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

General Information

Legal form of entity	A municipality, which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	A local authority providing municipal services and maintaining the best interest of the community in the Kopanong municipal area.
Mayoral committee	
Executive Mayor	XJ Tseletsele
Speaker	MJ Moitse
Chief Whip	ME Masana
Councillors	MM Motlohi
	H Shebe
	RW van Wyk
	MV Malgas
	VI Jonas
	NS Spogter
	MG Mokheseng
	PM Motantsi
	IB Mphou
	M Lottering
	EN Noordman
	KC Litseho
	BH Lourens
	ME Lekoenea
Grading of local authority	Grade 2
Accounting Officer	BC Mokamela (acting)
Chief Finance Officers (CFO)	P Senyane (appointed 3 March 2025)
	JC Mokoena (acting 1 July 2024 - 2 March 2025)
Registered office	20 Louw Street
	Trompsburg
	9913
Postal address	Private Bag X23
	Trompsburg
	9913
Bankers	ABSA Bank
Auditors	The Auditor-General of South Africa
Attorneys	Mohlokonya Attorneys
	Maduba Attorneys

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Abbreviations used:

COGTA	Department of Cooperative Governance and Traditional Affairs
DBSA	Development Bank of Southern Africa
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 4 - 71, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

BC Mokamela
Acting Municipal Manager

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in a local authority providing municipal services and maintaining the best interest of the community in the Kopanong municipal area and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 581 292 046 (2024: deficit R 92 278 260).

2. Going concern

The municipality experienced cash flow difficulties during the financial period. Management considered the following matters relating to the going concern:

- The municipality's budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the annual financial statements on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the government will continue to fund the operations of the municipality through the provision of the equitable share, additionally the accounting officer will continue to tightly manage the cashflow of the municipality and where necessary procure funding for the ongoing operations for the municipality.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officers' interest in contracts

The Accounting Officer had no interest in any contracts.

5. Accounting policies

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

6. Non-current assets

There were no significant changes in the nature of the non-current assets of the municipality during the year.

7. Accounting Officer

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

BC Mokamela (acting)	South African	Appointed 1 November 2024

Accounting Officer's Report

8. Corporate governance

General

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

9. Bankers

The municipality changed its primary bank account from First National Bank to ABSA Bank during the year.

10. Auditors

The Auditor-General of South Africa will continue in office for the next financial period.

11. Non-compliance with applicable legislation

In terms of section 65(2)(e) of the MFMA, all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 71(1) of the MFMA, the accounting officer of a municipality must by no later than ten (10) working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month. During the financial year, the municipality did not comply with the required legislation as reports were submitted late.

Statement of Financial Position as at 30 June 2025

Figures in Rand	Notes	2025	2024
Assets			
Current Assets			
Inventories	3	73 616	67 923
Receivables from exchange transactions	4&6	169 726 925	149 925 824
Receivables from non-exchange transactions	5&6	35 632 088	21 990 473
Other receivables from exchange transactions	7	8 655 429	8 238 362
VAT receivable	8	90 551 308	70 116 898
Cash and cash equivalents	9	624 087	6 325 196
		305 263 453	**256 664 676**
Non-Current Assets			
Investment property	10	132 881 958	130 892 394
Property, plant and equipment	11	865 374 290	873 150 126
Intangible assets	12	-	223
		998 256 248	**1 004 042 743**
Total Assets		**1 303 519 701**	**1 260 707 419**
Liabilities			
Current Liabilities			
Other financial liabilities	13	-	71 161
Payables from exchange transactions	14	688 445 697	1 239 807 803
Consumer deposits	15	3 203 748	3 196 378
Employee benefit obligation	16	812 000	2 801 564
Unspent conditional grants and receipts	17	9 389 510	9 997 106
Provisions	18	14 472 278	13 313 087
		716 323 233	**1 269 187 099**
Non-Current Liabilities			
Other financial liabilities	13	-	8 311
Employee benefit obligation	16	21 178 000	12 513 331
Provisions	18	68 458 956	62 731 202
		89 636 956	**75 252 844**
Total Liabilities		**805 960 189**	**1 344 439 943**
Net Assets		**497 559 512**	**(83 732 524)**
Accumulated surplus/(deficit)		497 559 521	(83 732 528)
Total Net Assets		**497 559 521**	**(83 732 528)**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Service charges	19	225 860 617	252 833 603
Rental of facilities and equipment	20	753 116	793 038
Other income	21	1 248 009	424 390
Interest received - investment	22	168 881	542 644
Total revenue from exchange transactions		**228 030 623**	**254 593 675**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	54 625 736	29 666 861
Transfer revenue			
Government grants and subsidies	25	133 255 272	182 662 236
Debt forgivness	23	792 874 221	-
Total revenue from non-exchange transactions		**980 755 229**	**212 329 097**
Total revenue		**1 208 785 852**	**466 922 772**
Expenditure			
Employee related costs	26	(132 580 759)	(131 420 329)
Remuneration of councillors	27	(7 558 290)	(7 405 492)
Administration	28	(5 255 438)	(6 793 010)
Depreciation and amortisation	29	(41 787 730)	(40 628 537)
Finance costs	30	(88 516 565)	(107 409 210)
Lease rentals on operating lease	31	(520 466)	(963 090)
Debt Impairment	32	(167 704 689)	(111 116 188)
Bulk purchases	33	(140 092 086)	(116 717 794)
Contracted services	34	(14 272 380)	(10 614 568)
General expenses	35	(19 183 217)	(8 138 085)
Total expenditure		**(617 471 620)**	**(541 206 303)**
Operating surplus (deficit)		**591 314 232**	**(74 283 531)**
Loss on disposal of assets and liabilities		(1 327 915)	(12 042 398)
Fair value adjustments	36	1 989 564	(583 877)
Actuarial gains/losses	16	(7 037 192)	452 105
Impairment loss	37	(3 646 643)	(5 820 559)
		(10 022 186)	**(17 994 729)**
Surplus (deficit) for the year		**581 292 046**	**(92 278 260)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(23 926 841)	(23 926 841)
Adjustments		
Correction of errors (refer to Note 52)	32 472 573	32 472 573
Balance at 01 July 2023 as restated*	**8 545 732**	**8 545 732**
Changes in net assets		
Surplus for the year	(92 278 260)	(92 278 260)
Total changes	(92 278 260)	(92 278 260)
Balance at 01 July 2024	**(83 732 525)**	**(83 732 525)**
Changes in net assets		
Surplus for the year	581 292 046	581 292 046
Total changes	581 292 046	581 292 046
Balance at 30 June 2025	**497 559 521**	**497 559 521**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Taxation		7 622 418	10 680 508
Sale of goods and services		64 895 277	78 310 317
Grants		132 647 675	132 975 586
Interest income		168 881	542 644
		205 334 251	222 509 055
Payments			
Employee costs		(316 376 125)	(105 703 391)
Suppliers		145 696 704	(76 071 580)
		(170 679 421)	(181 774 971)
Net cash flows from operating activities	39	**34 654 830**	**40 734 084**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(38 985 311)	(40 372 454)
Movement in intangible assets	10	(918)	-
Movement of investment property	10	-	1 405 687
Net cash flows from investing activities		**(38 986 229)**	**(38 966 767)**
Cash flows from financing activities			
Repayment of other financial liabilities		(1 369 706)	(1 400 554)
Net cash flows from financing activities		**(1 369 706)**	**(1 400 554)**
Net increase/(decrease) in cash and cash equivalents		**(5 701 105)**	**366 763**
Cash and cash equivalents at the beginning of the year		6 325 196	5 958 434
Cash and cash equivalents at the end of the year	9	**624 091**	**6 325 197**

The accounting policies on pages 13 to 32 and the notes on pages 33 to 75 form an integral part of the annual financial statements.

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	218 335 728	78 706 792	**297 042 520**	225 860 617	**(71 181 903)**	Note 53
Rental of facilities and equipment	1 590 000	(275 000)	**1 315 000**	753 116	**(561 884)**	Note 53
Interest received (trading)	21 317 112	-	**21 317 112**	-	**(21 317 112)**	Note 53
Other income	265 008	(125 008)	**140 000**	1 248 009	**1 108 009**	Note 53
Interest received - investment	-	160 000	**160 000**	168 881	**8 881**	Note 53
Total revenue from exchange transactions	**241 507 848**	**78 466 784**	**319 974 632**	**228 030 623**	**(91 944 009)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	48 897 324	21 900 000	**70 797 324**	54 625 736	**(16 171 588)**	Note 53
Licences and permits	477 000	(377 000)	**100 000**	-	**(100 000)**	Note 53
Transfer revenue						
Government grants	122 120 568	-	**122 120 568**	133 255 272	**11 134 704**	Note 53
Fines	13 788	86 212	**100 000**	-	**(100 000)**	Note 53
Other transfer revenue 1	-	-	**-**	792 874 221	**792 874 221**	
Total revenue from non-exchange transactions	**171 508 680**	**21 609 212**	**193 117 892**	**980 755 229**	**787 637 337**	
Total revenue	**413 016 528**	**100 075 996**	**513 092 524**	**1 208 785 852**	**695 693 328**	
Expenditure						
Employee related costs	(170 848 118)	(73 268 122)	**(244 116 240)**	(132 580 759)	**111 535 481**	Note 53
Remuneration of councillors	(7 519 860)	(1 417 915)	**(8 937 775)**	(7 558 290)	**1 379 485**	Note 53
Administration	-	-	**-**	(5 255 438)	**(5 255 438)**	Note 53
Depreciation and amortisation	(50 418 900)	5 418 600	**(45 000 300)**	(41 787 730)	**3 212 570**	Note 53
Finance costs	(56 021 004)	(151 450 000)	**(207 471 004)**	(88 516 565)	**118 954 439**	Note 53
Lease rentals	-	-	**-**	(520 466)	**(520 466)**	Note 53
Debt impairment	(136 846 032)	15 129 836	**(121 716 196)**	(167 704 689)	**(45 988 493)**	Note 53
Bulk purchases	(98 580 000)	15 440 147	**(83 139 853)**	(140 092 086)	**(56 952 233)**	Note 53
Contracted Services	(9 492 116)	(21 246 000)	**(30 738 116)**	(14 272 380)	**16 465 736**	Note 53
Transfers and subsidies	(2 332 008)	-	**(2 332 008)**	-	**2 332 008**	Note 53
Irrecoverable debts	-	(170 000 000)	**(170 000 000)**	-	**170 000 000**	Note 53
General expenses	(14 355 372)	(21 143 356)	**(35 498 728)**	(19 183 217)	**16 315 511**	Note 53
Total expenditure	**(546 413 410)**	**(402 536 810)**	**(948 950 220)**	**(617 471 620)**	**331 478 600**	
Operating surplus	**(133 396 882)**	**(302 460 814)**	**(435 857 696)**	**591 314 232**	**1 027 171 928**	
Disposal of assets	(1 272 000)	-	**(1 272 000)**	(1 327 915)	**(55 915)**	Note 53
Transfer and subsidies	37 259 460	-	**37 259 460**	-	**(37 259 460)**	
Fair value adjustments	-	-	**-**	1 989 564	**1 989 564**	Note 53
Actuarial gains/losses	-	805 000 000	**805 000 000**	(7 037 192)	**(812 037 192)**	Note 53
Impairment loss	-	-	**-**	(3 646 643)	**(3 646 643)**	
	35 987 460	**805 000 000**	**840 987 460**	**(10 022 186)**	**(851 009 646)**	
Surplus before taxation	**(97 409 422)**	**502 539 186**	**405 129 764**	**581 292 046**	**176 162 282**	

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	42 579 276	-	**42 579 276**	73 616	**(42 505 660)**	Note 53
Receivables from exchange transactions	83 437 692	-	**83 437 692**	169 726 925	**86 289 233**	Note 53
Receivables from non-exchange transactions	246 492 432	-	**246 492 432**	35 632 088	**(210 860 344)**	Note 53
Other receivables from exchange transactions	-	-	**-**	8 655 429	**8 655 429**	Note 53
VAT receivable	21 287 988	-	**21 287 988**	90 551 313	**69 263 325**	Note 53
Cash and cash equivalents	271 522 080	-	**271 522 080**	624 087	**(270 897 993)**	Note 53
	665 319 468	**-**	**665 319 468**	**305 263 458**	**(360 056 010)**	
Non-Current Assets						
Investment property	-	-	**-**	132 881 958	**132 881 958**	Note 53
Property, plant and equipment	1 061 323 334	103 852 166	**1 165 175 500**	865 374 290	**(299 801 210)**	Note 53
Intangible assets	5 604	-	**5 604**	-	**(5 604)**	Note 53
	1 061 328 938	**103 852 166**	**1 165 181 104**	**998 256 248**	**(166 924 856)**	
Total Assets	**1 726 648 406**	**103 852 166**	**1 830 500 572**	**1 303 519 706**	**(526 980 866)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	(10 308 516)	(900 000 000)	**(910 308 516)**	688 445 697	**1 598 754 213**	Note 53
Payables from non-exchange transactions	13 445 040	-	**13 445 040**	-	**(13 445 040)**	Note 53
Consumer deposits	3 921 480	-	**3 921 480**	3 203 748	**(717 732)**	Note 53
Employee benefit obligation	-	-	**-**	812 000	**812 000**	Note 53
Unspent conditional grants and receipts	-	-	**-**	9 389 510	**9 389 510**	Note 53
Provisions	-	-	**-**	14 472 278	**14 472 278**	Note 53
	7 058 004	**(900 000 000)**	**(892 941 996)**	**716 323 233**	**1 609 265 229**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	21 178 000	**21 178 000**	Note 53
Provisions	-	-	**-**	68 458 956	**68 458 956**	Note 53
	-	**-**	**-**	**89 636 956**	**89 636 956**	
Total Liabilities	**7 058 004**	**(900 000 000)**	**(892 941 996)**	**805 960 189**	**1 698 902 185**	
Net Assets	**1 719 590 402**	**1 003 852 166**	**2 723 442 568**	**497 559 517**	**(2 225 883 051)**	
Reserves						
Accumulated surplus/(deficit)	1 719 590 402	1 003 852 166	**2 723 442 568**	497 559 521	**(2 225 883 047)**	Note 53

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						
Taxation	24 789 168	-	**24 789 168**	7 622 418	**(17 166 750)**	Note 53
Sale of goods and services	107 528 532	-	**107 528 532**	64 895 277	**(42 633 255)**	Note 53
Grants	181 659 204	-	**181 659 204**	132 647 675	**(49 011 529)**	Note 53
Interest income	10 577 748	-	**10 577 748**	168 881	**(10 408 867)**	Note 53
Other receipts	898 896	-	**898 896**	-	**(898 896)**	Note 53
	325 453 548	**-**	**325 453 548**	**205 334 251**	**(120 119 297)**	
Payments						
Suppliers and employees	(274 632 252)	-	**(274 632 252)**	(170 679 421)	**103 952 831**	Note 53
Finance costs	(33 708 000)	-	**(33 708 000)**	-	**33 708 000**	Note 53
	(308 340 252)	**-**	**(308 340 252)**	**(170 679 421)**	**137 660 831**	
Net cash flows from operating activities	**17 113 296**	**-**	**17 113 296**	**34 654 830**	**17 541 534**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(53 931 468)	-	**(53 931 468)**	(38 985 311)	**14 946 157**	Note 53
Purchase of other intangible assets	-	-	**-**	(918)	**(918)**	
Net cash flows from investing activities	**(53 931 468)**	**-**	**(53 931 468)**	**(38 986 229)**	**14 945 239**	
Cash flows from financing activities						
Repayment of other financial liabilities	-	-	**-**	(1 369 706)	**(1 369 706)**	Note 53
Net increase/(decrease) in cash and cash equivalents	(36 818 172)	-	**(36 818 172)**	(5 701 105)	**31 117 067**	Note 53
Cash and cash equivalents at the beginning of the year	-	-	**-**	6 325 196	**6 325 196**	Note 53
Cash and cash equivalents at the end of the year	**(36 818 172)**	**-**	**(36 818 172)**	**624 091**	**37 442 263**	

Significant Accounting Policies

1. Significant accounting polices

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, 2003 (Act No. 56 of 2003).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

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.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

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

Impairment testing

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

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

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 18 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

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.

Significant Accounting Policies

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

Fair value

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

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

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

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

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

All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties.

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

1.6 Property, plant and equipment

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

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

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	25 years
Other property, plant and equipment	Straight-line	1-10 years
Infrastructure	Straight-line	5-100 years

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.

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 municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see Note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see Note 11).

1.7 Intangible assets

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

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.

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

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

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.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	1-5 years

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

1.8 Financial instruments

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

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

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

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

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

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

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

1.8 Financial instruments (continued)

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.8 Financial instruments (continued)

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

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

1.9 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.

Impairment losses

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

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

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

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

1.9 Statutory receivables (continued)

In estimating the future cash flows, a 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.

1.10 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality’s net investment in the finance lease.

Finance leases - lessee

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

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

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

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

Significant Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

The cost of inventories is assigned using the weighted average cost 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.

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

1.13 Employee benefits

Identification

Employee benefits

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

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

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

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

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

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

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

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

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

1.14 Provisions and contingencies

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

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

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 40.

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

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

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

1.14 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

1.16 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Interest, royalties and dividends

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

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

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

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

1.17 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

1.17 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.18 Investment income

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

1.19 Borrowing costs

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

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

1.20 Comparative figures

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

Significant Accounting Policies

1.21 Unauthorised expenditure

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

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.

1.22 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.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No.56 of 2003), the Municipal Systems Act, 2000 (Act No.32 of 2000), and the Public Office Bearers Act, 1998 (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).

1.24 Segment information

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

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

1.25 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 cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

1.26 Related parties

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

1.26 Related parties (continued)

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

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

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

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

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

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

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

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

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.28 Debt forgivness

Creditor interest write-off (debt forgiveness) refers to a situation where a creditor voluntarily cancels or waives interest previously payable by the municipality, resulting in a reduction of the liability without an outflow of municipal resources.

Recognition and Measurement

Derecognition of Liability

Interest that is formally forgiven by a creditor is derecognised from the corresponding accounts payable when:

The creditor communicates the write-off in writing; and

The municipality no longer has a present obligation to settle the interest.

Recognition of Income

1.28 Debt forgivness (continued)

The reduction in the liability arising from the creditor's forgiveness of interest is recognised as income in the Statement of Financial Performance, as a debt forgivness.

Measurement

The income is measured at the carrying amount of the liability that is derecognised.

1.29 Contracted services

Contracted services refer to services that are outsourced to external suppliers where the municipality does not retain control over the service provider's employees, and the service is provided under a contract or agreement.

These typically include:

Cleaning services
Refuse removal and waste management
Maintenance and repairs outsourced
ICT support and system management

Recognition

Expenditure on contracted services is recognised when:

The service is rendered by an external provider; and

The amount can be measured reliably; and

It is probable that the economic benefits or service potential associated with the service will be consumed by the municipality.

Measurement

Contracted services expenditure is measured at the transaction price agreed with the service provider, including:

VAT (where applicable)

Contractually binding costs

Any variable considerations (e.g., call-outs, overtime) supported by valid documentation

1.30 Value Added Tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of Section 7(1)(a) of the VAT Act, 1991 (Act No. 89 of 1991) in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of Section 11, exempted in terms of Section 12 of the act or are scoped out for VAT purposes.

The municipality accounts for VAT on a monthly basis.

1.31 Accumulated surplus

The municipality's surplus or deficit for the year is accounted for in the accumulated surplus in the statement of changes in net assets.

The accumulated surplus/deficit represents the net difference between total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure are debited/credited against accumulated surplus when retrospective adjustments are made.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 on Presentation of Financial Statements (amended 2022)	To be determined	The impact of the is not material.
• GRAP 103 on Heritage assets (amended)	To be determined	Unlikely there will be a material impact
• GRAP 104 on Financial instruments (amended)	01 April 2025	Unlikely there will be a material impact
• GRAP 105 on Transfer of Functions Between Entities Under Common Control (amended)	To be determined	Unlikely there will be a material impact
• GRAP 106 on Transfer of Functions Between Entities Not Under Common Control (amended)	To be determined	Unlikely there will be a material impact
• GRAP 107 on Mergers (amended)	To be determined	Unlikely there will be a material impact
• IGRAP 22 on Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• Improvements to Standards of GRAP (2023)	To be determined	Unlikely there will be a material impact

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

Financial guarantee contracts issued

Loan commitments issued

Classification of financial assets

Amortised cost of financial assets

Impairment of financial assets

Disclosures

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the revisions is 01 April 2025

The municipality has not applied the Standard for the annual financial statements yet. These will be applied in the 2025/26 financial year.

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

3. Inventories

Water levels	73 616	67 923

Inventories recognised as an expense during the year	299 985	179 812

No inventory was written-off during the year.

Inventory pledged as security

No inventory was pledged as security.

4. Receivables from exchange transactions

Electricity	14 914 047	9 474 568
Water	52 960 668	92 681 389
Sewerage	17 507 241	8 894 401
Refuse	13 147 251	6 921 505
Housing rental	490 254	501 815
Sundries	70 707 464	31 452 146
	169 726 925	**149 925 824**

5. Receivables from non-exchange transactions

Rates	35 632 088	21 990 473
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Rates	35 632 088	21 990 473
Total receivables from non-exchange transactions	35 632 088	21 990 473

Statutory receivables general information

Rates

Revenue type - non-exchange revenue
Legislation that gives rise to the transactions - Municipal Property Rates Act (Act 6 of 20224).
Rates and interest rates - Municipal Tariff policy, interest charged.
Impairment consideration - Individual collection rates, interest charged at discount rate.

Interest or other charges levied/charged

No interest or other charges are levied on statutory receivables.

There are no restrictions or conditions on these receivables.

Figures in Rand	2025	2024

6. Consumer debtors disclosure

Gross balances		
Rates	98 941 206	51 933 889
Electricity	16 954 130	11 514 651
Water	362 573 963	246 877 720
Sewerage	65 517 355	42 087 962
Refuse	49 483 243	31 879 229
Housing rental	2 507 827	1 648 279
Sundry	430 339 518	452 563 212
	1 026 317 242	**838 504 942**

Less: Allowance for impairment		
Rates	(63 309 118)	(29 943 416)
Electricity	(2 040 083)	(2 040 083)
Water	(309 613 295)	(154 196 331)
Sewerage	(48 010 114)	(33 193 561)
Refuse	(36 335 992)	(24 957 724)
Housing rental	(2 017 573)	(1 146 464)
Sundry	(359 632 054)	(421 111 066)
	(820 958 229)	**(666 588 645)**

Net balance		
Rates	35 632 088	21 990 473
Electricity	14 914 047	9 474 568
Water	52 960 668	92 681 389
Sewerage	17 507 241	8 894 401
Refuse	13 147 251	6 921 505
Housing rental	490 254	501 815
Sundry	70 707 464	31 452 146
	205 359 013	**171 916 297**

Included in above is receivables from exchange transactions:		
Electricity	14 914 047	9 474 568
Water	52 960 668	92 681 389
Sewerage	17 507 241	8 894 401
Refuse	13 147 251	6 921 505
Housing rental	490 254	501 816
Sundry	70 707 464	31 452 149
	169 726 925	**149 925 828**

Included in above is receivables from non-exchange transactions:		
Rates	35 632 088	21 990 473
Net balance	**205 359 013**	**171 916 301**

Rates		
Current (0 - 30 days)	16 310 464	5 829 074
31 - 60 days	3 549 874	1 802 965
61 - 90 days	3 462 498	1 789 373
91 - 120 days	3 466 527	1 753 417
121 + days	72 151 844	40 759 060
Less: Impairment	(63 309 119)	(29 943 416)
	35 632 088	**21 990 473**

Figures in Rand	2025	2024

6. Consumer debtors disclosure (continued)

Electricity		
Current (0 - 30 days)	2 310 396	2 310 396
31 - 60 days	1 219 495	1 219 495
61 - 90 days	795 099	795 099
91 - 120 days	12 629 140	7 189 661
Less: Impairment	(2 040 083)	(2 040 083)
	14 914 047	**9 474 568**

Water		
Current (0 - 30 days)	10 509 600	11 172 549
31 - 60 days	11 607 255	7 443 054
61 - 90 days	8 527 609	7 427 359
91 - 120 days	45 573 391	64 459 546
121 + days	286 356 108	156 375 212
Less: Impairment	(309 613 295)	(154 196 331)
	52 960 668	**92 681 389**

Sewerage		
Current (0 - 30 days)	1 940 484	1 981 250
31 - 60 days	1 967 501	1 786 528
61 - 90 days	2 068 897	1 780 792
91 - 120 days	2 088 118	1 772 854
121 + days	57 452 355	34 766 538
Less: Impairment	(48 010 114)	(33 193 561)
	17 507 241	**8 894 401**

Refuse		
Current (0 - 30 days)	1 480 796	1 490 629
31 - 60 days	1 510 231	1 346 385
61 - 90 days	1 562 945	1 341 936
91 - 120 days	1 571 866	1 335 525
121 + days	43 357 405	26 364 754
Less: Impairment	(36 335 992)	(24 957 724)
	13 147 251	**6 921 505**

Housing rental		
Current (0 - 30 days)	60 821	71 845
31 - 60 days	60 821	71 821
61 - 90 days	60 796	71 910
91 - 120 days	60 796	71 413
121 - 365 days	2 264 594	1 361 290
Less: Impairment	(2 017 574)	(1 146 464)
	490 254	**501 815**

Sundry		
Current (0 - 30 days)	17 251	19 783
31 - 60 days	16 903	-
61 - 90 days	22 806	29 131
91 - 120 days	20 215	155
121 - 365 days	430 262 344	438 966 343
Less: Impairment	(359 632 055)	(407 563 266)
	70 707 464	**31 452 146**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Consumers		
Current (0 - 30 days)	15 603 819	17 669 675
31 - 60 days	16 500 714	10 808 023
61 - 90 days	13 417 346	10 818 067
91 - 120 days	50 360 296	66 181 281
121 + days	797 792 390	589 256 942
	893 674 565	694 733 988
Less: Allowance for impairment	(735 518 522)	(588 271 517)
	158 156 043	**106 462 471**

Industrial/commercial		
Current (0 - 30 days)	2 232 694	3 300 821
31 - 60 days	1 056 909	1 531 278
61 - 90 days	953 665	1 464 652
91 - 120 days	1 255 219	4 037 343
121 + days	40 068 781	70 491 359
	45 567 268	80 825 453
Less: Allowance for impairment	(33 970 894)	(63 969 908)
	11 596 374	**16 855 545**

National and provincial government		
Current (0 - 30 days)	12 482 902	1 905 029
31 - 60 days	1 154 962	1 336 338
61 - 90 days	1 334 538	958 274
91 - 120 days	1 165 396	6 369 342
121 + days	68 897 522	38 828 718
	85 035 320	49 397 701
Less: Allowance for impairment	(49 428 733)	(772 419)
	35 606 587	**48 625 282**

Total		
Current (0 - 30 days)	30 319 416	22 875 525
31 - 60 days	18 712 586	13 675 639
61 - 90 days	15 705 551	13 240 923
91 - 120 days	52 780 913	76 587 967
121 + days	906 758 694	698 577 019
	1 024 277 160	824 957 073
Less: Allowance for impairment	(818 918 149)	(653 040 851)
	205 359 011	**171 916 222**

Reconciliation of allowance for impairment		
Balance at beginning of the year	653 040 851	526 120 029
Contributions movement for the year	165 877 298	126 920 822
Balance at the end of the year	**818 918 149**	**653 040 851**

Council took a resolution not to charge interest for receivables for the 2024/25 financial year.

Figures in Rand	2025	2024
7. Other receivables from exchange transactions		
Unknown debit orders	719 191	719 191
Unknown debit orders represents unauthorised debit orders against the municipality's current bank accounts. Management is investigating the source of the debit orders and have been able to recover some of the funds. A detailed report on the nature and support is expected to be tabled within the next financial year, whereafter the appropriate steps will be decided on.		
Centlec surplus receivable	213 101	213 101
Centlec is a balance that has been forthcoming prior to 1 July 2020. Management is investigating the source of the balance and will after confirming the origin thereof, propose the necessary corrective steps and/or accounting entries to be followed.		
Electricity vendors receivable	1 834 740	1 834 740
Electricity vendors receivable is represented by amounts to be paid to the municipality for pre-paid electricity sold before year end.		
Sundry debtors	5 471 330	5 471 330
Sundry debtors constitute various individual debtors. Management is in the process of following up on these debtors and to determine the recoverability thereof. After all necessary steps have been followed and all relevant information has been obtained, management will make a formal proposal on how to deal with these debtors.		
Lesedi Africa	417 067	-
Lesedi Africa is appointed as principal agent for electricity.		
	8 655 429	**8 238 362**
Current assets	8 655 429	8 238 362

8. VAT receivable

	2025	2024
VAT receivable	90 551 308	70 116 808

Statutory receivable:

- VAT transactions arise from the Value Added Tax Act, 1991 (Act No. 89 of 1991). VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the VAT Act.
- VAT transaction amounts are determined in line with the VAT Act.
- The rates and interest charged are determined in line with the VAT Act.
- There is no impairment on the VAT receivable, as the balance is expected to be fully recovered.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 140	57 311
Bank balances	595 600	3 737 361
Short-term deposits	27 347	2 530 524
	624 087	**6 325 196**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
AAA	2 541 071	8 137 927

Cash and cash equivalents pledged as collateral

Cash and cash equivalents have not been pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
First National Bank - Current - 62021950276	554 584	2 864 580	127 974	554 584	2 142 400	(70 765)
Standard Bank - Current - 041917308	-	-	-	-	1 167	1 167
ABSA - Current - 411072394	(244 715)	1 833 751	-	(244 715)	1 954 451	-
Post Bank - Current - 00088133677	453	43 628	373 678	453	43 629	367 804
First National Bank - Call account - 62422626806	1 509	276 160	1 147	1 509	277 160	1 417
First National Bank - Call account - 62422630005	3 263	3 263	136	3 263	3 264	136
First National Bank - Call account - 62422629280	9 942	2 144 840	4 535 528	9 942	2 144 839	4 535 528
First National Bank - Call account - 62422632423	298	298	790	298	298	790
First National Bank - Call account - 62422631821	867	19 635	2 458	867	15 126	2 458
First National Bank - Call account - 62422630857	820	95 330	437 946	820	81 338	437 946
First National Bank - Call account - 62111778976	826	791	791	826	791	791
First National Bank - Call account - 62366782003	521	521	521	521	521	521
First National Bank - Call account - 74433523997	7 186	7 186	7 186	7 186	7 186	7 186
ABSA - Call account - 632005000000939	2 113	-	-	2 113	-	-
Total	**337 667**	**7 289 983**	**5 488 155**	**337 667**	**6 672 170**	**5 284 979**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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	132 881 958	-	132 881 958	130 892 394	-	130 892 394

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustment	Total
Investment property	130 892 394	1 989 564	132 881 958

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustment	Disposals	Total
Investment property	138 421 100	(583 877)	(6 944 829)	130 892 394

Pledged as security

No investment property has been pledged as security for any liabilities of the municipality.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the valuation was Sunday, 30 June 2024. The valuation was performed by an independent valuer, Mr. Daniel Benjamin Grobler. Mr. Grobler is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on property barometer. The barometer for the area was used to adjustment the fair values to represent the market conditions and the price at which the property can be readily expected to be exchanged for between a willing buyer and willing seller.

The assumptions are based on current market conditions.

Maintenance of investment property

No repairs and maintenance were incurred on investment properties during the financial year.

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	54 605 566	(1 569)	54 603 997	64 289 359	(9 683 791)	54 605 568
Buildings	98 514 638	(72 788 374)	25 726 264	98 959 176	(71 372 393)	27 586 783
Community	205 407 381	(124 962 873)	80 444 508	205 470 127	(121 034 227)	84 435 900
Infrastructure	1 858 729 480	(1 160 331 954)	698 397 526	1 819 268 663	(1 119 273 280)	699 995 383
Computer equipment	2 050 333	(1 597 013)	453 320	2 090 962	(1 372 074)	718 888
Furniture and fixtures	6 302 112	(5 194 910)	1 107 202	6 288 324	(5 010 984)	1 277 340
Plant and machinery	512 235	(424 654)	87 581	657 040	(410 564)	246 476
Motor vehicles	7 763 677	(3 209 785)	4 553 892	7 880 829	(3 597 041)	4 283 788
Total	**2 233 885 422**	**(1 368 511 132)**	**865 374 290**	**2 204 904 480**	**(1 331 754 354)**	**873 150 126**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Additions through WIP	Disposals	Change in estimate landfill site	Depreciation	Impairment loss	Total
Land	54 605 568	-	-	-	-	-	(1 571)	54 603 997
Buildings	27 586 783	-	-	(37 049)	-	(2 052 398)	228 928	25 726 264
Community	84 435 900	-	-	(3 575)	-	(3 950 653)	(37 164)	80 444 508
Infrastructure	699 995 383	-	40 090 390	(1 193 413)	(1 644 783)	(35 298 662)	(3 551 389)	698 397 526
Computer equipment	718 888	14 788	-	-	-	(181 926)	(98 430)	453 320
Furniture and fixtures	1 277 340	34 912	-	-	-	(165 281)	(39 769)	1 107 202
Plant and machinery	246 476	1 825	-	-	-	(15 531)	(145 189)	87 581
Motor vehicles	4 283 788	395 218	-	-	-	(123 055)	(2 059)	4 553 892
	873 150 126	**446 743**	**40 090 390**	**(1 234 037)**	**(1 644 783)**	**(41 787 506)**	**(3 646 643)**	**865 374 290**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Change in estimate landfill site	Depreciation	Impairment loss	Total
Land	56 312 864	-	(1 707 296)	-	-	-	54 605 568
Buildings	32 581 272	-	(11 322)	-	(2 327 296)	(2 655 871)	27 586 783
Community	90 281 858	-	(39 625)	-	(4 233 594)	(1 572 739)	84 435 900
Infrastructure	704 781 324	28 390 317	(3 100 521)	4 543 185	(33 486 440)	(1 132 482)	699 995 383
Computer equipment	624 526	300 799	(7 874)	-	(190 471)	(8 092)	718 888
Furniture and fixtures	1 493 086	9 930	(14 738)	-	(208 085)	(2 853)	1 277 340
Plant and machinery	399 939	-	-	-	(152 924)	(539)	246 476
Motor vehicles	4 793 156	-	(32 799)	-	(28 586)	(447 983)	4 283 788
	891 268 025	**28 701 046**	**(4 914 175)**	**4 543 185**	**(40 627 396)**	**(5 820 559)**	**873 150 126**

Pledged as security

No property, plant and equipment has been pledged as security for any liabilities of the municipality.

11. Property, plant and equipment (continued)

Change in estimate: landfill sites

	2025	2024
The change in estimate reported as follows		
Change in estimate	(1 885 329)	8 890 679

	2025	2024
The following projects are more than five years old, with no additional expenditure incurred recently or during the year under review. These projects show signs of being slow-moving and potentially impaired		
Reddersburg - Rehabilitatioin of landfill site	5 666 640	5 666 640
Reddersburg - Sport facility	7 564 854	7 564 854
Springfontein: Upgrading of Sports Facility	7 365 183	7 365 183
Springfontein: Closure of existing solid waste site and construction of a waste transfer facility Landfill	120 000	120 000
Augment water supply and increase water pressure and WDM:Reddersburg(Elevated Tank)	1 074 839	1 074 839
Philipolis: Fencing of Hall	168 496	168 496
Trompsburg: Rehabilitation of Landfill Site	1 195 463	1 195 463
Augment water supply and increase water pressure and WDM:Reddersburg(Pipeline)	9 809 744	9 809 744
Gariepdam Closure of existing solid waste and constuction of waste transfer facility	622 235	622 235
Kopanong Trompsburg water Supply Reservoir	4 017 621	4 017 621
Bulkwater Supply to Trompburg	2 837 306	2 837 306
Centlec Projects	14 918 638	14 918 638
Kopanong: Feasibility Study for Smart Water Meters	6 913 676	6 913 676
	62 274 695	**62 274 695**

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

	2025	2024
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	154 511 450	114 421 064

Reconciliation of work-in-progress 2025

	Included within infrastructure	Included within buildings	Total
Opening balance	99 322 531	15 098 533	114 421 064
Additions/capital expenditure	40 090 386	-	40 090 386
	139 412 917	**15 098 533**	**154 511 450**

Reconciliation of work-in-progress 2024

	Included within infrastructure	Included within buildings	Total
Opening balance	162 568 356	15 098 533	177 666 889
Additions/capital expenditure	28 390 317	-	28 390 317
Transferred to completed items	(91 636 142)	-	(91 636 142)
	99 322 531	**15 098 533**	**114 421 064**

Expenditure incurred to repair and maintain property, plant and equipment

	2025	2024
Property, plant and equipment	-	297 238

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	29 056	(29 056)	-	29 056	(28 833)	223

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	223	(223)	-

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	1 364	(1 141)	223

Pledged as security

All of the municipality's intangible assets are held under freehold interest and no intangible assets have been pledged as security for any liabilities of the municipality.

13. Other financial liabilities

	2025	2024
At amortised cost		
Mangaung Metropolitan Municipality The long-term loan at amortised cost is calculated at 5% interest rate, with a maturity date of 31 August 2027. Arrear payments interest is calculated at 7% accrued.	-	8 653
Mangaung Metropolitan Municipality: Road and public area lighting projects The long-term loan at amortised cost is calculated at 5% interest rate, with a maturity date of 31 August 2027. Arrear payments interest is calculated at 7% accrued.	-	8 311
Mangaung Metropolitan Municipality: Improvement of low voltage network The long-term loan at amortised cost is calculated at 5% interest rate, with a maturity date of 31 August 2027. Arrear payments interest is calculated at 7% accrued.	-	62 508
	-	**79 472**
Total other financial liabilities	**-**	**79 472**
Non-current liabilities		
At amortised cost	-	8 311
Current liabilities		
At amortised cost	-	71 161

Figures in Rand	2025	2024

14. Payables from exchange transactions

Trade payables	410 297 855	813 051 893
Payments received in advance	12 882 601	12 199 840
Accrued leave pay	12 303 699	11 591 271
Retentions	9 581 469	9 581 469
Unallocated deposits	31 638 206	23 066 264
Centlec payable	78 382 828	61 453 890
Salary control	129 824 909	304 457 288
Deferred revenue	-	839 720
Accrued bonus	3 534 130	3 566 168
	688 445 697	**1 239 807 803**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter the interest is charged in accordance with the credit of the various individual creditors that the municipality deals with.

The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. received in advance is due to payments received for hall hire and prepaid electricity. Payments in advance are consumer debtors' accounts paid in advance.

Accrued leave and bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions.

15. Consumer deposits

Water and electricity	3 203 748	3 196 378

Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit for the outstanding account. No interest is paid on consumer deposits held.

The management of the municipality is of the opinion that the carrying value of the consumer deposits approximate their fair value.

The fair value of the consumer deposits were determined after considering the standard terms and conditions of the agreements entered into between the municipality and its consumers.

16. Employee benefit obligations

Defined benefit plan

Post-employment medical aid benefit liability

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

The municipality makes monthly contributions for health care arrangements to the Hosmed, LA Health, Key Health and SAMWU Medical Aid schemes.

The members of the Post-employment medical aid (health care) benefit plan are made up as follows:

- In-service members (employees): 152 (2024: 0)
- In-service non-members (employees): 0 (2024: 0)
- Continuation members (retirees, widowers and orphans): 0 (2024: 9)

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Long service award liability

The municipality operates an unfunded defined benefit liability for all its employees. Under the plan, a long service award is every 5 years of continuous service, from 5 to 45 years of service, inclusive. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees.

The current service cost for the year ending 30 June 2025 is estimated to be R 11 739 000 (2024: R 859 000), whereas the cost for ensuing year is estimated to be R 448 630 (2024: R 794 253).

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at 30 June 2025. The present value of the defined benefit obligation, and the related current and past service cost, were measured using the Projected Unit Credit Method.

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

Carrying value		
Present value of the Post-employment medical aid benefit liability	(11 739 000)	(4 414 753)
Present value of the Long service award liability	(10 251 000)	(10 900 142)
	(21 990 000)	**(15 314 895)**
Non-current liabilities	(21 178 000)	(12 513 331)
Current liabilities	(812 000)	(2 801 564)
	(21 990 000)	**(15 314 895)**

Changes in the present value of the post-employment medical aid benefit obligation are as follows:

Opening balance	(4 414 753)	(4 509 000)
Benefits paid	-	514 000
Interest cost	(448 630)	(550 000)
Actuarial (gains) losses	(6 875 617)	130 247
	(11 739 000)	**(4 414 753)**

Changes in the present value of the long service award liability are as follows:

Opening balance	(10 900 142)	(10 580 000)
Current service cost	(794 253)	(859 000)
Interest cost	(966 030)	(1 373 000)
Actuarial gains (losses)	(161 575)	1 590 000
Benefits paid	2 571 000	321 858
	(10 251 000)	**(10 900 142)**

Calculation of actuarial gains and losses

Post-employment medical aid benefit liability	(6 875 617)	130 247
Long service award liability	(161 575)	321 858
	(7 037 192)	**452 105**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate: Post-employment medical aid benefit liability	13,03 %	10,78 %
Discount rate: Long service award liability	9,15 %	9,90 %
Health care cost inflation rate	7,44 %	7,07 %
General salary inflation	5,02 %	5,96 %
Net discount rate: Post-employment medical aid benefit liability	3,76 %	3,46 %
Net discount rate: Long service award liability	3,94 %	3,72 %
Maximum subsidy inflation rate	4,02 %	6,77 %
Net discount rate: Maximum subsidy inflation rate	8,94 %	7,07 %

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Sensitivity analysis

Health care benefit rate

The effect of a 1% movement in the assumed rate of post-employment health care benefit inflation is as follows:

2025	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	2 584 000	1 842 000
Effect on defined benefit obligation	13 868 000	10 005 000

2024	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	484 330	508 000
Effect on defined benefit obligation	4 747 053	4 188 000

Long service rate

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

2025	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	1 666 000	1 483 000
Long service award liability	10 820 000	9 724 000

2024	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	1 664 714	2 355 000
Long service award liability	10 357 000	11 134 000

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

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are [Provide details]

Changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes are [Provide details]

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

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are [Provide details]

Changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes are [Provide details]

Asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk, are as follows: [Provide details]

16. Employee benefit obligations (continued)

Funding arrangements and funding policy that affect future contributions are as follows: [Provide details].

The expected contributions to the plan for the next reporting period is -.

The following table presents information about the distribution of the timing of benefit payments:

The following table presents information about the weighted average duration of the defined benefit obligations:

[Provide additional information about the maturity profile of each defined benefit obligation]

The entity participates in a multi-employer defined benefit plan.

The funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements, are as follows: [Describe]

The extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan, is as follows: [Describe]

Agreed allocation of a deficit or surplus on:

- Wind-up of the plan [Provide details]

- The entity's withdrawal from the plan [Provide details]

The entity accounted for the multi-employer plan [Describe] as a defined contribution plan, seeing as sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan, is [Provide details].

The expected contributions to the plan for the next reporting period is -.

Deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications for the entity is as follows [Provide details].

The level of participation of the entity in the plan compared with other participating entities is [Provide details]

The entity participates in a defined benefit plan that shares risks between entities under common control.

The binding arrangement for charging the net defined benefit cost (or the fact that there is no such arrangement), is [Provide details]

The policy for determining the contribution to be paid by the entity is [Provide details].

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2025	2024
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	7 952 195	90 000
Water Services Infrastructure Grant (WSIG)	1 437 315	8 800 000
Integrated National Electrification Programme (INEP)	-	1 107 106
	9 389 510	**9 997 106**

17. Unspent conditional grants and receipts (continued)

Movement during the year

	2025	2024
Balance at the beginning of the year	13 489 953	59 683 757
Additions during the year	112 987 557	132 975 585
Income recognition during the year	(117 088 000)	(182 662 236)
	9 389 510	**9 997 106**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 25 for reconciliation of grants from National / Provincial Government.

18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Unwinding of interest	Change in estimate	Total
Environmental rehabilitation	76 044 289	8 772 274	(1 885 329)	82 931 234

Reconciliation of provisions - 2024

	Opening Balance	Unwinding of interest	Change in estimate	Total
Environmental rehabilitation	62 610 425	8 890 679	4 543 185	76 044 289

	2025	2024
Non-current liabilities	68 458 956	62 731 202
Current liabilities	14 472 278	13 313 087
	82 931 234	**76 044 289**

Landfill site disclosure:

Jagersfontein

The landfill sites of Jagersfontein are not licensed. The record of decision was not approved due to high water ground table. The municipality is busy identifying an alternative site and to change the current landfill sites to a transfer station that does not need to be licensed.

Fauresmith

The landfill sites of Fauresmith are not licensed. The municipality is busy constructing a new transfer station which does not require licensing. Once the project is completed, the old site will be closed and rehabilitated.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Provisions (continued)

Edenburg

The landfill sites of Edenburg are not licensed. The transfer station is completed and currently completing the landfill site in Reddersburg where the waste will be transferred.

Environmental rehabilitation provision:

The rehabilitation requirement as per the minimum requirement for waste disposal for landfill (DWAF, 1998) creates an obligation for the municipality for future expenditure which is provided for.

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies with the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2025 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 6,27% (2024: 4,38%) for the circumstances of the municipality.

19. Service charges

	2025	2024
Sale of electricity	83 008 255	82 599 198
Sale of water	109 362 189	142 181 926
Sewerage and sanitation charges	21 984 033	19 580 747
Refuse removal	16 519 607	14 739 704
Revenue foregone	(5 013 467)	(6 267 972)
	225 860 617	**252 833 603**

20. Rental of facilities and equipment

	2025	2024
Premises		
Premises	753 116	690 356
Venue hire	-	102 682
	753 116	**793 038**

There were no venue hire income for the current year.

21. Other income

	2025	2024
Building plan fees	115 511	44 021
Cemetery fees	93 483	58 441
Clearance certificates	15 190	10 086
Fines (immaterial)	-	5 823
Sundry income	1 015 067	298 402
Valuations	8 758	7 617
	1 248 009	**424 390**

22. Interest received from external investments

	2025	2024
Interest revenue		
Bank	168 881	542 644

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 168 881 (2024: R 542 644).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Debt forgiveness

VaalCentral Water	792 874 221	-

The municipality received credit notes amounting to R792 874 221 for long outstanding debt.

During the reporting period, the municipality benefited from the forgiveness of certain amounts owed to suppliers. These amounts met the derecognition criteria for financial liabilities in accordance with GRAP 104, and the forgiveness is treated as a non-exchange transaction in terms of GRAP 23, as the municipality received value without directly giving approximately equal value in return.

Nature and circumstances of the forgiven debt

The forgiven debt primarily relates to:

VaalCentral Water

Amounts owed to suppliers who agreed to waive the debt due to the municipality havinf financial constraints and the debt only increasing every year with the interest being levied. They waived the interst for the municipality to start and settle their debt.

The forgiveness occurred where the municipality determined, in accordance with GRAP 104.45, that the financial liability should be derecognised.

24. Property rates

Rates received

Residential	(5 588 849)	5 648 125
Commercial	7 690 259	7 026 616
State	14 585 496	11 011 286
Small holdings and farms	37 938 830	5 980 834
	54 625 736	**29 666 861**

Valuations

Agricultural farms and small holdings	4 643 452 570	4 643 452 570
Commercial	162 675 550	162 675 550
Churches	47 695 000	47 695 000
Government	190 969 100	190 969 100
Hospital	54 800 000	54 800 000
Municipal	56 579 100	56 579 100
Residential	1 109 179 625	1 109 179 625
Schools	85 614 000	85 614 000
	6 350 964 945	**6 350 964 945**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

25. Government grants and subsidies received

Operating grants		
Equitable share	110 449 000	110 594 000
Financial Management Grant (FMG)	2 300 000	5 792 847
Expanded Public Works Programme (EPWP)	1 168 000	2 100 080
Local Government Sector Education Training Authority (LGSETA)	-	13 345
	113 917 000	**118 500 272**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants and subsidies received (continued)

Capital grants		
Water Services Infrastructure Grant (WSIG)	2 000 000	19 980 789
Regional Bulk Infrastructure Grant (RBIG)	-	2 810 715
Municipal Infrastructure Grant (MIG)	16 231 166	28 001 567
Integrated National Electrification Programme (INEP)	1 107 106	13 368 893
	19 338 272	**64 161 964**
	133 255 272	**182 662 236**

Equitable Share

Section 214(1) of the Constitution of the Republic of South Africa, 1996 (Act No. 106 of 1996) requires that every year a Division of Revenue Act determine the equitable division of nationally raised revenue between national government, the nine provinces and 257 municipalities. This process takes into account the powers and functions assigned to each sphere of government. The local government equitable share is an unconditional transfer that supplements the revenue that a municipality can raise themselves (including revenue raised through property rates and service charges).

National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	90 000	30 071 327
Current year receipts	16 231 166	22 931 240
Conditions met - transferred to revenue	(8 368 971)	(52 912 567)
	7 952 195	**90 000**

Conditions still to be met - remain liabilities (see note 17).

The MIG was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions, and to provide for new, rehabilitation and upgrading of municipal infrastructure.

All the conditions of the grant were met and no funds were withheld.

Water Services Operating Subsidy Grant

Balance unspent at beginning of year	-	3 492 847
Current-year receipts	2 300 000	-
Conditions met - transferred to revenue	(2 300 000)	(3 492 847)
	-	**-**

Conditions still to be met - remain liabilities (see note 17).

Figures in Rand	2025	2024

25. Government grants and subsidies received (continued)

National: Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	8 800 000	24 190 789
Current year receipts	2 000 000	4 590 000
Conditions met - transferred to revenue	(9 362 685)	(19 980 789)
	1 437 315	**8 800 000**

Conditions still to be met - remain liabilities (see note 17).

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability if services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.

All the conditions of the grant were met and no funds were withheld.

National: Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	1 107 106	39 999
Current year receipts	-	14 436 000
Conditions met - transferred to revenue	(1 107 106)	(13 368 893)
	-	**1 107 106**

Conditions still to be met - remain liabilities (see note 17).

The grant is paid by National Treasury in order to implement the Integrated National Electrification Programme by addressing the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure.

All the conditions of the grant were met and no funds were withheld.

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	-	605 714
Current year receipts	-	2 205 001
Conditions met - transferred to revenue	-	(2 810 715)
	-	**-**

Conditions still to be met - remain liabilities (see note 17).

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to implement bulk infrastructure with a potential of addressing water conservation and water demand management projects or facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructure requirements.

Figures in Rand	2025	2024

25. Government grants and subsidies received (continued)

National: Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	-	1 283 080
Current year receipts	1 168 000	817 000
Conditions met - transferred to revenue	(1 168 000)	(2 100 080)
	-	-

Conditions still to be met - remain liabilities (see note 17).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus area, in compliance with the EPWP guidelines.

All the conditions of the grant were met and no funds were withheld.

Local Government Sector Education Training Authority (LGSETA)

Current-year receipts	-	13 345
Conditions met - transferred to revenue	-	(13 345)
	-	-

All the conditions of the grant were met and no funds were withheld.

National: Financial Management Grant (FMG)

Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	-	-

The grant is paid by National Treasury to municipalities to help with the implementation of the financial reforms required by the MFMA. The grant also pays for the cost of the financial management internship programme.

All conditions of the grant were met and no fund were withheld.

26. Employee related costs

Basic	112 081 002	110 432 835
UIF	387 403	381 826
Leave pay provision charge	712 427	(2 439 427)
Pension fund contributions	10 224 538	8 764 796
Overtime payments	25 149	129 661
Car allowance	5 960 980	5 793 823
Housing benefits and allowances	173 846	173 825
Other allowances	(2 173 611)	264 979
Bonus	2 556 983	3 355 778
Medical aid fund contributions	2 067 027	4 006 592
Industrial council contributions	170 768	171 212
Cell phone allowance	394 247	384 429
	132 580 759	**131 420 329**

Figures in Rand	2025	2024

26. Employee related costs (continued)

Remuneration of Acting Director Corporate Services: Mr EM Phaku

Annual remuneration	676 852	-
Allowances	153 744	-
Contributions to UIF, medical and pension funds	134 395	-
Acting allowance	100 206	-
Bonus	94 793	-
Other	143	-
	1 160 133	**-**

Acting Director Corporate Services from 1 August 2024 to 31 October 2024.

Remuneration of Acting Director Technical Services: Mr MM Madolo

Annual remuneration	934 970	778 720
Allowances	128 853	157 336
Bonuses	226 491	82 284
Contributions to UIF, medical and pension funds	14 223	58 366
Other contributions	143	11 885
Acting allowance	36 450	160 882
Leave payout	-	123 741
	1 341 130	**1 373 214**

Acting Director Technical Services from 1 July 2023 to 31 December 2023 and Acting Municipal Manager from 1 January 2024 to 30 September 2024.

Remuneration of Acting Director Community Services: Mr MP Makau

Annual remuneration	-	633 477
Allowances	-	176 753
Bonuses	-	107 414
Contributions to UIF, medical and pension funds	-	192 306
Other contributions	-	8 716
Acting allowance	-	80 399
	-	**1 199 065**

Acting Director Community Services from 1 July 2023 to 30 September 2023. The position was vacant from 1 October 2023 to 30 June 2024.

Remuneration of the Acting Chief Financial Officer: Mr J Stayne

Annual remuneration	-	311 235
Allowances	-	126 988
Contributions to UIF, medical and pension funds	-	139 706
Acting allowance	-	36 039
Other contributions	-	4 573
	-	**618 541**

Acting Chief Financial Officer from 1 December 2023 to 31 January 2024.

Figures in Rand	2025	2024

26. Employee related costs (continued)

Remuneration of Acting Director Corporate Services: Mr MD Baas

Annual remuneration	676 852	633 477
Allowances	133 287	136 148
Bonuses	59 966	104 662
Contributions to UIF, medical and pension funds	133 654	141 397
Other contributions	143	7 774
Acting allowance	141 792	53 269
	1 145 694	**1 076 727**

Acting Director Corporate Services from 1 November 2023 to 30 April 2024 and 1 August 2024 to 28 February 2025. The position was vacant from 1 May 2024 to 30 June 2024.

Remuneration of the Acting Chief Financial Officer: Mr JC Mokoena

Annual remuneration	676 852	633 477
Allowances	149 224	177 973
Bonuses	20 204	-
Contributions to UIF, medical and pension funds	151 976	152 030
Other contributions	143	8 827
Acting allowance	159 829	120 324
	1 158 228	**1 092 631**

Acting Chief Financial Officer from 1 February 2024 to 30 June 2025.

Figures in Rand	2025	2024

27. Remuneration of councillors

Councillors	7 558 290	7 405 492

Remuneration of the Mayor

Annual remuneration	907 042	846 023
Allowances	43 200	43 902
Other contributions	47 531	8 899
	997 773	**898 824**

Remuneration of the Speaker

Annual remuneration	723 911	637 549
Allowances	43 200	43 902
Contributions to UIF, medical and pension funds	37 200	41 454
Other contributions	-	7 063
	804 311	**729 968**

Remuneration of the Chief Whip

Annual remuneration	588 148	788 043
Allowances	43 200	55 967
Contributions to UIF, medical and pension funds	40 106	117 203
Other contributions	15 619	7 929
	687 073	**969 142**

Remuneration of the Mayorial Members

Annual remuneration	1 640 466	1 049 877
Allowances	216 000	170 676
Contributions to UIF, medical and pension funds	57 830	39 606
Other contributions	34 657	12 017
	1 948 953	**1 272 176**

Remuneration of the Ordinary Councillors

Annual remuneration	2 602 634	2 886 740
Allowances	388 800	560 021
Contributions to UIF, medical and pension funds	128 747	53 831
Other contributions	-	33 592
	3 120 181	**3 534 184**

In-kind benefits

The Executive Mayor is full-time and is provided with an office and secretarial support at the cost of the council.

28. Administrative

Administration and management fees - third party	5 255 438	6 793 010

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Depreciation and amortisation

Property, plant and equipment	41 787 507	40 627 396
Intangible assets	223	1 141
	41 787 730	**40 628 537**

30. Finance costs

Retirement benefit liabilities	1 414 660	1 923 000
Trade and other payables	78 329 631	95 292 012
Other financial liabilities	-	1 290 234
Provision for the rehabilitation of the landfill site	8 772 274	8 903 964
	88 516 565	**107 409 210**

31. Lease rentals on operating lease

Equipment		
Contractual amounts	520 466	963 090

32. Debt impairment

Debt impairment	167 704 689	111 116 188

33. Bulk purchases

Electricity	95 216 881	78 656 436
Water	44 875 205	38 061 358
	140 092 086	**116 717 794**

34. Contracted services

Consultants and Professional Services		
Business and advisory	14 272 380	10 614 568

35. General expenses

Advertising	143 948	120 821
Auditors' remuneration	6 195 981	708 174
Bank charges	471 184	570 422
Commission paid	4 620 696	42 153
Consumables	299 985	-
Electricity - own consumption	1 338 249	3 129 883
Entertainment	20 008	3 422
Fuel and oil	1 114 977	838 889
License fees	56 100	120 493
Operating leases	72 691	-
Other expenses	1 686 360	682 911
Printing and stationery	-	163 715
Professional bodies	1 862 162	-
Protective clothing	-	395 976
Telephone and fax	999 376	880 168
Ward committees	301 500	481 058
	19 183 217	**8 138 085**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Fair value adjustments

Investment property (Fair value model)	1 989 564	(583 877)

37. Impairment loss

Impairments		
Property, plant and equipment The municipality applied GRAP 21 on its property, plant and equipment. The value of use was calculated for each asset in use after a detailed condition assessment was performed by an accredited engineer. Where the value in use was lower than the carrying value, the asset was impaired.	3 646 643	5 820 559

38. Auditors' remuneration

Fees	6 195 981	708 174

39. Cash generated from operations

Surplus (deficit)	581 292 046	(92 278 260)
Adjustments for:		
Depreciation and amortisation	41 787 730	40 628 537
Gain on sale of assets and liabilities	1 327 915	12 042 398
Fair value adjustments	(1 989 564)	583 877
Finance costs: Other financial liabilities	1 290 234	1 290 234
Impairment loss	3 646 643	5 820 559
Debt impairment	167 704 689	111 116 188
Movements in retirement benefit assets and liabilities	6 675 105	225 895
Movements in provisions	6 886 945	13 433 864
Debt forgiveness	(792 874 221)	-
Prior year adjustment	-	32 472 573
Changes in working capital:		
Inventories	(5 693)	111 889
Receivables from exchange transactions	2 349 965	369 524
Consumer debtors	(201 147 404)	(190 422 307)
Payables from exchange transactions	238 745 082	180 110 213
VAT	(20 434 416)	(25 132 595)
Unspent conditional grants and receipts	(607 596)	(49 686 650)
Consumer deposits	7 370	48 145
	34 654 830	**40 734 084**

40. Contingencies

Unlicensed landfill sites

The municipality is operating unregistered landfill sites, which could incur potential fines and penalties, the value and likelihood cannot be estimated reliably.

The municipality managed three landfill sites without the required licenses in contravention of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008). In terms of section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) a fine of R10 million or imprisonment for a period not exceeding 10 years for any person convicted of the offence could be imposed.

Furthermore, the municipality may be subject to legal action by other institutions or members of the public since unauthorised landfill sites are operated that could have an environmental, health or safety risk to the community. There is currently no possibility of reimbursement.

Figures in Rand	2025	2024

40. Contingencies (continued)

Contingent liabilities

Litigations

Xhariep District Municipality vs Kopanong Local Municipality [State nature and type]	10 000 000	-
MWRF vs Kopanong Local municipality [State nature and type]	77 238 029	-
NA Kelepu vs Kopanong Local Municipality This is a labour matter of a former director. The former director is claiming for damages because of unfair dismissal.	376 771	376 771
Edwina Kemp vs Kopanong Local Municipality An employee was supposed to be medical boarding due to health issues, this did not happen in time and because of her not obtaining her benefit she referred the matter to the Pension Fund Adjudicator. The matter was finalised in the constitutional court thereafter the employee was dismissed, and the matter was referred to the high court.	10 047 615	10 047 615
SALA vs Kopanong Local Municipality Between the period that this matter was referred to the high court and the period when matter was finalised there where payments made, that the pension fund did not bring into consideration.	103 365 633	103 365 633

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	72 729 347	57 436 424
Total capital commitments		
Already contracted for but not provided for	72 729 347	57 436 424

This committed expenditure relates to plant and equipment and will be financed by the municipal infrastructure grant and funding allocations from the district municipality.

Commitments are disclosed exclusive of VAT.

42. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report
Councillors	Refer to Note 27
Key management	Refer to Note 26

42. Related parties (continued)

Remuneration of management

Management class: Councillors

2025

Name	Salary	Data allowance	PAYE and SDL	Other	Total
MM Motlohi	287 046	43 200	15 186	-	345 432
H Shebe	379 509	43 200	-	-	422 709
MJ Moitse	723 911	43 200	37 200	-	804 311
RW van Wyk	287 046	43 200	7 200	-	337 446
MV Malgas	348 572	43 200	17 936	16 879	426 587
XJ Tseletsele	907 042	43 200	47 531	-	997 773
VI Jonas	306 262	43 200	15 186	-	364 648
NS Spogter	287 046	43 200	15 186	-	345 432
MG Mokheseng	287 046	43 200	15 186	-	345 432
PM Motantsi	287 046	43 200	15 186	-	345 432
IB Mphou	379 509	43 200	19 383	-	442 092
M Lottering	245 830	43 200	13 311	17 780	320 121
EN Noordman	287 046	43 200	-	-	330 246
KC Litseho	287 046	43 200	27 309	-	357 555
BH Lourens	287 046	43 200	-	-	330 246
ME Masana	588 148	43 200	40 106	15 619	687 073
ME Lekoenea	287 046	43 200	25 509	-	355 755
	6 462 197	**734 400**	**311 415**	**50 278**	**7 558 290**

2024

Name	Basic salary	Data allowances	SDL	UIF	Travel and subsistence	Total
MM Motlohi	267 736	43 902	3 116	2 125	9 788	326 667
H Shebe	353 979	43 902	3 979	-	8 199	410 059
MJ Moitse	679 003	43 902	7 063	-	-	729 968
RW van Wyk	267 735	43 902	3 116	-	7 160	321 913
MV Malgas	381 525	43 902	4 060	-	19 434	448 921
XJ Tseletsele	846 023	43 902	8 899	-	-	898 824
VI Jonas	267 736	43 902	3 116	-	3 738	318 492
NS Spogter	267 736	43 902	3 116	-	5 372	320 126
MG Mokheseng	267 736	43 902	3 116	-	1 507	316 261
PM Motantsi	267 736	43 902	3 116	-	7 826	322 580
IB Mphou	353 979	43 902	3 979	-	11 937	413 797
M Lottering	261 086	43 902	2 429	-	14 266	321 683
EN Noordman	267 736	43 902	3 116	-	15 756	330 510
KC Litseho	267 736	43 902	3 116	-	-	314 754
BH Lourens	267 736	43 902	3 116	-	6 599	321 353
ME Masana	905 246	43 902	7 929	-	12 065	969 142
ME Lekoenea	267 736	43 902	3 116	-	5 688	320 442
	6 458 200	**746 334**	**69 498**	**2 125**	**129 335**	**7 405 492**

Figures in Rand	2025	2024

43. Unauthorised expenditure

Opening balance as previously reported	881 099 546	709 070 455
Add: Unauthorised expenditure - current	8 765 423	172 029 091
Closing balance	**889 864 969**	**881 099 546**

No criminal or disciplinary steps were taken in relation to the above expenditure. Liabilities have not yet been identified.

Council committee (MPAC) is in place and investigated the unauthorised expenditure, as previously reported.

The unauthorised expenditure identified in the current year is in the process of being investigated and the Council Committee will report back to council before the amount can be recovered or condoned.

Incidences of unauthorised expenditure

Corporate Services (Vote 3)	-	27 664 466
Finance Services (Vote 4)	-	134 367 519
Unspent conditional grants and subsidies (not cash-backed)	8 765 423	9 997 106
	8 765 423	**172 029 091**

The amount of unauthorised expenditure is as a result of actual amounts exceeding approved and adjusted budgets. The amount also includes non-cash items.

44. Fruitless and wasteful expenditure

Opening balance as previously reported	581 558 091	486 266 079
Add: Fruitless and wasteful expenditure identified - current	110 334 932	95 292 012
Less: Amount written-off - current	(503 783 829)	-
Closing balance	**188 109 194**	**581 558 091**

Details of fruitless and wasteful expenditure

Interest on late accounts	110 334 932	95 292 012

R 240 432 756 is under investigation by the MPAC Committee, whilst 2024: R 0 (2023: R 69 356 340) (identified in the current year) is not yet being investigated.

Fruitless and wasteful expenditure includes interest, legal costs, bank charges, fines and penalties.

Investigations have not been completed, and therefore the determination as to whether there has to be criminal or disciplinary actions taken and that fruitless and wasteful expenditure is irrecoverable has not been made.

No amount of fruitless and wasteful expenditure was certified by the council to be irrecoverable and to be written-off.

45. Irregular expenditure

Opening balance as previously reported	332 247 718	334 740 607
Add: Irregular expenditure - current	6 725 317	6 037 880
Less: Amount written-off - current	-	(8 530 769)
Closing balance	**338 973 035**	**332 247 718**

Figures in Rand		2025	2024

45. Irregular expenditure (continued)

Details of irregular expenditure

	Disciplinary steps taken/criminal proceedings	2025	2024
Supply chain processes were not followed	MPAC investigations not yet completed	4 800 994	6 037 880
Overpayment of councillors and employees	MPAC investigations not yet completed	839 379	-
Continiuing multi year condoned	MPAC investigations not yet completed	1 084 944	-
		6 725 317	**6 037 880**

Amount condoned

After the council committee investigations, council adopted the council committee recommendation to condone an amount of 8 530 769 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable (Item: 49/2023/2024; 21 November 2023).

46. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and procedures for measuring and managing financial risks. Further quantitative disclosures are included on the annual financial statements.

The municipality monitors and manages the financial risks relating to its operations through internal risk reviews, which analyse exposures by degree and magnitude of risks. These risks include the following:

- Liquidity risk;
- Credit risk; and
- Market risk (including interest rate risk).

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by Council.

The policies provide written principles on interest rate risk, credit risk, and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's exposure to liquidity risk is as a result of the funds not being available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments.

The municipality has started replacing rotational meters with prepaid meters to improve the cash funds available.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the municipality's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipality.

46. Risk management (continued)

The table below analyses the municipality’s 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.

	< 1 year	1 - 2 years	2 - 5 years	Total
Payables from exchange transactions	685 678 665	-	-	685 678 665
Consumer deposits	3 203 748	-	-	3 203 748
Unspent conditional grants	9 389 510	-	-	9 389 510
Employee benefit obligations	812 000	5 000	15 366 000	16 183 000
	699 083 923	**5 000**	**15 366 000**	**714 454 923**

Credit risk

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

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

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

Financial instrument	2025	2024
Other receivables from exchange transactions	5 888 397	8 238 362
Receivables from non-exchange transactions	35 632 088	21 990 473
Receivables from exchange transactions	169 726 925	149 925 824
Cash and cash equivalents	624 087	6 325 196

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually at fixed rates. The municipality's exposures to interest rates on financial assets and financial liabilities are detailed below:

- Call and notice deposits
- Current bank accounts
- Capital advances
- Interest charged on consumer receivables from exchange transactions overdue

The municipality's interest rate risk arises from the above financial instruments being linked to the prime interest rate. The prime interest rate is used as a factor in calculating the interest received or interest charged on these financial instruments.

Fluctuations in the prime interest rate during the year give rise to a possible interest rate risk affecting the entity.

Notes to the Annual Financial Statements

46. Risk management (continued)

Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

These changes are caused by factors specific to the individual financial instruments for its users or by factors affecting all similar financial instruments in the market. The municipality's financial instruments are affected by the whole sale price of electricity from Eskom.

Price risk arises primarily from changes in electricity tariffs , which can affect the municipality’s operating costs and revenue.

Tariff adjustments are approved annually by NERSA to mitigate price risk.

Sensitivity Analysis:

Risk Variable	Change	Impact on Surplus/Deficit
Electricity tariff	5%	(R4 000 000) decrease
Electricity tariff	(5%)	R4 000 000 increase

Method & Assumptions: Sensitivity analysis assumes all other variables remain constant and changes occur at year-end. No changes in methodology from prior year.

Notes to the Annual Financial Statements

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47. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost
Receivables from exchange transactions	169 726 925
Other receivables from exchange transactions	5 888 397
Cash and cash equivalents	624 087
	176 239 409

Financial liabilities

	At amortised cost
Payables from exchange transactions	669 840 836
Consumer deposits	3 203 748
Unspent conditional grants and receipts	9 389 510
	682 434 094

Provision for the rehabilitation of the landfill site

Financial assets

	At amortised cost
Other receivables from exchange transactions	8 238 362
Receivables from exchange transactions	149 925 824
Cash and cash equivalents	6 325 196
	164 489 382

Financial liabilities

	At amortised cost
Payables from exchange transactions	1 224 650 364
Consumer deposits	3 196 378
Unspent conditional grants and receipts	9 997 106
	1 237 843 848

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Opening balance	8 648 067	7 128 725
Current year membership fee	1 862 162	1 719 343
Amount paid - current year	-	(200 000)
	10 510 229	**8 648 068**

Figures in Rand	2025	2024

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

Distribution losses

Electricity	Lost units	Tariff	Value
2025: Unaccounted electricity losses	8 252 418	2,80	23 106 770
2024: Unaccounted electricity losses	6 184 512	2,12	13 111 166

Electricity losses occur due to inter alia, technical and non-technical losses. Technical losses include inherent resistance of conductors, transformers and other electrical equipment, whilst Non-technical losses include the tampering of meters, incorrect ratio used on bulk meters, faulty meters and illegal connections.

Volumes in kWh per year		
System input volume	10 957 560	37 526 879
Billed consumption	(2 705 142)	(31 342 367)
	8 252 418	**6 184 512**
Percentage distribution loss (%)	24,69 %	16,48 %

Water	Lost units	Tariff	Value
2025: Unaccounted water losses	683 469	9,99	6 827 855
2024: Unaccounted water losses	636 443	9,99	6 358 066

Water losses occur due to inter alia, tampering of meters, incorrect ratio used on bulk meters, faulty meters and illegal connections.

Volumes in kL per year		
System input volume	2 402 547	2 398 083
Billed consumption	(1 719 078)	(1 761 640)
	683 469	**636 443**
Percentage distribution loss (%)	28,45 %	26,54 %

Audit fees

Opening balance	5 627 679	9 929 542
Current year audit fee	6 425 378	11 628 665
Amount paid - current year	(2 200 000)	(4 019 702)
Interest	644 554	-
Credit notes	-	(11 910 826)
	10 497 611	**5 627 679**

PAYE, UIF and SDL

Opening balance	35 311 761	31 379 295
Current year payroll deduction	18 655 029	17 803 105
Amount paid - current year	(135 016)	(13 870 639)
	53 831 774	**35 311 761**

Pension and medical aid fund contributions

Opening balance	189 769 961	163 343 068
Current year contributions	23 711 439	40 448 965
Amount paid - current year	(5 333 856)	(14 022 072)
	208 147 544	**189 769 961**

Figures in Rand	2025	2024

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

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		
Impractical or impossible to obtain at least three quotations	490 500	2 738 373

49. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s):

Details of the arrangements are as follows:

Lesedi Africa:

The municipality and Lesedi Africa has entered into an agreement in terms of which Lesedi Africa manages, delivers and maintains all aspects of electricity sales, the associated debt collection and maintenance of the electricity network.

The agreement became effective on 31 August 2024 and shall be in place for a period of three years or until terminated on written notice of at least three months by either party.

Transactions undertaken on behalf of the municipality include the sale of electricity to consumers, both on credit and prepaid (by the way of vendors), the collection of the debtors book and expenses incurred on behalf of the municipality.

Lesedi Africa shall only be permitted to charge such electricity tariffs for purposes of electricity distribution as may be approved by Kopanong and NERSA annually.

Whether the entity is the principal or agent and any significant judgement applied in making this assessment.

Based on the agreement described above, the municipality is party to a principal-agent arrangement. The municipality directs Lesedi Africa (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit and is therefore the principal.

Significant terms and conditions of the arrangements and whether any changes occurred during the reporting period; and No changes to the significant terms and conditions, as stated above, occurred during the reporting period.

An explanation of the purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship.

Risk with regard to the network or any portion thereof shall, notwithstanding the use and operation thereof by Centlec, be borne by Kopanong Local Municipality, as owner of the network.

Centlec (SOC) Limited:

The municipality and Centlec (SOC) Limited has entered into an agreement in terms of which Centlec manages, delivers and maintains all aspects of electricity sales, the associated debt collection and maintenance of the electricity network.

The agreement became effective on 25 October 2007 and terminated 31 August 2024.

Transactions undertaken on behalf of the municipality include the sale of electricity to consumers, both on credit and prepaid (by the way of vendors), the collection of the debtors book and expenses incurred on behalf of the municipality.

Centlec shall only be permitted to charge such electricity tariffs for purposes of electricity distribution as may be approved by Kopanong and NERSA annually.

Whether the entity is the principal or agent and any significant judgement applied in making this assessment.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Accounting by principals and agents (continued)

Based on the agreement described above, the municipality is party to a principal-agent arrangement. The municipality directs Centlec (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit and is therefore the principal.

Significant terms and conditions of the arrangements and whether any changes occurred during the reporting period; and No changes to the significant terms and conditions, as stated above, occurred during the reporting period.

An explanation of the purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship.

Risk with regard to the network or any portion thereof shall, notwithstanding the use and operation thereof by Centlec, be borne by Kopanong Local Municipality, as owner of the network.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources (including assets and liabilities) of the entity that are under the custodianship of an agent and whether or not those resources have been recognised by the agent, any resources remitted during the period along with the expected timing of remittance of any remaining resources back to the entity (where applicable) or to third parties.

No assets of the municipality are under the custodianship of Centlec or Lesedi Africa.

Centlec and Lesedi Africa have, and will have, no title, ownership, lien, leasehold rights or any right of limited ownership in respect of the network or any part thereof. Title to the network, including all improvement thereto from time to time, shall at all times vest and remain vested in Kopanong.

Fee paid

Fee paid as compensation to the agent	5 255 438	6 793 010

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Discussion of the resource or cost implications for the principal if the principal-agent arrangement is terminated.

The municipality will, from date of termination, source its own vendors for the continued vending of pre-paid electricity to the municipal consumers and be responsible for the meter readings, billing and collection of credit customers.

50. Segment information

General information

Identification of segments

The municipality has assessed the applicability of GRAP 18 for the current year and determined that segment reporting is not required. This conclusion is based on the absence of management's regular review of the segments for performance evaluation and / or resource allocation.

Figures in Rand	2025	2024

51. Change in estimate

Property, plant and equipment

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in depreciation for the mentioned asset categories for the financial year:

Other property, plant and equipment	90 087	402 514
Infrastructure assets	1 705 441	8 078 468
Buildings	87 340	664 438
	1 882 868	**9 145 420**

52. Prior period errors

Statement of Financial Position	Audited AFS 2024	Corrections	Restated 2024
Cash and cash equivalents	6 836 722	(511 526)	6 325 196
Investment property	127 468 394	3 424 000	130 892 394
Property, plant and equipment	844 201 539	28 948 587	873 150 126
Payables from exchange transactions	(1 260 576 298)	20 768 495	(1 239 807 803)
Unspent conditional grants	(13 489 953)	3 492 847	(9 997 106)
Accumulated surplus	(139 854 933)	(56 122 403)	(195 977 336)
	(435 414 529)	**-**	**(435 414 529)**

Statement of Financial Performance	Audited AFS 2024	Corrections	Restated 2024
Government grants and subsidies	(179 169 389)	(3 492 847)	(182 662 236)
Employee related costs	152 188 824	(20 768 495)	131 420 329
Depreciation and amortisation	39 905 957	722 580	40 628 537
Loss on disposal of assets	12 109 527	(67 129)	12 042 398
Fair value adjustments	627 818	(43 941)	583 877
	25 662 737	**(23 649 832)**	**2 012 905**

Cash and cash equivalents

A discrepancy was noted between the bank balances and the cash book balances.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Cash and cash equivalents	(511 526)
Accumulated surplus	511 526

Statement of financial performance

FMG Grant

The FMG grant was fully utilised by year-end and, having met the applicable conditions, was appropriately recognised as revenue.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Unspent conditional grants	3 492 847

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period errors (continued)

Statement of financial performance	
Government grants and subsidies	(3 492 847)

Property, plant and equipment

Physical verification revealed that certain projects had been completed in prior years. In addition, changes in the estimated useful lives of certain assets were confirmed, which impacted depreciation, loss on disposal of assets, and fair value adjustments.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Investment properties	3 424 000
property, plant and equipment	28 948 587
Accumulated surplus	(32 984 097)
Statement of financial performance	
Depreciation and amortisation	722 580
Loss on disposal of assets	(67 129)
Fair value adjustments	(43 941)

Salary control account

Investigation revealed that certain transactions were not cleared through the salary control account and employee-related cost accounts, resulting in discrepancies between the payroll report and the general ledger. This requires corrective action to ensure accurate reconciliation

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Payables from exchange transactions	17 343 240
Statement of financial performance	
Employee related costs	(17 343 240)

Accrued leave pay

A prior year calculation was reperformed to correctly account for accrued leave pay

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	
Payables from exchange transactions	3 425 255
Statement of financial performance	
Employee related costs	(3 425 255)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Prior period errors (continued)

Cash Flow Statement

Cash flow from operating activities	
Suppliers	(1 333 711)
Cash flow from investing activities	
Purchase of property, plant and equipment	(29 671 167)
Proceeds from sale of property, plant and equipment	21 444 212
Movement in investment property	(1 405 687)
	(9 632 642)
Cash flow from financing activities	
Net increase/(decrease) in cash and cash equivalents	(511 525)

53. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 15% (15% over approved budget) for is due to:

Statement of financial performance:

Service charges: Higher revenue collection due to improved billing and/or increased consumption.

Debt Forgiveness: A once-off recognition of debt forgiveness that was not anticipated in the budget.

Rental of facilities and equipment: Lower demand/utilisation of municipal facilities than anticipated, compared to that of the previous year.

Interest received - trading: Management do not levy interest on outstanding debtor accounts.

Interest received - investment: immaterial

Licences and permits: Due to the challenges faced by the municipality, there were not access to certain services throughout the year.

Fines: Fines are immaterial to the operations of the municipality and were not accounted for during the year.

Employee related costs: This is due to cost cutting on pension and medical contributions.

Administration and impairment loss: Not budgeted for separately.

Depreciation and amortisation: Due to financial constraints experienced by the municipality, certain projects were not completed during the year. This resulted in the property, plant and equipment balance being less than anticipated, as well as the capital expenditure (acquisition of assets) and the relating depreciation expense.

Lease rentals on operating leases: Not budgeted for separately.

Debt impairment: The debt impairment is an estimation based on the debtors' age analysis information. For the current year, the movement is less than the budgeted amount.

Bulk purchases: The budgeted amount was insufficient, even compared to the actual results of the previous year.

Transfers and subsidies: Although budgeted for, no such transactions occurred.

Inventory consumed: Although budgeted for, no such transactions occurred.

53. Budget differences (continued)

General expenses: Due to the challenges faced by the municipality, all invoices were not recorded timeously resulting in the expenditure and relating creditors not being complete.

Loss on disposal of assets: Not budgeted for separately.

Fair value adjustments: Not budgeted for separately.

Actuarial gains (losses): Not budgeted for separately.

Statement of financial position:

Inventories: The budgeted amount was found to be excessive.

VAT receivable: Due to the financial challenges faced by the municipality, creditors are not settled which is resulting in the input VAT not being claimed back from SARS (registered on the payments basis).

Receivables from exchange transactions: Major increase in outstanding consumer debtors, reflecting weak revenue collection.

Receivables from non-exchange transactions: Major increase in outstanding consumer debtors, reflecting weak revenue collection.

Other receivables from exchange transactions: Not budgeted for separately.

Cash and cash equivalents: Cash position much weaker than anticipated due to non-collection of revenue and overspending

Investment property and Property, plant and equipment: Investment property are budgeted under property, plant and equipment and not seperately. The difference of 3.2% is immaterial

Intangible assets: Although immaterial, the effect of the amortisation expense was not taken into account.

Other financial liabilities: Not budgeted for separately.

Payables from exchange transactions: Significant increase in creditors, indicating liquidity constraints and late payments.

Payables from non-exchange transactions: No transactions materialised.

Employee benefit obligations: Not budgeted for separately as this is a non-cash item.

Unspent conditional grants: Not budgeted for separately as this is a non-cash item.

Provisions: Not budgeted for separately as this is a non-cash item.

Cash flow statement:

Receipts from Sale of Goods & Service: Low collections from consumers.

Grants received: Non-receipt of certain conditional/unconditional grants.

Suppliers & Employees Payments: Cash flow savings due to delayed payments to creditors (but leading to high payables).

Purchase of PPE: Capital projects not fully implemented

Overall summary:

The main revenue variance arose from unbudgeted debt forgiveness (R792.9m), while grant shortfalls and poor collections negatively affected cash inflows.

On expenditure, bulk purchases and finance costs exceeded budget, but this was offset by underspending on debt impairment, employees, and inventory.

53. Budget differences (continued)

On the balance sheet, the municipality is under financial stress, with high receivables and payables and cash balances well below budget.

54. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of **R497 559 521** and that total assets exceed liabilities by the same amount. However, material uncertainty exists regarding the municipality's ability to continue as a going concern. Key factors include:

- Provisions for landfill rehabilitation and employee benefits are not cash-backed.
- Persistent cash flow problems resulted in major creditors not being paid timeously.
- Receivables from exchange and non-exchange transactions are materially impaired.
- Water distribution losses increased to **28.45%** (2024: 26.54%).

Material Uncertainties Identified:

- **Failing to make payments as and when due** to suppliers, employees, councillors, and statutory bodies due to financial constraints.
- **Defaulting on financial obligations or risk of default** on critical financial commitments, including obligations arising from contingent liabilities.
- **Net current or net liability position**, indicating liquidity stress.
- **Revenue generation and collection constraints**, including poor debt recovery and high impairment of receivables.
- **Cash flow constraints and uncontrolled budget spending**, resulting in late payments and reliance on equitable share.
- **Deterioration in assets used to generate revenue and/or cash flow**, leading to service delivery risks.
- **Significant factors impacting going concern** within 12 months after year-end, including provincial intervention.

Management's Plans to Address Going Concern Risks
Payment Prioritisation and Compliance

- Prioritise payments to Eskom, Water Boards, SARS, and AGSA.
- Negotiate payment arrangements with major creditors to avoid litigation.

Debt Management

- Engage creditors for restructuring or extended repayment terms.

Liquidity Improvement

- Tighten expenditure controls and freeze non-essential appointments.
- Dispose of non-core assets to generate cash for operations.

Revenue Enhancement

- Intensify credit control and debt collection campaigns, including prepaid meter rollout.
- Introduce incentive schemes for early payments and expand revenue streams (e.g., service fees for non-core activities).

Cash Flow and Budget Control

- Enforce strict budget controls and monthly variance analysis.

Asset Renewal and Maintenance

- Allocate resources for maintenance of revenue-generating assets.
- Prioritise infrastructure renewal projects using conditional grants and explore PPPs for upgrades.

Strategic and Legislative Compliance

- Continuous engagements with Provincial and National Treasury for intervention support and MFMA compliance.
- Develop a turnaround strategy with clear milestones and timelines.

55. Subsequent events

There was no subsequent events for the year the year.