradication grant	3,066,000	3,330,996
Library upgrade grant	1,095,062	363,234
Alfred Nzo road show	150,000	99,999
	330,212,062	**313,438,229**
Capital grants		
Disaster relief grant	25,255,079	16,858,258
Municipal infrastructure grant	57,583,999	54,593,001
	82,839,078	**71,451,259**
	413,051,140	**384,889,488**

Alien plant eradication grant

	2025	2024
Balance unspent at beginning of year	465,064	465,060
Current-year receipts	3,066,000	3,331,000
Conditions met - transferred to revenue	(3,066,004)	(3,330,996)
	465,060	**465,064**

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

Library upgrade grant

	2025	2024
Balance unspent at beginning of year	1,750,386	1,463,613
Current-year receipts	1,250,000	650,000
Conditions met - transferred to revenue	(1,095,062)	(363,227)
	1,905,324	**1,750,386**

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

Disaster relief grant

	2025	2024
Balance unspent at beginning of year	18,098,742	2,251,000
Current-year receipts	24,542,000	32,706,000
Conditions met - transferred to revenue	(25,255,075)	(16,858,258)
	17,385,667	**18,098,742**

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

Local economic development projects

	2025	2024
Balance unspent at beginning of year	506,536	506,536

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Government grants & subsidies (continued)

Expanded Public Works Programme Grant

Current-year receipts	3,880,000	3,974,000
Conditions met - transferred to revenue	(3,880,000)	(3,974,000)
	-	-

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

Finance Management Grant

Current-year receipts	1,700,000	1,700,000
Conditions met - transferred to revenue	(1,700,000)	(1,700,000)
	-	-

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

Municipal Infrastructure Grant

Current-year receipts	57,584,000	54,593,001
Conditions met - transferred to revenue	(57,584,000)	(54,593,001)
	-	-

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

Other grants

Balance unspent at beginning of year	218,253	218,253

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

33. Public contributions and donations

Nature reserve office building	-	4,992,877
Library	-	355,994
	-	**5,348,871**

The municipality received donations in the prior year in the form of an Office building and Art centre in Matatiele nature reserve from the Department of Forestry, Fisheries and Environment, and Mango Library from the Department of Sport Arts and Culture.

34. Fine receipts

Pound fees fines	45,025	108,218
Municipal traffic fines	2,081,506	2,179,301
	2,126,531	**2,287,519**

Figures in Rand	2025	2024

35. Employee related costs

Basic	110,974,218	108,490,164
Bonus	10,426,481	8,515,530
Car allowance	8,582,333	9,611,188
Cellular and telephone allowances	6,000	6,000
Housing benefits and allowances	5,342,348	6,541,628
Leave pay provision charge	(1,159,023)	3,536,779
Long-service awards	1,144,928	490,773
Medical aid - company contributions	6,563,625	6,959,421
Overtime payments	4,278,897	4,694,706
Pension fund contributions	16,095,968	14,352,573
SDL	1,480,036	1,534,801
UIF	661,490	874,691
WCA	1,351,187	987,144
	165,748,488	**166,595,398**

Remuneration of Municipal Manager

Annual remuneration	592,100	543,764
Car allowance	431,666	555,737
Bonus	118,668	114,439
Contributions to UIF, medical and pension funds	182,338	186,996
Housing allowance	165,854	162,488
Remote allowance	113,824	150,273
Backpay	71,527	187,846
	1,675,977	**1,901,543**

Remuneration of Chief Finance Officer - Mr K Mehlomakhulu

Annual remuneration	-	367,053
Car allowance	-	160,098
Contributions to UIF, medical and pension funds	-	27,571
Housing allowance	-	103,067
Remote allowance	-	54,143
Backpay	-	31,091
	-	**743,023**

Mr K Mehlomakhulu resigned on 31 December 2023. The salary disclosed above is for the period 1 July 2023 to 31 December 2023.

Remuneration of Chief Finance Officer - Mr ZC Matolo

Annual remuneration	517,583	43,338
Car allowance	309,107	25,759
Bonus	77,277	2,311
Contributions to UIF, medical and pension funds	64,117	5,934
Remote allowance	67,617	5,635
Acting allowance	-	7,102
Backpay	4,446	-
	1,040,147	**90,079**

Mr Z C Matolo served as acting Chief Financial Officer from 1 January 2024 to 31 May 2024 and was appointed Chief Financial Officer on 1 June 2024.

Figures in Rand	2025	2024

35. Employee related costs (continued)

Remuneration of Corporate Services General Manager

Annual remuneration	102,006	603,706
Car allowance	87,725	555,679
Bonus	14,280	142,187
Contributions to UIF, medical and pension funds	354	14,918
Remote allowance	14,280	104,977
Backpay	-	62,181
	218,645	**1,483,648**

Remuneration of Community Services General Manager

Annual remuneration	251,649	253,141
Car allowance	592,158	642,252
Bonus	108,000	101,333
Contributions to UIF, medical and pension funds	73,961	84,820
Housing Allowance	200,441	218,195
Remote Allowance	85,686	91,006
Backpay	62,181	62,181
	1,374,076	**1,452,928**

Mr. S. Mbedla was appointed on the 3rd of July 2023 and served as the community services General Manager since his appointment.

Remuneration of the Economic Development Planning General Manager

Annual remuneration	328,993	318,153
Car allowance	476,859	592,544
Bonus	52,240	50,000
Contributions to UIF, medical and pension funds	123,537	133,187
Housing allowance	245,947	245,947
Cell phone allowance	-	98,886
Remote allowance	84,317	-
Backpay	62,181	97,178
	1,374,074	**1,535,895**

Remuneration Infrastructure General Manager - Mrs Sako

Annual remuneration	-	177,708
Car allowance	-	96,011
Bonus	-	28,053
Contributions to UIF, medical and pension funds	-	17,782
Remote allowance	-	27,418
Backpay	-	142,876
	-	**489,848**

Mrs Sako served as Infrastructure General Manager until 13 October 2023.

Remuneration Infrastructure General Manager - Ms N Sogiba

Acting allowance	-	8,524

Ms N Sogiba served as acting Infrastructure General Manager from 1 November 2023 to 30 April 2024.

Figures in Rand	2025	2024

35. Employee related costs (continued)

Remuneration Infrastructure General Manager -Mr M Somi

Acting allowance	-	10,896

Mr M Somi served as acting Infrastructure General Manager from 1 May 2024 to 30 June 2024.

Remuneration Infrastructure General Manager -Mrs PN Ntonga

Annual remuneration	33,951	-
Car allowance	60,000	-
Bonus	10,000	-
Contributions to UIF, medical and pension funds	13,533	-
Housing allowance	43,863	-
Remote allowance	11,270	-
	172,617	**-**

Figures in Rand	2025	2024

36. Remuneration of councillors

Chief whip	809,590	781,537
Councillors	16,047,667	14,544,522
Executive committee	5,470,779	5,409,770
Executive mayor	1,058,203	1,012,965
Speaker	858,127	829,034
	24,244,366	**22,577,828**

In-kind benefits

The Mayor and the Speaker are full-time councillors each have the use of separate council owned vehicles for official duties.

The Mayor has one driver and one mayoral aide. The Speaker has one driver and one speaker's aide.

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

Mayor - Mr S Mngenela		
Annual remuneration	478,517	474,667
Cell phone and data allowance	39,170	49,608
Housing allowance	270,006	415,405
Pension fund	38,780	37,581
Backpay	50,050	26,419
SDL	7,990	9,285
Subsistence and SOL allowance	2,028	-
	886,541	**1,012,965**

Mr S Mngenela resigned on the 25th of April 2025

Acting Mayor - Mr PM Stuurman		
Acting allowance	112,987	-
Cell phone and data allowance	7,834	-
Housing allowance	40,487	-
Pension fund	8,474	-
SDL	1,528	-
Subsistence and SOL allowance	352	-
	171,662	**-**

Speaker - Miss N Ngwanya		
Annual remuneration	528,202	506,548
Cell phone and data allowance	47,004	49,608
Housing allowance	189,272	190,815
Pension fund	41,927	39,637
Medical aid	-	4,320
Backpay	40,040	21,940
SDL	7,626	7,336
Subsistence and SOL allowance	4,056	8,830
	858,127	**829,034**

Chief Whip - Mr NA Nkukhu		
Annual remuneration	397,015	478,656
Cell phone allowance	47,004	49,608
Car allowance	105,538	-
Housing allowance	177,443	178,880
Pension fund	31,944	37,443
Subsistence and SOL allowance	5,809	9,466

Figures in Rand	2025	2024
36. Remuneration of councillors (continued)		
Backpay	37,538	20,578
SDL	7,299	6,903
	809,590	**781,534**

Executive Committee

Annual remuneration	2,742,252	2,737,253
Car allowance	926,703	824,615
Cell phone allowance	415,202	446,472
Housing allowance	810,018	923,652
Pension fund	177,035	178,247
Subsistence and SOL allowance	38,653	54,267
Backpay	257,826	140,730
Medical aid	53,200	53,676
SDL	49,890	50,858
	5,470,779	**5,409,770**

MPAC - MS Mokhesi

Annual remuneration	369,971	283,118
Car allowance	187,970	169,104
Cell phone llowance	47,004	49,608
Housing allowance	70,976	176,329
Pension fund	71,240	54,268
SDL	6,740	6,872
Subsistence and SOL allowance	4,732	4,894
Backpay	34,263	18,369
	792,896	**762,562**

Councillors

Annual remuneration	7,807,205	7,455,542
Backpay	689,373	378,768
Car allowance	953,126	1,091,682
Cell phone allowance	1,925,163	2,043,068
Housing allowance	3,025,805	3,131,747
Medical aid	34,560	43,675
Pension fund	550,787	485,777
Subsistence and SOL allowance	26,554	36,425
SDL	139,172	137,007
	15,151,745	**14,803,691**

37. Remuneration of traditional leaders

Sitting allowance	50,079	85,850

38. Remuneration of ward committees

Remuneration of ward committee members	4,761,000	4,717,000

39. Depreciation and amortisation

Property, plant and equipment	59,597,688	58,414,485
Intangible assets	195,537	338,321
	59,793,225	**58,752,806**

Figures in Rand	2025	2024

40. Finance costs

Interest on late payments	4,523	218,943
Interest on landfill site provision	1,426,091	1,309,644
Interest on long service awards	2,398,000	2,015,000
	3,828,614	**3,543,587**

41. Auditors' remuneration

Fees	4,392,729	4,972,225

42. Debt impairment

Debt impairment	12,447,042	24,017,014

43. Inventory consumed

Materials and stores	5,211,811	5,525,793

44. Bulk purchases

Electricity - Eskom	87,487,362	74,156,941

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of R 4 859 100 at a percentage of 7,87% in the current year. (30 June 2024: R 2 636 767 at a percentage of 5,35%).

Water is supplied directly to residents and businesses by the District Municipality.

Electricity losses

Units purchased	39,947,375	37,352,913
Units sold	(36,802,469)	(35,353,778)
Total loss	**3,144,906**	**1,999,135**
Comprising of:		
Technical losses	2,674,935	281,870
Non-technical losses	2,184,165	2,354,897
Total	**4,859,100**	**2,636,767**

45. Contracted services

Outsourced Services		
Business and advisory	25,664,397	23,954,327
Catering services	2,595,899	3,773,144
Cleaning services	591,680	481,032
Litter picking and street cleaning	17,000	-
Maintenance of electrical infrastructure	2,292,481	1,893,841
Refuse removal	5,569,277	5,778,596
Consultants and Professional Services		
Business and advisory	24,972,511	32,436,674
Legal cost	2,443,597	2,697,118

Figures in Rand	2025	2024

45. Contracted services (continued)

Contractors		
Electrification	23,172,167	35,652,174
Employee wellness	875,100	611,332
Event promoters	3,599,704	4,388,000
Maintenance of property, plant and equipment	17,101,447	11,117,419
Prepaid electricity vendors	5,640,494	3,908,529
Safeguard and security	19,675,934	13,372,506
Tracing agents and debt collectors	5,155,115	1,342,864
	139,366,803	**141,407,556**

Classification of contracted services
The classification of contracted services is based on the nature of the service rendered, the deliverable/output, and whether the work involves routine operational support, specialist knowledge, or physical construction/maintenance.

i) Outsourced services
This relates to day-to-day operational services that could ordinarily be performed by the municipality but have been outsourced for efficiency, cost-effectiveness, or capacity reasons.

ii) Consultants and professional services
This relates to service providers that provide expert knowledge, professional advice, technical studies, or specialised input not available within the municipality.

iii) Contractors
This relates to service providers engaged to execute construction, repairs, or maintenance projects that result in tangible outputs or improvements to municipal infrastructure or assets.

46. General expenses

Achievement and awards	1,484,847	1,156,530
Advertising	1,759,929	2,910,963
Audit fees	4,392,729	4,972,225
Bank charges	318,465	285,149
Bursaries and learnerships	4,133,440	5,883,992
Communication	-	252,800
Conferences and seminars	1,738,426	347,650
Connection fees	-	79,358
Travelling and subsistence	7,102,569	10,788,743
Munucipal service charges	504,588	416,289
External computer services	3,689,229	3,241,896
Fuel and oil	3,007,628	4,135,099
Hire charges	3,298,973	3,310,944
Indigent relief	6,411,297	2,707,639
Insurance	4,155,485	4,232,235
Motor vehicle expenses	191,665	169,533
Other expenses	333,436	904,177
Postage and courier	370	109,536
Printing and stationery	31,919	237,914
Subscriptions and membership fees	2,281,931	1,836,601
Telephone and fax	5,724,075	3,806,181
Transport provided as part of departmental activities	1,222,874	1,310,962
Uniforms and protective clothing	1,103,132	4,199,771
	52,887,007	**57,296,187**

Figures in Rand	2025	2024

47. Impairment loss

Impairments		
Property, plant and equipment	4,022,382	31,339,804

The carrying value of assets were assessed at year end and considered impaired as a result of the Matatiele are being affected by severe weather conditions during the prior year that resulted in some road infrastructure being significantly affected in terms of functionality and service delivery.

48. Cash generated from operations

	2025	2024
Surplus	74,255,958	10,881,105
Adjustments for:		
Depreciation and amortisation	59,793,225	58,752,806
Loss on sale of assets and liabilities	1,065,481	7,442,350
Inventory losses/write-downs	25,923	283,592
Finance costs	3,824,091	3,324,644
Impairment deficit	4,022,382	31,339,804
Debt impairment	12,447,042	24,017,014
Movements in retirement benefit assets and liabilities	1,490,000	1,430,000
Profit on disposal of assets	(27,098)	-
Landfill site provision (contributions)/reversal	810,327	631,132
Public contributions and donations	-	(5,348,871)
Actuarial gains/losses on long service awards	(1,120,000)	51,000
Movement in provision	(3,981,403)	2,000,847
Changes in working capital:		
Inventories	555,512	(3,092,002)
Trade receivables from exchange transactions	(4,364,470)	(6,063,722)
Input VAT Accrual	(781,206)	(100,178)
Other receivables from non-exchange transactions	(1,765,398)	(1,020,877)
Statutory receivables	(6,207,488)	(12,599,796)
Security held in Eskom	(302,870)	(326,655)
Payables from exchange transactions	7,347,886	(449,647)
VAT payable	(4,030,999)	4,070,853
Unspent conditional grants and receipts	(558,140)	16,134,511
Consumer deposits	13,315	72,655
	142,512,070	**131,430,565**

Figures in Rand	2025	2024

49. Operating lease commitments

The Municipality had the following operating leases in the current year.

Nedbank - for a period of 5 years. At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	2025	2024
Nedbank - Cash vault		
Up to 1 year	88,209	88,209
2-5 years	-	88,209
	88,209	**176,418**
Telkom VPN - The lease is for a period of 5 years.		
Up to 1 year	-	63,669
Telkom - The lease is for a period of 5 years.		
Up to 1 year	-	146,440
Itec - The lease is for a period of 3 years.		
Up to 1 year	128,554	66,722
2-5 years	128,554	-
	257,108	**66,722**
Nedbank - The lease is for a period of 3 years.		
Up to 1 year	-	58,806

50. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Property, plant and equipment	87,440,057	33,612,162
Total capital commitments		
Already contracted for but not provided for	87,440,057	33,612,162

Total commitments

	2025	2024
Total commitments		
Authorised capital expenditure	87,440,057	33,612,162

This committed expenditure relates to property plant and equipment contracts that will be finished in the coming years. The commitments will be financed by grants as well as own revenue.

The commitment amounts are exclusive of VAT.

The commitments for the current year will be funded as follows, Disaster R 23 169 521, Municipal Infrastructure Grant R 55 900 124 and from Own Operational Revenue R 8 370 411.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Contingencies

Contingent liabilities

Joubert Darren vs Matatiele Local Municipality the applicant is claiming damages as compensation for property that was damaged by fire.	18,000	18,000
MP Vutela vs Matatiele Local Municipality The employee has referred an unfair labour practice dispute to the bargaining council.	100,000	100,000
Funeka Makalim obo Unako makalima vs Matatiele Local Municipality The Municipality is being sued due to a minor child being electrocuted by Municipal electricity.	2,200,000	2,200,000
Rachel Bloem vs Matatiele Local municipality The Municipality is being sued due to a minor child being electrocuted by Municipal electricity.	10,000,000	10,000,000
Anathiraz Construction vs Matatiele Local Municipality The plaintiff claims for an alleged breach of contract stemming from a Service Level Agreement between the plaintiff and the municipality.	4,800,000	4,800,000
Batebang Bataung vs Matatiele Local Municipality The applicant is suing the municipality for early contract termination	3,500,000	-
Vivian Heavyside and another vs Matatiele Local Municipality The municipality is being sued for late payments relating to Human settlement projects.	14,176,827	-
Matatiele Local Municipality vs Mbali Mafunda Two review applications against the ruling of the commissioner for labour disputes.	404,142	404,142
	35,198,969	**17,522,142**

Contingent assets

Matatiele Local Municipality vs Lubbe Construction The municipality lodged a claim against the contractor for construction of the Council chambers which was not carried out with due skill, diligence and regularity.	22,173,329	22,173,329

52. Related parties

Key management	Refer to note 35
Councillors	Refer to note 36

When the municipality enters into agreements with service providers who made declarations that close family members or directors are in service of the State, the municipality considers the transactions to be at an arm's length and in the ordinary course of business.

In terms of GRAP 20 paragraph 35, remuneration paid by the municipality to the Councillors, the Municipal Manager and section 57 personnel respectively are related parties. Refer to note 35 and 36.

Related party balances

Awards to close family members of persons in the service of the state	2025	2024
Taelo Letseka, spouse of Boitumelo Letseka (Accountant Payroll), is a director of Sweet Dreams Trading	-	113,950
Bathusile Welcome Mabhovula, spouse of Phumeza Mabhovula (Cashier), is a director of Sebenza Zotsho	57,640	72,750
Thejana Mokhantso, spouse of Nangamso Mcelisi (Building Control Officer) is a director of Two Brothers Trading and Projects	785,875	-

Related party transactions

Key management and councillors receive and pay for services from the municipality on the same terms and conditions as other ratepayers/ residents. Services are rendered within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality reasonably expected to have adopted when dealing with individual persons in similar circumstances. These terms and conditions are within the normal operating parameters established by the municipality's mandate the rates, services charges are in accordance with the approved tariffs.

53. Prior-year adjustments

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

Statement of financial position

2024

	As previously reported	Correction of error	Restated
Property plant and equipment (N1)	1,030,678,929	(15,221,732)	1,015,457,197
Input VAT accrual (N2)	6,009,491	(448)	6,009,043
Payable from exchange (N3)	(61,390,616)	173,684	(61,216,932)
Output VAT accrual (N4)	(37,563,301)	234,783	(37,328,518)
Revaluation reserve (N5)	(174,252,561)	11,896,853	(162,355,708)
Accumulated surplus (Opening balance)	(1,063,077,811)	2,916,860	(1,060,160,951)
	(299,595,869)	**-**	**(299,595,869)**

53. Prior-year adjustments (continued)

Statement of financial performance

2024

	As previously reported	Correction of error	Restated
Depreciation and amortisation (N1)	62,269,238	(3,516,432)	58,752,806
Public contributions and donations (N6)	(6,575,785)	1,226,914	(5,348,871)
Finance cost (N7)	1,528,587	2,015,000	3,543,587
Employee cost (N7)	168,879,209	(1,848,190)	166,813,208
Remuneration of councillors (N10)	22,360,017	217,811	22,577,828
Actuarial gains/losses (N7)	-	51,000	51,000
Inventory consumed (N8)	5,531,163	(5,370)	5,525,793
Contracted services (N8)	141,446,578	(39,022)	141,407,556
General Expenses (N8)	57,333,267	(37,080)	57,296,187
Loss on disposal of assets and liabilities (N9)	7,966,605	(524,255)	7,442,350
Inventory losses/write-downs (N9)	-	283,592	283,592
Impairment loss (N1)	30,858,789	481,015	31,339,804
Surplus for the year	**491,597,668**	**(1,695,017)**	**489,684,840**

Cash flow statement

2024

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Net cash flow from operating activities	131,146,973	283,592	131,430,565
Cash flow from investing activities			
Purchase of property, plant and equipment	(130,191,279)	2,118,231	(128,073,048)
Proceeds from sale of investment property	(283,592)	283,592	-
	(130,474,871)	**2,401,823**	**(128,073,048)**

53. Prior-year adjustments (continued)

Statement of Financial Position

N1 Other property plant and equipment cost opening balance decreased by R11 772 477 together with a decrease in accumulated depreciation of R 2 804 466 due to the smart metering that had been incorrectly capitalised in prior years. Othe property, plant and equipment depreciation decreased by R17 286 due to correction of depreciation previously charged on an asset that was still on WIP. Municipality embarked on the unbundling of completed projects previously capitalised as one-line item. The change affected depreciation, accumulated depreciation, impairment, revaluations and accumulated surplus.

N2 VAT receivable decreased by R 448 due to reversal of VAT on accruals that never materialised.

N3 Payables from exchange transactions increased by R 173 683 due to orders that never materialised.

N4 Vat output payable decreased by R 234 783 due cancelled orders.

N5 Revaluation reserve has decreased due to change in the accumulated depreciation in the prior years.

Statement of Financial Performance

N6 Public contributions and donations decreased by R 1 226 914 due to the assets received being initially recognised at cost instead of the assets being recognised at fair value.

N7 Employee costs decreased by R 2 066 000, Actuarial losses increased by R 51 000 and finance cost increased by R 2 015 000 due to long services awards interest that was incorrectly classified as employee related costs.

N8 Inventory consumed decreased by R 5 370,Contracted services decreased by R39 02 and General expenses decreased by R 37 080 due to the reversal of orders that did not materialise.

N9 Loss on disposal of assets decreased by R 524 255 due to assets that were incorrectly disposed in the wrong period for R 240 663 and the inventory write down of R 283 592 that was incorrectly classified as a loss on disposal of assets.

N10 Reclassification of SDL for remuneration of councillors

53. Prior-year adjustments (continued)

Contingencies

Contingent liabilities	-	-

Contingent Liabilities	Correction of an error	Restated balance
*Two Sisters vs Matatiele Local Municipality	442,013	542,013
*Joubert Darren vs Matatiele Local Municipality	(85,500)	18,000
**Going Places Construction and Projects vs Matatiele Local Municipality	(38,056)	-
*Rachel Bloem vs Matatiele Local Municipality	9,800,000	10,000,000
*Anathiraz Construction vs Matatiele Local Municipality	4,600,000	4,800,000
***Matatiele Local Municipality vs Mbali Mafunda	404,142	404,142
	15,122,599	**15,764,155**

*The value of the contingent liability was incorrectly based on the estimated legal costs instead of the value of the claim as per the plaintiff summons.

**The case was erroneously included as a contingent liability while the relief that was sought by the applicant was an interdict which does not lead to a contingent liability.

***The Mafunda vs Matatiele Local Municipality labour dispute cases were erroneously treated as contingent asset in the prior year instead of contingent liability and the amounts disclosed was based on estimated legal costs instead of the total claim per plaintiff pleadings.51

Contingent assets	Balance as previously disclosed	Correction of an error	Total
*Matatiele Local Municipality vs Lubbe Construction	2,388,006	19,785,323	22,173,329
**Matatiele Local Municipality vs Parallax Management Consultants	420,000	(420,000)	-
***Matatiele Local Municipality vs Mbali Mafunda	100,000	(100,000)	-
	2,908,006	**19,265,323**	**22,173,329**

*The value of the contingent asset was incorrectly based on the estimated legal costs instead of the value of the claim as per the summons served by the municipality.

**The municipality instituted legal proceedings to recover amounts already recognised in the statement of financial position hence this was not supposed to be included as a contingent asset. Furthermore the value applied was incorrect as it was the estimated legal costs and not the value of the claim.

***The municipality instituted a review application to set aside two arbitration awards by the CCMA on labour cases lodged by an employee. The review application does not lead to a contingent asset but the cases by the employee should have been included as contingent liabilities.Refer to note 51

Additional disclosure in terms of Municipal Finance Management Act

Pension and medical aid contributions were incorrectly disclosed as R20 342 231 and have been restated to R33 860 620.

Unauthroised expenditure

Unauthorised expenditure was erronously disclosed as R85 274 in the prior year instead of the correct amount of R852 743 that was subsequently written off in the current year.Refer to note 55

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

Financial Instruments

Financial instruments disclosure note was not disclosed in the prior year and have been disclosed as a comparative in the current year

54. Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The amount of interest that has been charged on outstanding debtors for the current year is R 16,292,735 (30 June 2024: R 16,570,959).

Liquidity risk

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

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

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

Liquidity risk is mainly concentrated on the trade and other payables balances. The municipality does not have any collateral and / or credit enhancements that aid in the mitigation of the liquidity risk.

54. Risk management (continued)

Credit risk

Credit risk refers to the risk that a counter party 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 counter parties are monitored regularly

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

Investments/Bank, cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are amounts owed by consumers and are presented net of impairment losses. The Municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on going basis. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the Municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates.

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.

Trade receivables which are less than 3 months past due are not considered to be impaired. In determining the recoverability of the trade receivables, the municipality considered any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believe that there is no further credit provision required in excess of the allowance for doubtful debts. The only financial asset held as security are deposits held in Eskom for bulk electricity purchases

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

Financial assets	2025	2024
Receivables from exchange transactions	19,447,638	16,374,164
Cash and cash equivalents	269,899,777	258,143,366
Receivables from non-exchange transactions	3,026,181	1,182,365
Security held in Eskom	5,350,718	5,047,848
Total	297,724,314	280,747,743

Market risk

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

Interest rate risk

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

Figures in Rand	2025	2024

55. Unauthorised expenditure

Opening balance as previously reported	852,743	-
Add: Unauthorised expenditure - current	-	852,743
Less: Amount authorised - current	(852,743)	-
Closing balance	**-**	**852,743**

56. Fruitless and wasteful expenditure

Opening balance as previously reported	217,842	-
Add: Fruitless and wasteful expenditure identified - current	4,523	218,664
Less: Amount recovered - current	-	(822)
Less: Amount written off - current	(217,842)	-
Closing balance	**4,523**	**217,842**

57. Irregular expenditure

Add: Irregular expenditure - current	-	217,800
Less: Amount written off - current	-	(217,800)
Closing balance	**-**	**-**

58. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,978,162	1,510,092
Amount paid - current year	(1,978,162)	(1,510,092)
	-	-

Audit fees

Current year subscription / fee	4,392,729	4,972,224
Amount paid - current year	(4,392,729)	(4,972,224)
	-	-

PAYE and UIF

Current year subscription / fee	26,599,165	26,560,266
Amount paid - current year	(26,599,165)	(26,560,266)
	-	-

Pension and Medical Aid Contributions

Current year subscription / fee	37,071,378	33,860,620
Amount paid - current year	(37,071,378)	(33,860,620)
	-	-

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
ST/JF Sheane	320	-	320
MS Mokhesi	160	-	160
T Dyantyi	160	-	160
PM Stuurman	320	-	320
WB Potwana	-	15,513	15,513
M Seshea	-	5,357	5,357
N Facu	-	38,121	38,121
	960	**58,991**	**59,951**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
T Dyantyi	160	-	160
T S Sheane	312	-	312
M S Mokhesi	160	-	160
	632	**-**	**632**

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency	5,492,990	212,750
Sole supplier	399,330	2,366,522
Impractical impossible	10,884,556	538,292
	16,776,876	**3,117,564**

Figures in Rand	2025	2024

59. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in six key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

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

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes.

The segments with no economic benefits have been included on the segment reporting for reconciliation purposes with the statement of financial performance.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Community and Social Services	Library Services, Cemeteries and Recreational facilities
Energy Sources	Electricity distribution
Planning and Development	Local Economic Development, Property Services, Spatial Planning
Public Safety	Traffic Police
Road Transport	Provision of infrastructure and maintenance of roads
Waste Management	Refuse removal services

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment are not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segment with non-economic benefits	Total
Revenue								
Property rates	-	-	-	-	-	-	56,360,466	56,360,466
Construction contracts	-	23,172,174	-	-	-	-	-	23,172,174
Fines, penalties and forfeits	-	12,595	-	2,113,936	-	-	-	2,126,531
Transfers and subsidies	4,975,062	-	-	-	82,839,078	3,066,000	322,171,000	413,051,140
Service charges	-	77,913,750	-	-	-	11,793,490	-	89,707,240
Licence and permits	-	-	31,200	2,418,816	-	50,695	-	2,500,711
Rental of facilities and equipment	1,043,813	-	-	-	-	25,860	54,464	1,124,137
Interest earned - non-exchange	-	-	-	-	-	-	23,294,103	23,294,103
Agency services	-	-	-	1,538,783	-	-	-	1,538,783
Other revenue	56,880	-	3,560,682	-	-	79,300	1,031,575	4,728,437
Interest earned -external investment	-	1,938,912	-	-	-	-	15,316,137	17,255,049
Total segment revenue	**6,075,755**	**103,037,431**	**3,591,882**	**6,071,535**	**82,839,078**	**15,015,345**	**418,227,745**	**634,858,771**
Entity's revenue								**634,858,771**

Figures in Rand

59. Segment information (continued)

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segment with non-economic benefits	Total
Expenditure								
Employee related costs	25,409,441	8,979,570	11,118,166	23,224,348	16,309,186	9,825,610	70,882,167	165,748,488
Remuneration of councillors	-	-	-	-	-	-	24,244,366	24,244,366
Ward committees	-	-	-	-	-	-	4,761,000	4,761,000
Remuneration of traditional leaders	-	-	-	-	-	-	50,079	50,079
Depreciation and asset Impairment	195,537	7,399,856	14,092,501	-	22,765,845	750,000	14,589,486	59,793,225
Finance charges	-	-	-	-	-	1,426,091	2,402,523	3,828,614
Bulk purchases	-	87,487,362	-	-	-	-	-	87,487,362
Other materials	282,670	1,143,297	85,829	320,917	1,977,290	358,477	1,043,331	5,211,811
Contracted services	1,774,390	28,848,062	21,749,082	180,377	596,971	10,552,454	75,665,467	139,366,803
Other expenditure	995,044	310,714	909,870	699,585	785,655	773,702	48,412,437	52,887,007
Debt impairment	-	-	-	-	-	-	12,447,042	12,447,042
Landfill site provision	-	-	-	-	-	-	810,327	810,327
Loss on disposal of PPE	-	-	-	-	-	-	1,065,481	1,065,481
Impairment loss	-	-	-	-	-	-	4,022,382	4,022,382
Actuarial gains/losses	-	-	-	-	-	-	(1,120,000)	(1,120,000)
Inventory loss and write-downs	-	-	-	-	-	-	25,923	25,923
Profit on disposal of Assets	-	-	-	-	-	-	(27,098)	(27,098)
Total segment expenditure	**28,657,082**	**134,168,861**	**47,955,448**	**24,425,227**	**42,434,947**	**23,686,334**	**259,274,913**	**560,602,812**
Total segmental surplus/(deficit)	**(22,581,327)**	**(31,131,430)**	**(44,363,566)**	**(18,353,692)**	**40,404,131**	**(8,670,989)**	**158,952,832**	**74,255,959**

59. Segment information (continued)

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segment with non-economic benefits	Total
Assets								
Input VAT accrual	1,660,045	(627,937)	(1,178,065)	17,631	1,052,939	2,228,017	3,637,618	6,790,248
Cash and cash equivalent	(59,413,572)	(245,151,808)	(200,064,713)	14,762,958	(641,581,794)	(27,609,670)	1,428,958,377	269,899,778
Security held in ESKOM	-	5,350,718	-	-	-	-	-	5,350,718
Receivable from exchange transactions	18,076,755	13,421,103	-	-	-	34,019,468	(46,069,688)	19,447,638
Statutory receivables	-	10,933,054	-	11,074,534	-	(1,696,172)	69,330,564	89,641,980
Non-current assets	44,943,355	212,134,283	160,031,684	19,686,305	(210,779,254)	(51,009,108)	926,660,946	1,101,668,208
Receivable from non-exchange transactions	(15,839,546)	113,052	-	(10,952,271)	-	(2,304,062)	32,009,008	3,026,181
Inventory	(1,638,598)	(3,763,776)	(999,825)	(1,231,096)	(1,141,853)	(507,913)	13,114,880	3,831,819
Total segment assets	**(12,211,561)**	**(7,591,311)**	**(42,210,919)**	**33,358,061**	**(852,449,962)**	**(46,879,440)**	**2,427,641,705**	**1,499,656,570**
Total assets as per Statement of financial Position								**1,499,656,570**
Liabilities								
Payables from exchange transactions	(73,214)	(183,981)	(11,781,229)	(18,424)	(79,878)	1,871,976	(59,975,084)	(70,239,834)
Unspent conditional grants	5,483,616	9,808,195	1,273,996	-	85,603,228	(1,780,531)	(120,869,345)	(20,480,841)
Output VAT Payable	(442,356)	3,093,196	387,121	(3,808)	794,787	121,333	(36,347,292)	(32,397,019)
Output VAT accrual	(249,967)	(873,334)	-	-	-	(696,161)	(9,330,775)	(11,150,237)
Consumer deposit	-	50,745	-	-	-	1,508	(551,548)	(499,295)
Employee benefit obligation	(1,300,883)	-	-	-	-	-	(40,811,244)	(42,112,127)
Provisions	-	-	-	-	-	(13,342,899)	(12,661,703)	(26,004,602)
Total segment liabilities	**3,417,196**	**11,894,821**	**(10,120,112)**	**(22,232)**	**86,318,137**	**(13,824,774)**	**(280,546,991)**	**(202,883,955)**
Total liabilities as per Statement of financial Position								**(202,883,955)**

59. Segment information (continued)

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segment with non-economic benefits	Total
Other information								
Capital expenditure (excluding additions to financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts)	831,833	10,069,465	4,124,033	4,016,848	105,260,628	4,484,666	3,933,060	132,720,531

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

2024

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with non-economic benefits	Total
Revenue								
Property rates	-	-	-	-	-	-	50,848,798	50,848,798
Interest received from non-exchange transactions	-	-	-	-	-	-	14,978,185	14,978,185
Construction contracts	-	35,652,176	-	-	-	-	-	35,652,176
Fines, penalties and forfeits	-	3,425	-	2,284,094	-	-	-	2,287,519
Transfers and subsidies	4,337,235	9,808,195	-	-	61,643,063	3,330,996	305,769,999	384,889,488
Public contributions and donations	355,994	-	-	-	-	4,992,877	-	5,348,871
Service charges	-	67,647,426	-	-	-	11,498,908	-	79,146,334
Licences and permits	-	-	28,022	2,270,330	-	31,085	-	2,329,437
Rental of facilities and equipment	499,392	-	-	-	-	21,303	669,453	1,190,148
Interest earned-external investments	-	1,983,635	-	-	-	-	26,453,521	28,437,156
Agency services	-	-	-	1,667,672	-	-	-	1,667,672
Other revenue	37,363	-	1,193,021	-	104,625	101,492	1,092,660	2,529,161
Total segment revenue	**5,229,984**	**115,094,857**	**1,221,043**	**6,222,096**	**61,747,688**	**19,976,661**	**399,812,616**	**609,304,945**
Entity's revenue								**609,304,945**

Notes to the Annual Financial Statements

Figures in Rand

59. Segment information (continued)

Expenditure								
Employee related costs	24,990,286	8,479,673	10,030,336	20,706,472	18,081,818	9,904,943	74,619,680	166,813,208
Remuneration of councillors and traditional leaders	-	-	-	-	-	-	22,445,867	22,445,867
Remuneration of ward committees	-	-	-	-	-	-	4,717,000	4,717,000
Debt impairment	-	-	-	-	-	-	24,017,014	24,017,014
Depreciation and amortisation	9,672,427	20,807,155	-	99,996	18,060,958	238,325	9,873,945	58,752,806
Finance charges	-	-	-	-	-	1,309,644	2,233,943	3,543,587
Bulk purchases	-	74,156,941	-	-	-	-	-	74,156,941
Other materials	428,021	609,996	136,827	378,461	2,561,586	200,707	1,210,195	5,525,793
Contracted services	2,289,811	39,133,059	19,711,732	41,236	1,596,879	9,387,927	69,246,912	141,407,556
General expenditure	1,721,153	806,982	1,724,975	1,069,446	2,505,961	919,948	48,547,722	57,296,187
Loss on disposal of PPE	1,163,616	-	-	-	3,748,524	-	2,530,210	7,442,350
Impairment loss	-	7,300,216	-	-	-	-	24,039,588	31,339,804
Landfill site provision	-	-	-	-	-	-	631,132	631,132
Actuarial gains/loss	-	-	-	-	-	-	51,000	51,000
Inventory losses and write-downs	-	-	-	-	-	-	283,592	283,592
Total segment expenditure	**40,265,314**	**151,294,022**	**31,603,870**	**22,295,611**	**46,555,726**	**21,961,494**	**284,447,800**	**598,423,837**
Total segmental surplus/(deficit)	**(35,035,330)**	**(36,199,165)**	**(30,382,827)**	**(16,073,515)**	**15,191,962**	**(1,984,833)**	**115,364,816**	**10,881,108**
Assets								
Input VAT claimable SARS	(596,102)	(740,839)	(1,178,064)	16,239	428,751	2,763,163	5,315,895	6,009,043
Cash and cash equivalents	(57,712,847)	(226,080,601)	(176,551,371)	15,250,667	(537,313,267)	(19,645,618)	1,260,197,653	258,144,616
Inventory	(1,423,598)	(2,610,858)	(628,104)	(1,084,396)	(1,116,938)	(499,345)	11,776,493	4,413,254
Security held in ESKOM	-	5,047,848	-	-	-	-	-	5,047,848
Statutory receivables	9,373,840	11,069,346	-	-	-	(1,696,172)	75,299,367	94,046,381
Receivables from non-exchange transactions	(27,091,318)	113,343	-	(1,578,430)	-	(2,301,300)	32,040,070	1,182,365
Non-current assets	38,525,093	206,087,200	155,907,651	9,344,565	(262,652,188)	(38,348,491)	925,226,442	1,034,090,272
Trade receivable from exchange transactions	18,076,755	9,787,785	-	-	-	28,875,555	(39,743,353)	16,996,742
Total segment assets	**(20,848,177)**	**2,673,224**	**(22,449,888)**	**21,948,645**	**(800,653,642)**	**(30,852,208)**	**2,270,112,567**	**1,419,930,521**
Total assets as per Statement of financial Position								**1,419,930,521**

Notes to the Annual Financial Statements

Figures in Rand

59. Segment information (continued)

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with non-economic benefits	Total
Liabilities								
Trade payables from exchange transactions	(97,735)	(168,266)	(11,810,947)	(52,292)	(31,744)	416,249	(49,472,196)	(61,216,931)
Unspent conditional grants and subsidies	1,758,555	9,808,195	1,273,996	-	28,937,063	(1,780,536)	(61,036,254)	(21,038,981)
VAT payable	(446,303)	1,084,318	234,246	-	200,324	-	(38,401,104)	(37,328,519)
Output VAT accrual	(4,785)	(458,361)	-	-	-	(408,077)	(9,378,515)	(10,249,738)
Consumer deposits	-	(485,979)	-	-	-	-	-	(485,979)
Employee benefit Obligation	(1,156,059)	-	-	-	-	-	(42,169,471)	(43,325,530)
Provisions	-	-	-	-	-	(11,106,481)	(12,661,703)	(23,768,184)
Total segment liabilities	**53,673**	**9,779,907**	**(10,302,705)**	**(52,292)**	**29,105,643**	**(12,878,845)**	**(213,119,243)**	**(197,413,862)**
Total liabilities as per Statement of financial Position								**(197,413,862)**

	Community and Social Services	Energy Sources	Planning and Development	Public Safety	Road Transport	Waste Management	Other segments with non-economic benefits	Total
Other information								
Capital expenditure (excluding additions to financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts)	1,206,711	18,133,381	116,368	3,495,408	100,576,573	6,362,243	5,414,682	135,305,368

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

60. Budget differences

The budget is approved on an accrual basis by functional classification. The approved budget covers the period from 1 July 2024 to 30 June 2025.

Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budget is mainly due to reallocations made within the approved budget parameters allowed by the budget policy of the municipality as approved by council.

Changes from approved to final budget

The council approved the 2024/2025 budget in 22 May 2024, the approved budget was changed through an adjustments budget on the 28 February 2025. The reason for the adjustments budget was due to reallocation of savings identified within departments, correction of revenue classes and to include unspent grants from the 2023/2024 financial year.

Material differences between budget and actual amounts

The basis which has been applied in determining material variances is 5% in comparison to the final budget. On revenue we have only provided reasons where the municipality has under achieved and for expenditure both over and under achieved, where it is 5% less or more than budget.

Material differences between budget and actual amounts

Statement of Financial Performance

60.1 Construction contract
The budgeted amount is inclusive of VAT and the actual exclude VAT hence the variance.

60.2 Rental of facilities
The variance is due to less applications received for utilisation of municipal facilities than anticipated and that the Town hall was under major renovations for the better part of the financial year.

60.3 Interest received - Investment
The variance is due to unfavourable economic conditions affecting the country resulting to undesired return on investments.

60.4 Agency services
This is due to more budget allocated on this line which will be reduced for the 2025/2026 budget.

60.5 Licence and permits
The variance is due to more applications received for licences and permits than anticipated.

58.6 Operating revenue
This is due to 5% admin handling fee of R1,626,537 due but not received from Human settlements.

60.7 **Property rates**
The variance is due objection credits that had to be applied on the new general valuation roll.

60. Budget differences (continued)

60.8 Interest income from receivables
Interest on Government debt is the main contributor of interest received which has reduced due to payments made for arrear Government accounts.

58.9 Fine receipts
Variance is due to original budget that included interest earned from receivables which was then separated during adjustment budget leaving fines with a lesser budget amount.

58.10 Employee related costs
This is due to vacant positions not filled in the current financial year.

60.11 Remuneration of councillors
The budget had an increment projected more than what was implemented as per the gazette.

60.12 Remuneration of traditional leaders
This is due to reduction of traditional leaders seating in municipal Council as per Traditional Leaders and Khoisan act.

58.13 Depreciation and amortisation
This is due to projects that were completed in prior years but only transferred to completed projects in the current financial year which resulted in increase in depreciation not budgeted for.

60.14 Finance costs
This is due interest charged on overdue accounts, interest on defined benefits and landfill site interest that was not provided for on the budget.

60.15 Debt Impairment
This is due to no budget allocated to this item.

60.16 Bad debts written off
There were no bad debts written off in the current financial year.

60.17 Inventory consumed
This is due to electrical stock not utilised at year end.

60.18 Contracted services
The variance is due to budget for repairs and maintenance of buildings, facilities electrical infrastructure, land and quantity survey budget not utilised as planned.

58.19 Other expenditure
The variance is due to cost containment measures that were put in place for travelling and workmen's compensation that was not paid as budgeted for.

60.20 Loss on disposal of assets
This is due to loss and gains on disposal of assets not budgeted for.

60.21 Actuarial losses/gains
This is due to the actuary(expert) using estimates (discount rates) for valuations which differ from estimated budget.

60.22 Inventory loss/write-downs
This is due to stock that was damaged during the current financial year.
Line item not budgeted for.

60. Budget differences (continued)

60.23 Impairment loss
The variance is due to heavy rains that led to damage in infrastructure.
Line item not budgeted for.

58.24 Landfill site provision (contributions)/reversal
The variance is due to expense on landfill site provision not provided for on the budget.

Statement of Financial Position

58.25 Inventory
This is due to electrical stock on hand at the end of the financial year that has not yet been issued for utilisation.

58.26 Trade receivables from exchange transactions
The budget for Statutory receivables is included in this item.

58.27 Statutory receivable
The budget allocation for this item is under trade Receivables from non-exchange transactions

58.28 Receivables from non-exchange
The budget allocation for this item includes statutory receivables.

58.29 VAT receivable
The variance is due to classification of VAT based on the principles in GRAP 104.

58.30 Other current assets
This is due to interest earned on the security held with Eskom.

58.31 Property, plant and equipment
This is due to reduction of impairment than anticipated

58.32 Property, plant and equipment - Capitalised restoration cost
Budget for this item is under Property, Plant and Equipment.

58.33 Intangible Assets
This is due to indigent software not acquired as projected

58.34 Payables from exchange transactions
This is due to more budget allocated on this line which will be reduced for the 2025/2026 budget.

60.35 Trade and other payables from non-exchange transactions
This is due to more budget allocated on this line which will be reduced for the 2025/2026 budget.

60.36 VAT payable
The variance is due to classification of VAT based on the principles in GRAP 104

58.37 Consumer deposits
This is due to additional conventional meter added.

60.38 Employee benefit obligation- Current portion
The budget for this item is included under provisions.

58.41 Employee benefit obligation- Non-current portion
Budget for this item is under provisions and per MSCOA classification.

60.39 Unspent conditional grants
This is mainly due to unspent municipal disaster recovery grant and library support grant, there was no budget allocation for this line item.

60. Budget differences (continued)

60.40 Provisions
This is due to the actuary (expert) using estimates (discount rates) for valuations which differs from estimates used during budget allocation.

60.42 Revaluation reserves
This is due to less expenditure incurred to be funded by the reserves as budgeted for.

Cash Flow Statement

58.43 Service charges
This is due to payments of handed over accounts.

58.44 Property rate
This is due to government departments payments on the arrear debt.

58.45 Traffic Fines
The budget for this item is under other revenue.

58.46 Interest Income
The variance is due to unfavourable economic conditions affecting the country resulting to undesired return on investments and non-payment of interest by departments.

58.47 Other revenue
The variance is due to less income received on admin handling fees ,agency fees and other revenue from sale of goods and services.

58.48 Rental of facilities and equipment
The budget for this item is under other revenue.

58.49 Suppliers and employees
The variance is due to savings on implementing cost containment measures on expenditure.

58.50 Finance charges
This is due interest charged on overdue accounts, interest on defined benefits and landfill site interest that was not provided for on the budget.

58.51 Purchase of Property Plant and Equipment
This is due to projects not completed funded by the disaster grant.

58.52 Proceeds on sale of investments property
This is due to disposals that were done.

61. Accounting by principals and agents

The municipality is a party to a principal-agent arrangements.

Details of the arrangements are as follows:

The municipality collects vehicle registration fees on behalf of the Department of Transport for registration of vehicles done within the municipality's jurisdiction. There have been no changes in the agreement or contracts from the prior period. The municipality is entitled to 19% of the fees collected as per the agreement as compensation for the transactions carried out. There are no liabilities or expenses that have been incurred on behalf of the Department of Transport relating to the above arrangement. There are no assets held by the municipality on behalf of the Department of Transport.

Figures in Rand	2025	2024

61. Accounting by principals and agents (continued)

Municipality as agent

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Amount of revenue received on behalf of the principal during the reporting period

	2025	2024
Department of transport	9,313,689	8,591,201

	2025	2024
Collections from third parties on behalf of the Department	9,313,688	8,591,201
Commission earned on vehicle registrations	(1,769,600)	(1,755,997)
Collection paid over to the Department	(7,544,088)	(6,835,204)
	-	-

Municipality as principal

Fee paid

	2025	2024
Netvendor	-	440,957
Amakhumbe	5,283,394	3,580,936

The municipality has directed 2024: Netvendor (July to August), Amakhumbe (August to June) and 2023: Parallax Management Consulting through a binding arrangement to undertake transactions with third parties on behalf of Matatiele Local Municipality, which is sale of municipal electricity. These are specialists which are used due to capacitating of the municipality and is more cost effective which provide customers easy access to prepaid electricity.

The following charges are levied for services undertaken by Netvendor in fulfilling this agreement	2025	2024
Municipal prepaid electricity vending commission paid	-	440,957

Netvendor was entitled to claim 7% commission on sales of prepaid electricity.

The following charges are levied for services undertaken by Amakhumbe Investments in fulfilling this agreement	2025	2024
Municipal prepaid electricity vending commission paid	3,903,394	2,430,936
Municipal prepaid electricity vending fixed per month	1,380,000	1,150,000
	5,283,394	**3,580,936**

Amakhumbe Investments was also entitled to claim 10.5% of sales and a monthly fixed amount of R115 000.

Receivables - 30 June 2025	Opening Balance	Revenue principal is entitled to	Less: Settlements	Total
Parallax Management Consulting	26,459,451	-	-	26,459,451
Amakhumbe	1,756,669	22,644,776	(22,272,562)	2,128,883
	28,216,120	**22,644,776**	**(22,272,562)**	**28,588,334**

61. Accounting by principals and agents (continued)

Receivables - 30 June 2024	Opening Balance	Revenue principal is entitled to	Less: Settlements	Total
Parallax Management Consulting	24,631,290	1,828,161	-	26,459,451
Netvendor	-	1,776,788	(1,776,788)	-
Amakhumbe	-	13,672,275	(11,915,606)	1,756,669
	24,631,290	**17,277,224**	**(13,692,394)**	**28,216,120**

62. Financial instruments disclosure

2025

Financial assets	At amortised cost	Total
Trade receivable from non-exchange transactions	3,026,181	3,026,181
Trade receivable from exchange transactions	19,447,638	19,447,638
Security held in Eskom	5,350,718	5,350,718
Cash and cash equivalent	269,899,777	269,899,777
	297,724,314	**297,724,314**

Financial liabilities	At amortised cost	Total
Trade payables from exchange transactions	70,239,832	70,239,832
Consumer deposits	499,295	499,295
	70,739,127	**70,739,127**

2024

Financial assets	At amortised cost	Total
Trade receivable from non-exchange transactions	1,182,365	1,182,365
Trade receivable from exchange transactions	16,996,742	16,996,742
Security held in Eskom	5,047,848	5,047,848
Cash and cash equivalent	258,144,616	258,144,616
	281,371,571	**281,371,571**

Financial liabilities	At amortised cost	Total
Trade payables from exchange transactions	61,216,932	61,216,932
Consumer deposits	485,979	485,979
	61,702,911	**61,702,911**