Matjhabeng Local Municipality
Annual Financial Statements

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high-capacity local municipality, as demarcated by the Demarcation Board and indicated on the demarcated map published for FS184.
Executive Mayor	TD Khalipha
Members of the Mayoral Committee	HA Mokhomo - Finance
	MP Buti – Local Economic Development
	MC Radebe - Human Settlement
	XN Masina - Infrastructure
	ML Radebe - IDP, Performance & Evaluation
	KR Tlake - Community Services & Public Safety
	KV Moipatle - Sports, Arts & Culture
	ZS Moshoeu - Corporate Services & Good Governance
	SJ Ramalefane - Fleet Disaster & Service Delivery
Councilors	Refer to councillors’ note for detail.
Grading of local authority	Local High-Capacity Municipality (Grade 5)
Chief Finance Officer (CFO)	CT Panyani
	LB Williams (Acting) (1 November 2024 – 30 June 2025)
Accounting Officer (MM)	Adv LMR Ngoqo (1 July 2024 – 30 October 2024)
	CT Panyani (Acting) (1 November 2024 – 30 June 2025)
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	P O Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited
	Standard Bank
Attorneys	Full list available at the municipal offices in Welkom
Enabling legislation	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
	Municipal Structures Act, 1998 (Act No. 117 of 1998)
	Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.matjhabeng.co.za

Index

	Page
Accounting officer's Responsibilities and Approval	16
Statement of Financial Position	17
Statement of Financial Performance	18
Statement of Changes in Net Assets	19
Cash Flow Statement	20
Statement of Comparison of Budget and Actual Amounts	21 - 25
Significant Accounting Policies	26 - 51
Notes to the Annual Financial Statements	52 - 113

Abbreviations used:

CFO	Chief Financial Officer
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MM	Municipal Manager
mSCOA	Municipal Standard Chart of Accounts

Accounting officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized 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 judgments and estimates.

The accounting officers acknowledge that they are 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 officers 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 minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officers are 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 error.

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

The annual financial statements set out on page 17 to 112, which have been prepared on the going concern basis, were approved by the acting accounting officer on 10 February 2026 and were signed on its behalf by:

CT Panyani
Acting Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	5 320 237	7 679 889
Other receivables	7	62 727 533	51 841 995
Receivables from non-exchange transactions	6	457 009 567	357 910 473
VAT receivable	8	1 153 027 191	1 020 233 352
Receivables from exchange transactions	5	1 795 151 992	1 628 694 794
Cash and cash equivalents	3	23 009 437	44 171 709
		3 496 245 957	**3 110 532 212**
Non-Current Assets			
Investment property	10	2 277 023 460	2 099 322 887
Property, plant and equipment	11	3 808 464 215	3 917 728 924
Heritage assets	12	7 077 539	7 077 539
Other financial assets	9	568 885	568 885
Receivables from non-exchange transactions	6	9 722 011	8 792 924
Receivables from exchange transactions	5	993 858	939 250
		6 103 849 968	**6 034 430 409**
Total Assets		**9 600 095 925**	**9 144 962 621**
Liabilities			
Current Liabilities			
Concessionary loan	14	3 500 226 488	1 750 113 244
Trade and other payables from exchange transactions	13	9 495 645 734	8 010 906 365
Consumer deposits	15	50 945 984	46 390 416
Employee benefit obligation	17	22 936 193	26 397 910
Unspent conditional grants and receipts	16	76 326 709	74 598 566
		13 146 081 108	**9 908 406 501**
Non-Current Liabilities			
Concessionary loan	14	1 750 113 245	3 500 226 489
Employee benefit obligation	17	477 061 819	466 833 241
Provisions	18	106 417 556	141 807 928
		2 333 592 620	**4 108 867 658**
Total Liabilities		**15 479 673 728**	**14 017 274 159**
Net Assets		**(5 879 577 803)**	**(4 872 311 538)**

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	1 632 655 142	1 586 322 742
Rental of facilities and equipment	20	24 187 033	22 068 618
Commissions received	22	19 708 549	19 063 603
Other income	24	17 197 374	10 559 637
Interest income	25	541 738 107	463 783 497
Dividends received	25	56 602	49 223
Total revenue from exchange transactions		**2 235 542 807**	**2 101 847 320**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	511 973 691	476 300 003
Availability charges	23	53 441 065	49 323 113
Interest income non-exchange	27	87 776 249	75 670 201
Transfer revenue			
Government grants & subsidies	28	936 771 418	884 725 127
Public contributions and donations	29	32 000 000	-
Fines, Penalties and Forfeits	21	5 760 577	2 464 406
Interest income non-exchange	27	-	347 338 131
Total revenue from non-exchange transactions		**1 627 723 000**	**1 835 820 981**
Total revenue		**3 863 265 807**	**3 937 668 301**
Expenditure			
Employee related costs	30	(1 102 293 475)	(1 043 478 321)
Remuneration of councillors	31	(38 747 032)	(37 982 260)
Depreciation and amortization	32	(235 234 978)	(214 930 233)
Finance costs	34	(147 452 943)	(242 872 235)
Debt impairment and write-off	35	(1 338 041 469)	(1 014 423 682)
Bulk purchases	36	(1 650 623 215)	(1 474 662 864)
Contracted Services	37	(138 806 771)	(123 389 427)
General expenses	38	(256 459 962)	(219 235 349)
Repairs and maintenance	39	(15 303 415)	(32 434 802)
Total expenditure		**(4 922 963 260)**	**(4 403 409 173)**
Operating deficit		**(1 059 697 453)**	**(465 740 872)**
Gain on disposal of assets and liabilities	55	25 409 928	-
Fair value adjustments	40	145 700 573	49 868 756
Actuarial gains/losses	17	65 626 828	22 381 768
Impairment loss	33	(48 658 806)	(1 836 429)
		188 078 523	**70 414 095**
Deficit for the year		**(871 618 930)**	**(395 326 777)**

* See Note 46

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2024 as previously reported	**(4 705 600 077)**	**(4 705 600 077)**
Prior period errors	(108 308 722)	(108 308 722)
Other Changes	(58 402 739)	(58 402 739)
Restated* Balance at 01 July 2024	**(4 872 311 538)**	**(4 872 311 538)**
Deficit for the year ended	(871 618 930)	(871 618 930)
Other Changes	(135 647 335)	(135 647 335))
Balance at 30 June 2025	**(5 879 577 803)**	**(5 879 577 803)**

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		421 076 057	359 369 224
Sale of goods and services		483 897 156	743 755 080
Grants		938 499 561	840 366 418
Interest income		191 037 276	59 941 507
Other receipts		16 420 240	11 339 208
Dividends received		56 602	49 223
		2 0546 352 095	2 020 280 660
Payments			
Employee costs		(1 057 188 250)	(962 390 169)
Suppliers		(883 339 455)	(940 667 318)
Finance cost		(181 004)	4 597 844)
		(1 890 708 709)	(1 925 925 273)
Net cash flows from operating activities	54	**160 278 183**	**94 944 610**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(181 440 455)	(176 462 326)
Net cash flows from investing activities		**(181 440 455)**	**(176 42 326)**
Net increase/ (decrease) in cash and cash equivalents		**(21 162 272)**	**(81 517 716)**
Cash and cash equivalents at the beginning of the year		44 171 709	125 689 425
Cash and cash equivalents at the end of the year	3	**21 682 611**	**44 171 709**

The accounting policies on pages 26 to 51 and the notes on pages 52 to 113 form an integral part of the annual financial statements.

* See Note 46

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue						
Property rates	494 592 408	-	**494 592 408**	511 973 691	**17 381 283**	1
Service charges	1 787 985 801	(100 000 000)	**1 687 985 801**	1 632 655 142	**(55 330 659)**	
Investment revenue	5 162 384	-	**5 162 384**	56 602	**(5 105 782)**	2
Transfers recognized - operational	737 537 000	-	**737 537 000**	936 771 418	**199 234 418**	3
Other own revenue	1 146 599 497	-	**1 146 599 497**	781 808 954	**(364 790 543)**	4
Total revenue (excluding capital transfers and contributions)	**4 171 877 090**	**(100 000 000)**	**4 071 877 090**	**3 863 265 807**	**(208 611 283)**	
Expenditure						
Employee costs	(999 676 278)	(23 614 082)	**(1 023 290 360)**	(1 102 293 475)	**(79 003 115)**	
Remuneration of councillors	(41 290 852)	23 644 926	**(17 645 926)**	(38 747 032)	**(21 101 106)**	5
Depreciation and amortization	(748 832 329)	-	**(748 832 329)**	(235 234 978)	**513 597 351**	6
Finance costs	(194 916 938)	15 931 152	**(178 985 786)**	(147 452 943)	**31 532 843**	7
Inventory consumed on bulk purchases	(1 685 668 891)	-	**(1 685 668 891)**	(1 650 623 215)	**35 045 676**	
Transfers and Subsidies	(1 330 000)	675 917	**(654 083)**	-	**654 083**	5
Other expenditure	(467 424 454)	37 819 811	**(429 604 643)**	(1 748 611 617)	**(1 435 133 472)**	5
Total expenditure	**(4 139 139 742)**	**54 457 724**	**(4 084 682 018)**	**(4 922 963 260)**	**(954 407 740)**	
Surplus / (Deficit) for the year	**32 737 348**	**(45 542 276)**	**(12 804 928)**	**(1 059 697 453)**	**(838 281 242)**	
Gain on disposal of assets and liabilities	-	-	-	25 409 928	**25 409 928**	8
Fair value adjustments	-	-	-	145 700 573	**145 700 573**	9
Actuarial gains/losses	-	-	-	65 626 828	**65 626 828**	5
Impairment loss	-	-	-	(48 658 806)	**(48 658 806)**	5
Surplus/(deficit) before taxation	**32 737 348**	**(45 542 276)**	**(12 804 928)**	**(871 618 930)**	**(188 078 523)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	(715 827 147)	**(715 827 147)**	5 320 237	**721 147 384**	5
Receivables from non-exchange transactions	20 625 611	-	**20 625 611**	457 009 567	**436 383 956**	5
VAT receivable	1 035 073 713	-	**1 035 073 713**	1 153 027 191	**117 953 478**	5
Trade and other receivables from exchange transactions	4 569 510 479	-	**4 569 510 479**	1 795 151 992	**(2 774 358 487)**	5
Other receivables	-	-	**-**	62 727 533	**62 727 533**	5
Cash and cash equivalents	4 749 458 167	(1 026 429 824)	**3 723 028 343**	23 009 437	**(3 700 018 906)**	5
	10 374 667 970	**(1 742 256 971)**	**8 632 410 999**	**3 496 245 957**	**(5 136 165 042)**	
Non-Current Assets						
Investment property	2 458 697 493	-	**2 458 697 493**	2 277 023 460	**(181 674 033)**	
Property, plant and equipment	207 565 599	808 559 867	**1 016 125 466**	3 808 464 215	**2 792 338 749**	5
Heritage assets	8 461 394	-	**8 461 394**	7 077 539	**(1 383 855)**	
Investments	502 456	-	**502 456**	568 885	**66 429**	
Receivables from non-exchange transactions (non-current)	274 810 430	-	**274 810 430**	9 722 011	**(265 088 419)**	5
Non-current receivables from non-exchange transactions	-	-	**-**	993 858	**993 858**	5
	2 950 037 372	**808 559 867**	**3 758 597 239**	**6 103 849 968**	**2 345 252 729**	
Total Assets	**13 324 705 342**	**(933 697 104)**	**2 391 008 238**	**9 600 095 925**	**(2 790 912 313)**	
Liabilities						
Current Liabilities						
Concessionary loan	-	-	**-**	3 500 226 488	**3 500 226 488**	5
Trade and other payables from exchange transactions	8 005 083 062	(194 753 122)	**7 810 329 940**	9 495 645 734	**1 685 315 794**	5
VAT payable	110 000 000	-	**110 000 000**	-	**(110 000 000)**	5
Consumer deposits	-	-	**-**	50 945 984	**50 945 984**	5
Employee benefit obligation	-	-	**-**	22 936 193	**22 936 193**	5
Unspent conditional grants and receipts	-	-	**-**	76 326 709	**76 326 709**	5
Provisions	487 483 785	-	**487 483 785**	-	**(487 483 785)**	5
	8 602 566 847	**(194 753 122)**	**8 407 813 725**	**13 146 081 108**	**4 738 267 383**	
Non-Current Liabilities						
Concessionary loan	-	-	**-**	1 750 113 245	**1 750 113 245**	5
Employee benefit obligation	-	-	**-**	477 061 819	**477 061 819**	5
Provisions	-	-	**-**	106 417 556	**106 417 556**	5
	-	**-**	**-**	**2 333 592 620**	**2 333 592 620**	
Total Liabilities	**8 602 566 847**	**(194 753 122)**	**8 407 813 725**	**5 479 673 728**	**7 071 860 003**	
Net Assets	**4 722 138 495**	**(738 943 982)**	**3 983 194 513**	**(5 879 577 803)**	**(9 862 772 316)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated deficit	4 722 138 495	(738 943 982)	**3 983 194 513**	(5 879 577 803)	**(9 862 772 316)**	5

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	2 519 422 900	(1 026 429 824)	**1 492 993 076**	900 338 416	**592 654 660**	5
Transfers and subsidies	921 111 000	938 499 561	**(17 388 561)**	938 499 561	**(17 388 561)**	5
Interest income	5 162 384	191 037 276	**(185 574 892)**	191 037 276	**(185 574 892)**	5
Other revenue	-	16 420 240	**(16 420 240)**	16 420 240	**(16 420 240)**	
	3 445 736 226	**(1 026 429 824)**	**2 419 306 402**	**2 046 352 095**	**372 954 307**	
Payments						
Suppliers and employee costs	(3 064 144 599)	(194 753 122)	**(3 258 897 721)**	(1 886 073 912)	**(1 372 823 809)**	5
Finance charges	(194 916 938)	-	**(194 916 938)**	-	**(194 735 934)**	5
	(3 259 061 537)	**(194 753 122)**	**(3 453 814 659)**	**(1 886 073 912)**	**(1 572 170 637)**	
Net cash flows from operating activities	**186 674 689**	**(1 221 182 946)**	**(1 034 508 257)**	**160 278 183**	**(1 194 786 440)**	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	63 600 000	-	**63 600 000**	-	**63 600 000**	5
Decrease (increase) in other non-current assets	(274 810 430)	-	**(274 810 430)**	-	**(274 810 430)**	5
Decrease (increase) in non-current investments	(502 456)	-	**(502 456)**	-	**(502 456)**	5
Capital assets	(200 574 000)	-	**(200 574 000)**	(181 440 455)	**(19 133 545)**	6
Net cash flows from investing activities	**(412 286 886)**	**-**	**(412 286 886)**	**(181 440 455)**	**(230 846 431)**	
Cash flows from financing activities						
Increase in consumer deposits	(13 780 000)	-	**(13 780 000)**	-	**(13 780 000)**	5
Net increase/(decrease) in cash and cash equivalents	(239 392 197)	(1 221 182 946)	**(1 460 575 143)**	(21 162 272)	**(1 439 412 871)**	5
Cash and cash equivalents at the beginning of the year	(1 032 767 941)	-	**(1 032 767 941)**	44 171 709	**(1 076 939 650)**	5
Cash and cash equivalents at the end of the year	**(1 272 160 138)**	**(1 221 182 946)**	**(2 493 343 084)**	**23 009 437**	**(2 516 352 521)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Variance of above 10% between the budgeted amount and the actual are due to the following:

1 The increase is primarily attributable to improved billing accuracy following the implementation of the updated property valuation roll and intensified revenue enhancement initiatives, resulting in higher-than-anticipated collections.

2 Favourable performance of financial assets led to increased dividends compared to the budgeted amounts.

3 The variance is due to additional operational grants received from National Treasury that were not anticipated during the budget finalization process.

4 The shortfall is mainly due to lower revenue from fines, permits, and rentals, primarily driven by affordability constraints within the community and subdued economic activity.

5 Alignment adjustments between mSCOA and GRAP frameworks resulted in discrepancies between the budgeted and actual amounts.

6 Delays in capital project implementation, reassessment of asset useful lives, and disposals, resulted in lower actual depreciation than budgeted.

7 Participation in the Eskom Debt Relief Programme reduced interest obligations, resulting in actual finance costs being lower than budgeted.

8 The loss arose from valuations conducted at year-end in accordance with GRAP standards, which were not anticipated at the time of budget preparation.

9 Fair value gains resulted from the revaluation of investment properties to reflect updated market conditions as required by GRAP standards.

Significant Accounting Policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

The annual financial statements have been prepared on the going concern basis. Notwithstanding the financial challenges faced by the municipality, the provincial government has intervened in terms of Section 139(5)(a) and (c) of the Constitution and imposed a financial recovery plan. Management believes that the implementation of this plan, combined with ongoing support, will enable the municipality to continue as a going concern.

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.

Significant Accounting Policies

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 judgment 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.

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgments, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgment 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 judgments include:

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

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

The municipality assesses its trade 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 judgments 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 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realizable value.

Fair value estimation

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.

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

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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. 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 of tangible assets are inherently uncertain and could materially change over time.

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 17 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the wastewater and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee Benefits Obligation

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 17.

Provision for Impairment of Receivables

On consumer receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired.

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 recognized 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 recognized 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 recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

Significant Accounting Policies

1.5 Investment property (continued)

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.

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.

Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognized 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 recognized as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized 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.

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

Subsequent Measurement:

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

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

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	2 - 50 years
Transport assets	Straight-line	4 - 15 years
Infrastructure	Straight-line	3 - 100 years
Other movable assets	Straight-line	2 - 20 years
Landfill rehabilitation assets	Straight-line	8 - 20 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If
the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognized.

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

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

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

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

1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Significant Accounting Policies

1.7 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognized in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.8 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset, such difference is recognized in surplus or deficit when the heritage asset is derecognized.

1.9 Financial instruments

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

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.

1.9 Financial instruments (continued)

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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- 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 amortized cost or financial instruments at cost.

Classification

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

Class	Category
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortized cost
Receivables from non-exchange transactions	Financial asset measured at amortized cost
Receivables from exchange transactions	Financial asset measured at amortized cost
Cash and cash equivalents	Financial asset measured at amortized cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortized cost
Consumer deposits	Financial liability measured at amortized cost
Unspent conditional grants	Financial liability measured at amortized cost

Initial recognition

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

The municipality recognizes financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortized cost.

All financial assets measured at amortized cost are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs.

It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

For financial assets and financial liabilities measured at amortized cost or cost, a gain or loss is recognized in surplus or deficit when the financial asset or financial liability is derecognized or impaired, or through the amortization process.

Significant Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognizes financial assets using trade date accounting.

The municipality derecognizes a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 municipality:
  - derecognize the asset; and
  - recognize separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and derecognized is recognized in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognized at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognized for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognized in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognize the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognized in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognized. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized is recognized in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received. In subsequent periods, the municipality recognizes any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognized. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognized a new financial liability.

1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 Statutory receivables

Identification

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

Recognition

The municipality recognizes 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 recognized 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 derecognized.

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

Significant Accounting Policies

1.10 Statutory receivables (continued)

- 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-organization.
- 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 recognized in surplus or deficit.

An impairment loss recognized 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 recognized, or to reflect the effect of discounting the estimated cash flows.

Any previously recognized 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 recognized at the date the impairment is revised. The amount of any adjustment is recognized in surplus or deficit.

Derecognition

The municipality derecognizes 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:
  - derecognize the receivable; and
  - recognize separately any rights and obligations created or retained in the transfer.

1.11 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on a cash basis. The municipality is liable to account for VAT at a standard rate of 15% effective from 1 April 2018 in terms of section 7(1)(a) of the VAT Act in respect of supply of goods and services, except where the supplies are specifically zero rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.12 Inventories

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

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

Significant Accounting Policies

1.12 Inventories (continued)

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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and deposits held at call with banks net of bank overdrafts.

1.14 Impairment of cash-generating assets

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

Identification

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognized immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognizes a liability only to the extent that is a requirement in the Standard of GRAP.

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

1.14 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.
When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

Significant Accounting Policies

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

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

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognized immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognizes a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

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

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

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

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

Significant Accounting Policies

1.16 Employee benefits

Identification

Employee benefits

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

A qualifying insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Significant Accounting Policies

1.16 Employee benefits (continued)

Other long-term employee benefits are all employee benefits (other than short-term employee benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not considered in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidized goods or services such as housing, cars and cellphones) for current employees.

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

- 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 recognizes 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognizes the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Significant Accounting Policies

1.16 Employee benefits (continued)

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

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

Other Long term employee benefits

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial
performance.

1.17 Provisions and contingencies

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation.

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 recognized as an interest expense.

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

Provisions are not recognized for future operating deficit.

A Contingent Liability is:

Significant Accounting Policies

1.17 Provisions and contingencies (continued)

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because:
(i) it is not probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation; or
(ii) the amount of obligation cannot be measured with sufficient reliability.

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

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability are added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognized on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognized in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognized in surplus or deficit; and
  - an increase in the liability is recognized in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognized had the asset been carried under the cost model, the excess is recognized immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognized directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognized in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognized in surplus or deficit as a finance cost as it occurs.

1.18 Commitments

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

Disclosures are required in respect of unrecognized 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

Significant Accounting Policies

1.18 Commitments (continued)

- 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.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized 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 recognized 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 recognized only to the extent of the expenses recognized that are recoverable.

Service revenue is recognized by reference to the stage of completion of the transaction at the reporting date.

Provisional estimates of consumption, based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the consumption factor determined. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognized as revenue in the invoicing period. Estimates of consumption between meter readings are based on historical information.

1.20 Revenue from non-exchange transactions

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

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

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

Significant Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

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.

Recognition

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

As the municipality satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes 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 recognized by the municipality.

When, as a result of a non-exchange transaction, the municipality recognizes an asset, it also recognizes 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 recognize a liability. Where a liability is required to be recognized 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, recognized 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 recognized as revenue.

Significant Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognizes 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.

Fines, penalties and forfeits

Fines are recognized 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.

Public contributions and donations

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

Donations are recognized on a cash receipt basis or where the donation is in a form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1.21 Investment income

Investment income is recognized on a time-proportionate basis using the effective interest method.

1.22 Comparative figures

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

1.23 Unauthorized expenditure

Unauthorized 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.

1.24 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 recognized 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.

Significant Accounting Policies

1.25 Irregular expenditure

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

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

1.26 Segment information

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.

A measure of assets and liabilities for each reportable segment has not been disclosed due to the fact that such amounts are not regularly provided to management for decision making purposes.

Measurement

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

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

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorizations (or equivalent), which is given effect through authorizing 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 01/07/2024 to 30/06/2025.

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.

1.28 Related parties

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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

Significant Accounting Policies

1.28 Related parties (continued)

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.

1.29 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 authorized 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 recognized 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.

Significant Accounting Policies

1.30 Concessionary loan

Definition

The Eskom Debt Relief Arrangement constitutes a concessionary financial liability, arising when Eskom restructures overdue municipal electricity debt into a long-term, interest-free repayment arrangement. The loan is provided on terms that are significantly more favourable than market-related terms, creating a concessionary component that represents a transfer of resources to the municipality.

This arrangement falls within the scope of GRAP 104: Financial Instruments.

Recognition

The municipality recognizes a concessionary loan under the Eskom Debt Relief Arrangement when it becomes a party to the contractual terms of the agreement and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

The concessionary loan is recognized at fair value on initial recognition. Fair value represents the present value of future contractual cash flows discounted at a market-related interest rate applicable to a similar financial instrument without concessional terms.

The difference between:

- the carrying amount of the original Eskom overdue debt, and

- the fair value of the concessionary loan,

is recognized as non-exchange revenue (debt relief) in surplus or deficit.

Initial measurement

On initial recognition, the concessionary loan is measured at fair value, determined by discounting the agreed repayment amounts using a market-related discount rate reflecting the municipality's credit risk profile.

Where the restructuring results in the extinguishment of part of the liability, the extinguished portion is recognized as debt relief revenue in the Statement of Financial Performance.

Subsequent Measurement

No further measurement adjustments are made to the extinguished portion of the liability, as the obligation has been fully derecognized and no future cash outflows are expected.

The municipality assesses, at each reporting date, whether any conditions attached to the debt relief have been breached. If a breach of conditions results in a portion of the relief becoming repayable, the amount is recognized immediately as a financial liability at amortized cost, with a corresponding charge to surplus or deficit.

Significant Accounting Policies

1.30 Concessionary loan (continued)

Compliance with all conditions under the Eskom Debt Relief Framework is monitored continuously through internal controls, performance reporting and governance structures.

Compliance and conditionality

The Eskom Debt Relief Arrangement contains conditions and performance obligations, including:

- maintaining current account or the set amount payments to Eskom;
- implementing the revenue enhancement;
- reducing non-technical electricity losses;
- ring-fencing electricity revenue; and
- submitting required compliance reports to Eskom and National Treasury.

At each reporting date, the municipality assesses whether these conditions are met. Where non-compliance indicates that relief may be withdrawn, the municipality reconsiders the measurement of the liability and recognizes any resulting adjustment in surplus or deficit.

Impairment

As a financial liability, concessionary loans are not subject to impairment. However, where contractual terms are modified due to non-compliance or renegotiation, the liability is remeasured, and the adjustment is recognized in surplus or deficit in accordance with GRAP 104.

Derecognition

The municipality derecognizes the relevant portion of the Eskom liability only upon receipt of formal confirmation that the tranche has been written off under the programme. The amount derecognized is recognized as revenue from non-exchange transactions in the Statement of Financial Performance.

Any reinstated amounts arising from non-compliance are recognized immediately as an increase in the Eskom liability in surplus or deficit.

1.31 Unspent Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective in the current financial year and that are relevant to its operations:

GRAP 104 (as revised): Financial Instruments

The revised standard introduces updated principles for the classification, measurement, impairment and disclosure of financial instruments.

The municipality assessed all financial assets and financial liabilities in accordance with the revised requirements and confirmed that:
- Financial assets designated at fair value and receivables measured at amortized cost continue to meet the criteria of the revised GRAP 104, consistent with prior years.

- The municipality’s impairment methodology already aligns with the expected credit loss model required by the revised standard, and therefore no material adjustments were required to impairment provisions.

- The revised standard excludes statutory receivables, which continue to be accounted for under GRAP 108.

- No changes to classification, recognition, measurement or derecognition of financial instruments were required.

The adoption of GRAP 104 (Revised) resulted in enhanced disclosure only, with no material impact on the municipality's financial position, financial performance, cash flows or comparative information.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	9 474
Bank balances - cashbook	22 039 332	44 128 718
Short-term deposits	960 631	33 517
	23 009 437	**44 171 709**

ACB mag tape debit facility	2 000 000	2 000 000
Housing guarantee	20 000	20 000
Fleet card	1 000 000	1 000 000
Credit card facility	300 000	300 000

Credit quality 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:

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	**30 June 2024**	**30 June 2023**	**30 June 2025**	**30 June 2024**	**30 June 2023**
ABSA Primary cheque account Acc no (40-5370-5465)	11 027 139	13 858 574	12 760 185	10 933 647	18 177 102	11 592 434
ABSA Market cheque account Acc no (40-5644-3399)	580 225	640 787	805 560	536 079	(3 710 341)	(867 736)
ABSA Savings account Acc no (90-9461-7107)	1 541	1 469	1 000	1 541	1 469	1 000
ABSA Savings account Acc no (91-0668-4115)	953 916	27 133	114 431 283	953 916	27 133	114 431 283
ABSA Savings account Acc no (91-1114-1338)	1 288	1 173	1 102	1 288	1 173	1 077
ABSA Savings account Acc no (91-0668-4238)	1 449	1 310	1 310	1 449	1 322	1 214
ABSA Savings account Acc no (91-0668-4157)	1 218	1 165	1 165	1 218	1 109	1 018
ABSA Savings account Acc no (91-2351-5666)	1 218	1 102	1 102	1 218	1 109	1 018
Standard Bank Call Acc no (08-883-104-3)	10 569 598	29 661 948	-	10 569 598	29 661 948	-
Total	**23 137 592**	**44 194 661**	**128 002 707**	**22 999 954**	**44 162 024**	**125 161 308**

4. Inventories

	2025	2024
Investment property held for sale	2 730 000	2 730 000
Consumable stores	1 145 893	1 787 168
Water for distribution	1 444 344	3 162 721
	5 320 237	**7 679 889**

Inventories recognised as an expense during the year	7 172 107	5 663 114

Inventory pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

5. Receivables from exchange transactions

Gross balances	2025	2024
Electricity	820 875 059	688 761 313
Water	3 639 501 394	3 325 566 243
Sewerage	1 580 647 662	1 397 107 415
Refuse	978 318 495	874 268 850
Rentals	185 202 918	165 313 405
Sundries	228 240 902	200 213 974
Other	5 347 016	5 579 922
Unmetered consumption - Electricity	101 508 491	115 039 399
Unmetered consumption - Water	47 104 926	52 172 443
Less: Non-current consumer receivables (arrangements)	(15 394 335)	(10 853 233)
	7 571 352 528	**6 813 169 731**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Less: Allowance for impairment		
Electricity	(546 526 594)	(454 850 748)
Water	(2 894 580 784)	(2 642 448 295)
Sewerage	(1 217 307 856)	(1 082 171 495)
Refuse	(773 121 327)	(693 649 607)
Rentals	(163 847 655)	(147 936 070)
Sundries	(190 963 308)	(168 898 279)
Other	(4 253 489)	(4 434 426)
Less: Non-current consumer receivables (arrangements)	14 400 477	9 913 983
	(5 776 200 536)	**(5 184 474 937)**

Net balance		
Electricity	274 348 465	233 910 565
Water	744 920 610	683 117 948
Sewerage	363 339 806	314 935 920
Refuse	205 197 168	180 619 243
Rentals	21 355 263	17 377 335
Sundries	37 277 594	31 315 695
Other	1 093 527	1 145 496
Unmetered consumption - Electricity	101 508 491	115 039 399
Unmetered consumption - Water	47 104 926	52 172 443
Non-current consumer receivables (arrangements)	(993 858)	(939 250)
	1 795 151 992	**1 628 694 794**
Non-current		
Arrangements	15 394 335	10 853 233
Less: Allowance for impairment -Arrangements	(14 400 477)	(9 913 983)
Total non-current receivables from exchange transactions	**993 858**	**939 250**
Total receivables from exchange transactions	1 796 145 850	1 629 634 044

Included in Receivables from exchange transactions is interest charged, as detailed below:		
Electricity	196 539 599	157 300 326
Water	1 096 360 445	932 462 741
Other	2 087 664	2 056 447
Sewerage	476 501 251	398 721 486
Refuse	305 013 035	257 728 130
Sundries	166 718 891	142 787 023
Less: Allowance for impairment	(1 789 607 148)	(1 514 162 645)
	453 613 737	**376 893 508**
Net balance	**453 613 737**	**376 893 508**

Unmetered consumption - Water		
Current (0 -30 days)	47 104 926	52 172 443

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	68 735 617	104 319 020
31 - 60 days	31 283 683	24 716 707
61 - 90 days	24 776 703	26 463 348
91 + days	696 079 056	533 262 238
Less: Impairment	(546 526 594)	(454 850 748)
	274 348 465	**233 910 565**
Water		
Current (0 -30 days)	70 019 552	112 451 276
31 - 60 days	60 473 487	62 544 285
61 - 90 days	88 836 472	60 412 559
91 + days	3 420 171 882	3 090 158 122
Less: Impairment	(2 894 580 783)	(2 642 448 294)
	744 920 610	**683 117 948**
Unmetered consumption - Electricity		
Current (0 -30 days)	101 508 491	115 039 399
Sewerage		
Current (0 -30 days)	27 796 851	27 883 454
31 - 60 days	25 260 656	25 240 350
61 - 90 days	24 802 899	24 708 397
91 + days	1 502 787 256	1 319 275 213
Less: Impairment	(1 217 307 856)	(1 082 171 494)
	363 339 806	**314 935 920**
Refuse		
Current (0 -30 days)	17 335 991	17 229 961
31 - 60 days	15 486 980	15 498 165
61 - 90 days	15 185 469	15 147 300
91 + days	930 310 054	826 393 424
Less: Impairment	(773 121 326)	(693 649 607)
	205 197 168	**180 619 243**
Rentals		
Current (0 -30 days)	1 750 147	1 553 576
31 - 60 days	1 697 562	1 546 494
61 - 90 days	1 696 130	1 545 687
91 + days	180 059 079	160 667 648
Less: Impairment	(163 847 655)	(147 936 070)
	21 355 263	**17 377 335**
Sundries		
Current (0 -30 days)	3 804 807	2 530 939
31 - 60 days	2 601 249	2 499 245
61 - 90 days	2 404 482	3 979 160
91 + days	219 430 381	191 204 647
Less: Impairment	(190 963 325)	(168 898 296)
	37 277 594	**31 315 695**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Other		
Current (0 -30 days)	25 405	41 459
31 - 60 days	16 606	19 503
61 - 90 days	12 965	20 908
91 + days	5 292 040	5 498 052
Less: Impairment	(4 253 489)	(4 434 426)
	1 093 527	**1 145 496**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	119 639 748	19 329 177
31 - 60 days	102 912 351	107 428 051
61 - 90 days	99 737 656	10 351 899
91 + days	5 769 903 244	5 280 143 805
	6 092 192 999	5 417 252 932
Less: Allowance for impairment	(4 907 920 054)	(4 595 162 871)
	1 184 272 945	**822 090 061**
Business, Industrial and Commercial		
Current (0 -30 days)	54 196 667	60 913 377
31 - 60 days	21 326 213	19 135 245
61 - 90 days	49 238 979	21 374 283
91 + days	850 201 281	743 545 041
	974 963 140	844 967 946
Less: Allowance for impairment	(573 009 499)	(593 436 346)
	401 953 641	**251 531 600**
Farms and agriculture		
Current (0 -30 days)	639 096	653 667
31 - 60 days	560 568	410 528
61 - 90 days	473 082	400 417
91 + days	23 724 863	18 821 795
	25 397 609	20 286 407
Less: Allowance for impairment	(20 983 738)	(16 194 944)
	4 413 871	**4 091 463**
National and provincial government		
Current (0 -30 days)	9 276 565	10 844 101
31 - 60 days	6 632 059	5 032 705
61 - 90 days	5 088 861	6 934 775
91 + days	106 360 507	82 382 980
	127 357 992	105 194 561
Less: Allowance for impairment	(70 110 304)	(57 084 230)
	57 247 688	**48 110 331**
Indigent		
Current (0 -30 days)	5 716 294	306 783
31 - 60 days	5 389 029	58 221
61 - 90 days	5 113 973	48 888
91 + days	203 939 837	2 429 198
	220 159 133	2 843 090
Less: Allowance for impairment	(219 547 953)	(2 843 090)
	611 180	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Total		
Current (0 -30 days)	382 773 837	266 009 685
31 - 60 days	136 820 221	132 064 749
61 - 90 days	157 715 121	132 277 360
91+	6 953 135 874	6 126 383 570
	7 630 445 053	6 656 735 364
Less: Allowance for impairment	(5 776 200 536)	(5 184 474 937)
	1 795 151 992	**1 628 694 794**

Less: Allowance for impairment		
Total	(5 776 200 536)	(5 184 474 937)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(5 635 998 357)	(5 280 985 045)
Contributions to allowance	(722 542 393)	(547 788 788)
Debt impairment written off against allowance	557 721 462	192 775 477
	(5 800 819 288)	**(5 635 998 357)**

Consumer debtors pledged as security

No consumer debtors were pledged as security for overdraft facilities of the municipality.

Consumer debtors past due but not impaired

As at 30 June 2025, receivables from exchange transactions of R12 265 347 (2024: R 7 903 882) were past due but not impaired.

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

31 - 60 days	7 674 888	4 843 903
61 - 90 days	2 931 966	2 952 860
91 days +	1 658 492	107 119

Consumer debtors impaired

As of 30 June 2025, receivables from exchange transactions of R7 369 918 080 (2024: R 6 587 163 095) were impaired and provided for.

The municipality assess whether receivables are impaired at the end of every reporting date, in line with GRAP.
The following factors were considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

6. Receivables from non-exchange transactions

Consumer receivables - Rates	1 295 864 388	1 086 633 261
Availability charges – Electricity	72 577 332	62 124 855
Availability charges – Water	41 724 023	38 362 688
Allowance for impairment – Rates	(871 774 753)	(757 475 760)
Allowance for impairment - Availability charges - Electricity	(49 329 831)	(44 348 779)
Allowance for impairment - Availability charges - Water	(32 051 592)	(27 385 792)
	457 009 567	**357 910 473**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Receivables from non-exchange transactions (continued)

Non-current - receivables from non-exchange transactions		
Availability charges - Electricity	25 290 070	23 404 403
Availability charges - Water	7 375 857	7 325 611
Allowance for impairment: Availability charges - Electricity	(17 267 792)	(16 707 591)
Allowance for impairment: Availability charges - Water	(5 676 124)	(5 229 499)
	9 722 011	**8 792 924**

Interest included in receivables from non-exchange transactions above is as follows:		
Property rates	360 939 417	287 892 557
Availability charges (water and electricity)	25 457 644	21 964 078
	386 397 061	**309 856 635**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property rates	1 295 864 388	1 086 633 261
Less Allowance for impairment: Property rates	(811 723 760)	(708 968 171)
	484 140 628	**377 665 090**

Total receivables from non-exchange transactions	466 731 578	366 703 397

Figures in Rand	2025	2024

6. **Receivables from non-exchange transactions (continued)**

Statutory receivables general information

Transaction(s) arising from statute

Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004 (MPRA), approved Property Rates Policy and by-laws.

Determination of transaction amount

Rates are levied in accordance with the Act (MPRA), based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

The municipality differentiates between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality, however, does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

Interest or other charges levied/charged

Interest accrues from 30 days on unpaid accounts. Interest is levied at a rate of prime rate plus 1%.

Basis used to assess and test whether a statutory receivable is impaired

The municipality assess whether statutory receivables are impaired at the end of every reporting date, in line with Grap 108.

The following factors were considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant

Reconciliation of provision for impairment for non-exchange receivables

Opening balance	(1 114 478 917)	(677 315 986)
Provision for impairment	(615 499 076)	(466 634 894)
Amounts written off as uncollectible	69 689 926	29 471 963
	(1 660 288 066)	**(1 114 478 917)**

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

On 30 June 2025, receivables from non-exchange transactions of R3 543 923 (2024: R3 414 438) were past due but not impaired.
The ageing of amounts past due but not impaired is as follows:

31 - 60 days	2 158 836	2 293 828
61 - 90 days	886 895	741 198
91+ days	498 192	379 412

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Receivables from non-exchange transactions (continued)

Fair value of receivables from non-exchange transactions

The carrying value of the receivables from non-exchange transactions recorded at amortized cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2025, receivables from non-exchange transactions of R1 424 559 171 (2024: R1 199 714 557) were impaired and provided for.

7. Other receivables

Accrued interest	-	322 295
Deposits	-	225 850
Employee loans receivable	-	200 500
Erf sales - SANRAL	1 078 796	1 078 796
Eskom	3 096 193	6 082 888
Maritz attorneys	16 513 652	16 513 652
Market sales	5 738 172	4 042 208
Market sales - sundries	258 046	97 914
Prepayments	1 483 758	1 131 732
Sundry receivables	1 355 886	57 527
Trade receivables - double payments	2 997 289	2 870 480
Traffic fines receivable	5 683 872	4 025 022
Welkom Market	24 521 869	15 193 131
	62 727 533	**51 841 995**

8. VAT receivable

VAT Control	124 200 620	77 738 584
VAT Accrual	1 028 826 571	942 494 768
	1 153 027 191	**1 020 233 352**

2025

VAT accrual includes output VAT accrual and input VAT accrual amounting to (R2 148 102 903) and R3 176 929 474 respectively.

2024

VAT accrual includes output VAT accrual and input VAT accrual amounting to (R2 221 546 053) and R3 164 070 821 respectively.

9. Other financial assets

Designated at fair value		
Unlisted shares	568 885	568 885
The unlisted shares consist of 17,238 (2024: 17 238) equity shares at R19.20 each as at 30 June 2025 in Senwes Limited and 26,435 (2024: 26 435) equity shares at R 9 each in Senwesbel Limited.		

Notes to the Annual Financial Statements

Non-current assets		
Designated at fair value	568 885	568 885

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognized at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2025	2024
Level 2		
Class 1 (Unlisted shares)	568 885	474 015

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Financial assets pledged as collateral

	2025	2024
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	-	-

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	2 277 023 460	-	2 277 023 460	2 099 322 887	-	2 099 322 887

Reconciliation of investment property - 2025

	Opening balance	Additions	Fair value adjustments	Closing balance
Investment property	2 099 322 887	32 000 000	145 700 573	2 277 023 460

Reconciliation of investment property - 2024

	Opening balance	Transfers out	Fair value adjustments	Closing balance
Investment property	2 054 238 999	(4 800 000)	49 883 888	2 099 322 887

Fair value of investment properties	145 700 573	49 883 888

Pledged as security

There are no contractual obligations on investment property.

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Investment property (continued)

The effective date of the revaluations was 30 June 2025. Fair value determinations were performed by UniqueCo Properties (Pty) Ltd. Mr L Nel, who is a registered Professional Property Valuer with the South African Council for the Property Valuer's Profession (registration number 4464/2) and has the appropriate experience in performing valuations of investment properties, was the valuer used to perform the valuations. The valuation for the land portion was based on adapted comparable sales and on replacement costs for the improvements.

These assumptions are based on current market conditions.

Maintenance of investment property

No amount was incurred for the repairs and maintenance of investment property in the current and previous financial years.
.

Amounts recognized in surplus or deficit

Rental revenue from investment property	23 860 661	21 914 514

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Transport assets	238 466 574	(106 529 311)	131 937 263	235 623 785	(77 009 771)	158 614 014
Infrastructure	8 786 383 037	5 530 573 838)	3 255 809 199	8 619 755 965	5 333 272 511)	3 286 483 454
Community assets	607 402 210	(307 275 324)	300 126 886	603 239 744	(266 050 843)	337 188 901
Other movable assets	73 080 641	(53 790 660)	19 289 981	65 227 895	(45 032 868)	20 195 027
Landfill rehabilitation assets	159 556 298	(116 151 887)	43 404 411	166 367 677	(111 165 896)	55 201 781
Land and buildings	100 832 211	(42 935 736)	57 896 475	100 832 211	(40 786 464)	60 045 747
Total	**9 965 720 971**	**(6 157 256 756)**	**3 808 464 215**	**9 791 047 277**	**(5 873 318 353)**	**3 917 728 924**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	158 614 014	2 842 790	-	-	-	(29 519 541)	-	131 937 263
Infrastructure	3 286 483 454	166 627 074	-	9 004 742	(9 004 742)	(169 098 708)	(28 202 621)	3 255 809 199
Community assets	337 188 901	4 158 765	-	-	-	(20 719 974)	(20 500 806)	300 126 886
Other movable assets	20 195 027	7 852 647	-	-	-	(8 757 693)	-	19 289 981
Landfill rehabilitation assets	55 201 781	-	(6 811 380)	-	-	(4 985 990)	-	43 404 411
Land and buildings	60 045 747	-	-	-	-	(2 149 272)	-	57 896 475
	3 917 728 924	**181 481 276**	**(6 811 380)**	**9 004 742**	**(9 004 742)**	**(235 231 178)**	**(48 703 427)**	**3 808 464 215**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	138 438 839	45 871 550	-	-	(25 696 375)	-	158 614 014
Infrastructure	3 330 787 755	124 455 014	73 422 846	(73 422 846)	(148 159 547)	(788 171)	3 286 483 454
Community	353 891 351	3 883 961	12 318 637	(12 318 637)	(20 586 411)	(275 028)	337 188 901
Other movable assets	23 327 193	4 470 578	-	-	(7 602 744)	-	20 195 027
Landfill rehabilitation assets	52 777 525	14 536 182	-	-	(12 111 926)	-	55 201 781
Land and buildings	63 037 754	-	-	(2 218 777)	(773 230)	(773 230)	60 045 747
	3 962 260 417	**193 217 285**	**85 741 483**	**(87 960 260)**	**(214 930 233)**	**(1 836 429)**	**3 917 728 924**

Pledged as security

None of these assets were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed was halted during the year

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Klippan Pumpstation Upgrade	-	7 330 656
Mmamahabane Stadium	639 599	639 599
Mmamahabane Taxi Rank	-	477 699
Nyakallong Construction of Stormwaters	17 461 171	17 461 171
Nyakallong Taxi Rank	-	377 781
Koppie Alleen Collapsed Sewer	4 879 496	4 879 496
Phomolong Waste Water Treatment Works	766 492	766 492
Replacement of Old Galvanized Steel Pipes with UPVC Pipes Nyakallong/Allanridge	8 413 854	8 413 854
Roads Infrastructure	174 429	174 429
Thabong Community Centre Parking Upgrade	-	220 493
Thabong Taxi Rank	-	2 588 469
Thabong Upgrading and Refurbishment of T8 Sewer Pumpstation	13 570 402	13 570 402
Upgrading of Kutlwanong Outfall Sewer	22 458 201	22 458 201
Upgrading of Seven Electrical Panels	-	167 058
Welkom Landfill Site	18 110 918	18 110 918
Welkom Regional Taxi Rank	-	6 741 313
White Septic Tank Welkom	-	335 631
	86 474 562	**104 713 662**

These projects have been halted by management awaiting capital budget.

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Installation of Zonal Water Meters	8 364 677	8 179 651
	8 364 677	**8 179 651**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work-in-progress	442 604 298	22 906 283	2 938 708	468 449 289

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work in progress	288 174 737	29 153 274	2 938 708	320 266 719

2025
Transfers
Projects to the value of R9 004 742 were completed and transferred out of Capital work-in-progress into Infrastructure assets.

2024
Transfers
Projects to the value of R73 422 848 were completed and transferred out of Capital work-in-progress into Infrastructure assets.

Projects to the value of R12 318 637 were completed and transferred out of Capital work-in-progress into Community assets.

	2025	2024
Repairs and maintenance per class of asset:		
Land and buildings	1 518 764	1 510 297
Infrastructure assets	75 576	85 776
Transport assets	939 653	12 276 446
Other movable assets	622 658	1 694 554
Landfill rehabilitation assets	12 146 764	15 518 330
	15 303 415	**31 085 403**

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

12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	4 747 835	-	4 747 835	4 747 835	-	4 747 835
Mayoral chains	2 356 514	(26 810)	2 329 704	2 356 514	(26 810)	2 329 704
Total	**7 104 349**	**(26 810)**	**7 077 539**	**7 104 349**	**(26 810)**	**7 077 539**

Reconciliation of heritage assets 2025

	Opening balance	Closing balance
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 329 704	2 329 704
	7 077 539	**7 077 539**

Reconciliation of heritage assets 2024

	Opening balance	Closing balance
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 329 704	2 329 704
	7 077 539	**7 077 539**

Pledged as security

None of these assets were pledged as security.

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Trade and other payables from exchange transactions

Accrued 13th cheque	22 929 178	22 398 861
Accrued leave pay	117 075 102	108 024 986
Deferred income - prepaid electricity	3 700 000	3 700 000
Deposits received - halls and facilities	15 175	15 175
Eskom	1 586 493 410	848 602 951
Payments received in advance from consumer receivables	483 421 241	400 848 701
Rental - Hostels and flats	3 399 284	3 430 206
SALGA	16 375 424	18 182 800
Salary third parties	63 647 209	61 769 074
Trade payables	357 378 827	382 094 045
Vaal Central Water Board	6 841 210 884	6 161 839 566
	9 495 645 734	**8 010 906 365**

14. Concessionary loan

Carrying value		
Eskom municipal debt relief	5 250 339 733	5 250 339 733

National Treasury approved the Municipality’s application to participate in the Circular 124 Municipal Debt Relief programme with effect from 1 November 2023. From the effective date, Eskom suppressed the charging of interest on the Interim Debt and will consider writing off the balance at the end of the municipality's 36-month debt relief compliance cycle.

As at the reporting date, the write-off of the qualifying portion of the Eskom debt has not yet materialized. Accordingly, no adjustments have been recognized in the financial statements for the potential write-off. The full liability remains reflected under concessionary loan until such time as confirmation of the write-off is received.

Non-current liabilities		
At amortized cost	1 750 113 245	3 500 226 489
Current liabilities		
At amortized cost	3 500 226 488	1 750 113 244

15. Consumer deposits

Electricity and water	49 038 236	44 795 791
Key deposits	1 907 748	1 594 625
	50 945 984	**46 390 416**

Guarantees held in lieu of electricity and water deposits amounted to R6 067 965 (2024: R6 067 965).

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilize the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximates their fair values.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	-	308 583
Municipal Disaster Relief Grant	9 352 072	-
Integrated National Electrification Programme (INEP)	-	2 471 363
Energy Efficiency and Demand side Management Grant (EEDG)	2 549	2 549
Municipal Water Services Infrastructure Grant (MWSIG)	-	4 843 983
Free State Department of Human Settlements	66 972 088	66 972 088
	76 326 709	**74 598 566**

Movement during the year

Balance at the beginning of the year	74 598 566	118 957 278
Additions during the year	205 422 560	154 346 363
Income recognition during the year	(203 694 417)	(198 705 075)
	76 326 709	**74 598 566**

The nature and extent of government grants recognized 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 recognized.

See note 28 for reconciliation of grants from National/ Provincial Government.

17. Employee benefit obligations

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

Carrying value		
Present value of the post-employment medical aid benefit	(440 164 872)	(429 239 885)
Present value of the long service award benefit	(59 834 139)	(63 991 266)
	(499 999 011)	**(493 231 151)**

Non-current liabilities	(477 061 819)	(466 833 241)
Current liabilities	(22 936 193)	(26 397 910)
	(499 998 012)	**(493 231 151)**

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

Opening balance	493 232 149	442 136 593
Net expense recognized in the statement of financial performance	6 766 861	51 095 556
	499 999 010	**493 232 149**

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

Service cost	29 115 490	29 175 269
Interest cost	61 350 443	58 074 325
Actuarial gains and losses from change in financial assumptions	(65 626 828)	(22 381 768)
Expected benefits paid	(18 072 244)	(13 772 270)
	6 766 861	**51 095 556**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Employee benefit obligations (continued)

Calculation of actuarial gains and losses

	2025	2024
Actuarial (gains) / losses – Long service	(9 365 865)	(1 410 408)
Actuarial (gains) / losses – Medical aid	(56 260 963)	(20 971 360)
	(65 626 828)	**(22 381 768)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

CPI (Medical aid)	5,96 %	7,06 %
CPI (Long service award)	3,36 %	4,77 %
Discount rate (Medical aid)	12,03 %	13,12 %
Discount rate (Long service award)	8,86 %	10,28 %
Medical aid inflation rate (Medical aid)	7,46 %	8,56 %
Net discount rate (Long service award)	4,31 %	4,26 %
Net discount rate (Medical aid)	4,25 %	4,20 %
Salary increase rate (Long service award)	4,36 %	5,77 %
Continuation percentage	100,00 %	100,00 %

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Other assumptions

The effect of one percentage increase/decrease in the net discount rate is as follows for the 2025 financial year:

	One percentage point decrease	One percentage point increase
Employer's accrued liability (Long service awards)	R60 997 873	R67 291 251

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Employee benefit obligations (continued)

Current Service cost (Long service awards)	R5 106 105	R5 732 864
Interest cost (Long service awards)	R6 056 115	R5 561 534
Employer's accrued liability (Medical aid)	R379 498 015	R489 905 910
Current service cost (Medical aid)	R20 488 310	R27 715 867
Interest cost (Medical aid)	R52 791 391	R58 642 370

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	-R499 999 011	-R493 232 151	-R442 136 59	-R469 220 47	-R429 463 845

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councillors, who belong to different retirement contribution plans which are administered by various pension funds, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1995 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make specific contributions.

The following are the multi-employer funds and are defined contribution plans:
- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal Councillors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the fund, and it was accounted for as a defined contribution plan due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers;
- One set of financial statements is compiled for all the funds not for each participating employer; and
- The same rate of contribution applies to all participating employers, and no regard is paid to differences in membership distribution of the participating employers.

Defined contribution plans

This is in line with the exemption in GRAP 25 paragraph 31 which state that where information is required for proper defined benefit accounting is not available in respect of the multi-employer and state plan; these should be accounted for as defined contribution plans.

The amount recognized as an expense for defined contribution plans is	R6 766 861	R51 095 556

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilized during the year	Discounting	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	122 982 155	-	-	(9 771 923)	(32 221 308)	80 988 924
Retentions	18 825 773	9 869 611	(3 266 752)	-	-	25 428 632
	141 807 928	**9 869 611**	**(3 266 752)**	**(9 771 923)**	**(32 221 308)**	**106 417 556**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilized during the year	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	110 327 151	14 536 184	-	(1 881 180)	122 982 155
Retentions	21 253 526	7 621 913	(10 049 666)	-	18 825 773
	131 580 677	**22 158 097**	**(10 049 666)**	**(1 881 180)**	**141 807 928**

18. Provisions (continued)

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it
complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation cost for the waste disposal sites at the end of its useful lives.

The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated remaining useful lives
Allanridge	8 years
Henneman	11 years
Odendaalsrus	16 years
Virginia (Transfer Station)	2 years
Welkom	17 years

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.

Excess adjustments expensed

In accordance with GRAP 17.27-30 where a reduction in the landfill rehabilitation provision exceeded the carrying amount of the related asset, the excess was recognized in the Statement of Financial Performance.

Change in accounting estimate

During the year management reassessed the remaining useful lives of landfill rehabilitation assets.
The reassessment of useful lives was based on updated engineering assessments and legal closure requirements under National Environmental Management Act (NEMA).
The effect of the change in accounting estimate on the current was a decrease on the carrying amount and depreciation of the sites.
It was identified that the useful lives of Allanridge and Welkom were overstated, both assets had already been fully depreciated while the fixed asset register continued to reflect remaining useful lives.

The reassessment was applied prospectively.
Future provision changes relating to Allanridge and Welkom sites will be expensed directly in the Statement of Financial Performance and no additional depreciation was recognized.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Service charges

Refuse removal	161 608 227	138 492 620
Sale of electricity	776 099 290	733 560 140
Sale of water	501 314 748	508 592 243
Sewerage and sanitation charges	251 623 913	225 525 473
Less: Income foregone - indigents	(57 991 036)	(19 847 734)
	1 632 655 142	**1 586 322 742**

The municipality recognizes revenue from services such as electricity and water in the period in which the services are rendered. In instances where meter readings were not available, the municipality has issued bills based on estimated consumption.
Estimated revenue for the year amounted to R722 279 230 (2024: R568 894 680), representing approximately 43 % of total service charges. Estimates were derived using:

- Historical customer data (3-month average)
- Class-based usage models for new customers and
- Adjustments for seasonal variation.

Where actual readings became available in subsequent periods, adjustments were processed in line with municipal revenue recognition policy. The municipality endeavours to limit estimated billing to a maximum of three months. No significant revenue reversals occurred due to estimation errors.

20. Rental of facilities and equipment

Premises		
Rental of living quarters	23 860 661	21 914 514
Facilities and equipment		
Rental of facilities	326 372	154 104
	24 187 033	**22 068 618**

21. Fines, Penalties and Forfeits

Traffic fines	5 760 577	2 464 406

22. Commission received

Market agents	18 961 474	18 362 226
Policy administration fees	747 075	701 377
	19 708 549	**19 063 603**

23. Availability charges

Electricity	46 121 339	42 601 508
Water	7 319 726	6 721 605
	53 441 065	**49 323 113**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Other income

Application fees - land usage	109 955	317 932
Cemetery and burial	1 964 217	1 695 331
Clearance certificates	482 712	478 440
Connection fees	256 030	131 318
Disconnection fees	5 938 221	1 295 477
Fire services	474 063	879 587
Registration fees	381 715	539 376
Sundry income	4 552 639	3 133 840
Tender documents	4 609	345 430
Training	3 033 213	1 742 906
	17 197 374	**10 559 637**

25. Investment revenue

Dividend revenue		
Unlisted shares - Local	56 602	49 223
Interest received		
Bank and investments	5 592 435	5 835 806
Interest charged on consumer receivables	526 373 750	456 066 511
Provisions	9 771 922	1 881 180
	541 738 107	**463 783 497**
	541 794 709	**463 832 720**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Property rates

Rates received

Commercial	173 303 159	155 178 150
Residential	198 726 712	188 705 149
Small holdings and farms	27 463 960	26 413 332
State	112 479 860	106 003 372
	511 973 691	**476 300 003**

Valuations

Residential	20 747 113 127	19 105 372 339
Commercial	6 119 278 000	5 072 707 000
State	4 050 478 320	2 439 318 000
Small holdings and farms	7 302 037 003	7 305 868 000
	38 218 906 450	**33 923 265 339**

Valuations on land and buildings are performed every four years in line with the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA). The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A firm was appointed perform the general valuation and the new valuation roll was implemented on 1 July 2021 for the financial period 2022 to 2027.
Rates are levied in accordance with the Act (MPRA), as an amount in the rands based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

As allowed in the Act (MPRA), the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality, however, does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

The first R75,000 of the valuation of residential property is exempted from property rates. Interest shall accrue 30 days from date of account on unpaid accounts. Interest is levied at a rate of prime plus 1%.

27. Interest from non-exchange revenue

Interest - Property rates	84 755 836	72 142 015
Interest - Availability charges	3 020 413	3 528 186
Eskom municipal debt relief	-	347 338 131
	87 776 249	**423 008 332**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Government grants & subsidies

Operating grants		
Equitable share	733 077 000	685 410 000
Expanded Public Works Program (EPWP)	1 460 000	2 774 000
Municipal Disaster Relief Grant	647 928	-
Finance Management Grant (FMG)	3 000 000	3 099 998
Sector Education and Training Authority (SETA)	1 698 203	1 610 058
	739 883 131	**692 894 056**
Capital grants		
Integrated National Electrification Program Grant (INEP)	34 847 286	21 628 637
Municipal Infrastructure Grant (MIG)	139 073 001	151 546 417
Water Services Infrastructure Grant (WSIG)	22 968 000	18 656 017
	196 888 287	**191 831 071**
	936 771 418	**884 725 127**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	203 694 419	199 315 127
Unconditional grants received	725 772 000	665 403 000
	929 466 419	**864 718 127**

Equitable Share

Current-year receipts as per Government Gazette	733 077 000	685 410 000
Transferred to revenue	(725 772 000)	(665 403 000)
Amount withheld from equitable share	(7 305 000)	(20 007 000)
	-	-

Equitable Share withheld

Withheld equitable share amounting to R7 305 000 was due to the rejected roll over of Municipal Infrastructure Grant (MIG), Integrated National Electrification Program (INEP) and Water Service Infrastructure Grant (WSIG) for 2023/2024 financial period as follows:

Municipal Infrastructure Service Grant	R308 583
Water Infrastructure Service Grant	R4 843 984
Integrated National Electrification Program	R854 073

An amount of R1 298 360 in relation to the INEP was improperly withheld in the 2024/2025 financial year, this as it was previously withheld in the 2023/2024 financial year. The amount is due to the municipality and has been disclosed as receivable.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	308 583	33 778 639
Current-year receipts as per Government Gazette	139 514 000	142 914 000
Grants forfeited	-	(9 559 000)
Adjusted budget as per Government Gazette	(441 000)	-
Conditions met - transferred to revenue	(139 073 000)	(151 546 417)
Offset the unspent grant against Equitable Share	(308 583)	(15 278 639)
	-	**308 583**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Government grants & subsidies (continued)

This grant is used to supplement municipal capital budget to eradicate backlogs in municipal infrastructure utilized in providing basic services for the benefit of poor households.

Repayment arrangement of Unspent Conditional Grants
Repayment of MIG relates to the 2023/2024 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The rejected roll over amounted to R308 583 as per roll over letter from National Treasury. The rejected rollover was withheld from the 2023/2024 equitable share.

Finance Management Grant (FMG)

	2025	2024
Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	-

The purpose of this grant is to promote and support reforms to financial management and the implementation of MFMA.

Municipal Disaster Relief Grant

	2025	2024
Current-year receipts	10 000 000	-
Conditions met - transferred to revenue	(647 928)	-
	9 352 072	-

Conditions still to be met - remain liabilities (see note 16).

Integrated National Electrification Programme (INEP)

	2025	2024
Balance unspent at beginning of year	2 471 359	1 297 525
Current-year receipts	33 230 000	30 000 000
Conditions met - transferred to revenue	(34 847 286)	(21 628 641)
Forfeited grant	-	(5 900 000)
Rejected rollover	(854 073)	(1 297 525)
	-	**2 471 359**

The repayment of INEP relates to the 2022/2023 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year, this amounted to R1 297 525. The rejected roll over was withheld from the 2023/2024 equitable share.

Expanded Public Works Programme (EPWP)

	2025	2024
Current-year receipts	1 460 000	3 456 000
Conditions met - transferred to revenue	(1 460 000)	(2 774 000)
Forfeited grant	-	(682 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Government grants & subsidies (continued)

The purpose of this grant is to subsidize municipalities to expand work creation efforts through the use of labour- intensive delivery methods in identified focus areas.

Energy Efficiency and Demand Side Management Program (EEDG)

Balance unspent at beginning of year	2 549	2 549

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	4 843 983	16 906 474
Current-year receipts	22 968 000	20 000 000
Conditions met - transferred to revenue	(22 968 000)	(18 656 016)
Forfeited grant	-	(10 000 000)
Withheld equitable share	(4 843 983)	(3 406 475)
	-	**4 843 983**

The purpose of this grant is to address water and sanitation challenges that occurred with the aging infrastructure.

Repayment arrangement of Unspent Conditional Grants
The repayment of WSIG relates to the 2023/2024 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The total amount of the rejected roll over was R4 843 983, this was withheld from the 2024/2025 E quitable share.

Sector Education and Training Authority (SETA)

Current-year receipts	1 698 203	1 610 816
Conditions met - transferred to revenue	(1 698 203)	(1 610 816)
	-	-

The purpose of this grant is to do skills development among employees and improve the auditing skills of the municipality. This is a Mandatory grant that only gets paid once the SETA required documents are submitted, therefore MLM met the conditions as the trances were paid for the current year.

Free State Provincial Department of Human Settlements

Balance unspent at beginning of year	66 972 088	66 972 088

Expedition of title deed restoration programme in the Free State
The transferred funds will be utilized solely and strictly for the purpose of resolving disputes amongst erf owners and rectification transfers as a result of implementing the dispute resolution outcome.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 10 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Public contributions and donations

Public contributions and donations	32 000 000	-

During the financial year, the Matjhabeng Local Municipality received a donation of farms valued at R32 000 000 from the Free State Department of Human Settlements.

In accordance with section 14 of the Municipal Finance Management Act (Act No. 56 of 2003) and applicable reporting standards, the donated farms have been recognized as Investment Property at fair value on the date of transfer.

The donation was made to support human settlement development initiatives within the jurisdiction of the Municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs

Salaries	541 421 135	507 714 734
13th Cheque	43 418 238	41 072 280
Bargaining council levy	295 786	286 958
Employee benefit (medical aid)	41 168 538	38 807 291
Group life insurance	4 074 799	3 609 935
Housing allowances	4 962 786	4 831 807
Leave pay provision charge	25 891 387	46 617 408
Medical aid	61 919 013	59 706 857
Other allowances	31 242 060	23 961 824
Other long term employee benefits	61 350 443	60 144 449
Overtime payments	55 937 511	41 915 636
Pension	90 191 992	87 724 741
SDL	8 522 169	7 696 887
Shift allowance	38 921 333	35 692 886
Standby allowance	19 420 559	16 711 324
Transport allowance	69 284 188	62 736 456
UIF	4 271 538	4 246 848
	1 102 293 475	**1 043 478 321**

Directors Remuneration

30 June 2025	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay / leave payout	Total
Adv LMR Ngoqo - Municipal Manager	480 881	160 507	31 517	269 253	942 158
CT Panyani - Acting Municipal Manager	832 989	260 299	149 423	-	1 242 711
CT Panyani - Chief Financial Officer	397 517	71 657	84 522	-	553 696
LB Williams - Acting Chief Financial Officer	645 755	235 188	163 069	-	1 044 012
TB Makofane - Director Strategic Support Services	566 446	-	84 812	1 661 404	2 312 662
SI Naniso - Acting Director Strategic Support Services	75 362	29 145	19 078	-	123 585
DP Olyn - Acting Director Strategic Support Services	446 339	5 798	159 249	115 802	727 188
JZ Ntsabo - Director Infrastructure	1 050 582	368 365	225 195	-	1 644 142
LS Williams Van Wyk - Director Community Services	935 573	182 264	260 603	-	1 378 440
TB Mnisi - Acting Director Community Services	72 474	26 835	13 980	-	113 289
Dr S Ramphoma - Director LED and Planning	962 943	307 376	186 907	-	1 457 226
Dr V Adonis - Director Corporate Services	1 290 296	96 000	260 418	-	1 646 714
MG Moletsane - Acting Director Human Settlements and Town Planning	287 282	-	109 046	81 094	477 422
	8 044 439	**1 743 434**	**1 747 819**	**2 127 553**	**13 663 245**

30 June 2024	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay/leave payout	Total
Adv Ngoqo LMR - Municipal Manager	1 924 066	16 789	85 473	-	2 026 328
Panyani TC - Chief Financial Officer	1 350 582	4 784	272 378	-	1 627 744
Makofane TB - Director Strategic	195 459	-	9 031	-	204 490

Notes to the Annual Financial Statements

Figures in Rand				2025	2024

30. Employee related costs (continued)

SI Naniso - Acting Director Strategic Support Services	866 994	309 221	226 445	-	1 402 660
DP Olyn - Acting Director Strategic Support Services	216 648	77 305	56 442	-	350 395
JZ Ntsabo - Director Infrastructure	612 839	210 000	131 360	-	954 199
MAE Pobe - Acting Director Infrastructure	239 512	77 305	54 214	-	371 031
LS Williams Van Wyk - Director Community Services	809 961	180 000	257 153	-	1 247 114
TB Mnisi - Acting Director Community Services	644 210	268 348	140 346	64 421	1 117 325
Dr S Ramphoma - Director LED and Planning	964 023	317 213	185 847	-	1 467 083
Dr V Adonis - Director Corporate Services	1 380 049	-	233 024	1 996	1 615 069
MMG Mothekhe - Director Human Settlements and Town Planning	922 737	-	251 574	286 902	1 461 213
MG Moletsane - Acting Director Human Settlements and Town Planning	767 772	-	283 452	211 995	1 263 219
	10 894 852	**1 460 965**	**2 186 739**	**565 314**	**15 107 870**

31. Remuneration of councillors

Executive Mayor and Councillors	38 747 032	37 982 260

In-kind benefits

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

The Executive Mayor has the use of separate Council owned vehicles for official duties, one full time driver and a bodyguard.

The Speaker has the use of separate Council owned vehicles for official duties and one part time driver.

31. Remuneration of councillors (continued)

Details of remuneration for the year ended 30 June 2025

Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
HS Badenhorst	287 429	91 366	47 004	3 859	429 658
MJ Badenhorst	287 429	91 366	47 004	3 859	429 658
GP Botha	378 795	-	47 004	4 042	429 841
PF Botha	252 232	91 366	47 004	38 698	429 300
Buti MP	900 720	-	47 004	9 261	956 985
C Claasen Malherbe	287 429	91 366	47 004	3 859	429 658
E Dansey	297 337	-	37 882	3 178	338 397
MA Dithebe	356 516	-	47 004	21 272	424 792
JM Du Plessis	287 429	91 366	47 004	3 859	429 658
A Dyantyi	287 429	91 366	47 004	3 859	429 658
ZA Fandaleki	284 929	91 366	47 004	4 050	427 349
C Hanisi	361 515	-	47 004	21 322	429 841
AB Helepi	351 958	-	47 004	30 371	429 333
S Hess	353 599	-	47 004	28 731	429 334
EJ Jacobs	287 429	91 366	47 004	3 859	429 658
BL Jama	287 429	91 366	47 004	3 859	429 658
WH Janse van Rensburg	355 461	23 334	47 004	3 995	429 794
T Kalipa	270 149	91 366	47 004	21 139	429 658
TD Khalipha	1 199 610	-	47 004	36 128	1 282 742
MA Khepeng	353 298	-	47 004	29 029	429 331
LE Khetsi	268 306	91 366	47 004	22 480	429 156
ML Lesenyeho	622 488	216 785	47 004	69 392	955 669
TW Letlhake	261 608	113 828	47 004	29 308	451 748
SV Letsele Setlhabi	353 298	-	47 004	29 029	429 331
TM Macingwane	195 012	61 845	34 352	15 720	306 929
ME Mahlaku	378 795	-	47 004	4 042	429 841
LJ Maile	287 429	91 366	47 004	3 859	429 658
PE Maile	378 795	-	47 004	4 042	429 841
CL Makaliane	270 149	91 366	47 004	21 139	429 658
SD Manese	361 515	-	47 004	21 322	429 841
II Maruping	378 795	-	47 004	4 042	429 841
XN Masina	622 488	216 785	47 004	69 392	955 669
TE Moalosi	378 795	-	47 004	4 042	429 841
LA Mohapi	270 149	91 366	47 004	21 139	429 658
KV Moipatle	666 655	216 785	47 004	26 108	956 552
HA Mokhomo	730 377	218 476	47 004	70 471	1 066 328
SM Mokhothu	378 795	-	47 004	4 042	429 841
M Molefi	252 232	91 366	47 004	38 698	429 300
IP Molula	337 223	-	47 004	45 128	429 355
DB Montoeli	287 429	91 366	47 004	3 859	429 658
RH Moopela	287 429	91 366	47 004	3 859	429 658
ZS Moshoeu	634 596	216 785	47 004	69 513	967 898
TJ Mosia	268 306	91 366	47 004	22 600	429 276
SH Motlatsi	268 306	91 366	47 004	22 600	429 276
MA Mphikeleli	268 306	91 366	47 004	22 600	429 276
IP Mphore	378 795	-	47 004	4 042	429 841
J Nel	378 795	-	47 004	4 042	429 841
NP Nkone	287 429	91 366	47 004	3 859	429 658
ME Nqeobo	287 429	91 366	47 004	3 859	429 658
TD Nthuba	287 429	91 366	47 004	3 859	429 658
KM Ntoni	270 149	91 366	47 004	21 139	429 658

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Remuneration of councillors (continued)

EP Phiri	378 795	-	47 004	4 042	429 841
SA Pienaar	381 549	-	48 678	4 079	434 306
LN Presente	287 429	91 366	47 004	3 859	429 658
HS Pretorius	287 429	91 366	47 004	3 859	429 658
MC Radebe	666 655	228 791	47 004	26 108	968 558
ML Radebe	622 488	216 785	47 004	69 392	955 669
SJ Ramalefane	622 488	220 188	47 004	69 392	959 072
PT Ramatisa	252 232	91 366	47 004	38 698	429 300
MJ Rantso	353 298	-	47 004	29 029	429 331
IS Scheurkogel	9 166	-	-	104	9 270
A Schoeman	287 429	91 366	47 004	3 859	429 658
LI Seane	108 145	-	12 652	1 162	121 959
MA Sithole	287 429	91 366	47 004	3 859	429 658
V Sotenjwa	270 149	91 366	47 004	21 139	429 658
R Steyn	268 306	91 366	47 004	22 600	429 276
RB Stofile	943 483	-	47 004	27 358	1 017 845
SDM Taljaard	9 166	-	-	104	9 270
RD Tau	378 795	-	47 004	4 042	429 841
TJ Thelingoane	619 831	217 419	47 004	51 738	935 992
KR Tlake	666 655	222 791	47 004	26 108	962 558
SE Tshabangu	287 429	91 366	47 004	3 859	429 658
SE Tsuinke	378 795	-	47 004	4 042	429 841
MJ Twala	4 166	-	-	54	4 220
MS Van Rooyen	287 429	91 366	47 004	3 859	429 658
NE Xaba Monjovo	622 488	216 785	47 004	69 392	955 669
	28 306 648	**5 622 460**	**3 376 840**	**1 459 192**	**38 765 140**

Details of remuneration for the year ended 30 June 2024

Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
HS Badenhorst	279 192	88 021	53 208	3 800	424 221
MJ Badenhorst	279 192	88 021	53 208	3 800	424 221
GP Botha	367 213	-	53 208	3 976	424 397
PF Botha	244 695	88 021	53 208	37 953	423 877
MP Buti	870 274	-	53 208	9 007	932 489
C Claasen Malherbe	279 192	88 021	53 208	3 800	424 221
MA Dithebe	196 585	-	27 033	10 838	234 456
JM Du Plessis	279 192	88 021	53 208	3 800	424 221
A Dyantyi	279 192	88 021	53 208	3 800	424 221
ZA Fandaleki	276 996	-	36 792	4 592	318 380
C Hanisi	352 812	-	53 208	21 285	427 305
AB Helepi	358 573	-	53 208	12 616	424 397
S Hess	343 403	-	53 208	27 302	423 913
EJ Jacobs	279 192	88 021	53 208	3 800	424 221
BL Jama	279 192	88 021	53 208	3 800	424 221
WH Janse Van Rensburg	367 213	-	53 208	3 976	424 397
T Kalipa	261 912	88 021	53 208	21 080	424 221
TD Khalipha	1 143 085	-	53 208	29 188	1 225 481
MA Khepeng	367 213	-	53 208	3 976	424 397
LE Khetsi	260 856	88 021	53 208	21 649	423 734
ML Lesenyeho	601 934	208 604	53 208	67 476	931 222
TW Letlhake	247 902	88 021	53 208	37 953	427 084
SV Letsele Setlhabi	356 915	-	53 208	14 068	424 191
ME Mahlaku	367 213	-	53 208	3 976	424 397

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Remuneration of councillors (continued)

LJ Maile	279 192	88 021	53 208	3 976	424 397
PE Maile	367 213	-	53 208	3 976	424 397
CL Makaliane	261 912	88 021	53 208	21 080	424 221
AJ Manenye	42 659	14 220	6 800	1 597	65 276
SD Manese	349 933	-	53 208	21 256	424 397
II Maruping	367 213	-	53 208	3 976	424 397
XN Masina	601 934	208 604	53 208	67 476	931 222
TE Moalosi	367 213	-	53 208	3 976	424 397
LA Mohapi	261 912	88 021	53 208	21 080	424 221
KV Moipatle	644 390	208 604	53 208	25 870	932 072
HA Mokhomo	795 783	-	53 208	82 355	931 346
SM Mokhothu	367 213	-	53 208	3 976	424 397
M Molefi	244 695	88 021	53 208	37 953	423 877
IP Molula	338 178	-	53 208	32 776	424 162
DB Montoeli	279 192	88 021	53 208	3 800	424 221
RH Moopela	279 192	88 021	53 208	3 800	424 221
ZS Moshoeu	601 934	208 604	53 208	67 476	931 222
TJ Mosia	260 856	88 021	53 208	21 769	423 854
SH Motlatsi	345 073	22 140	53 208	3 932	424 353
MA Mphikeleli	260 769	88 021	53 208	21 855	423 853
IP Mphore	367 213	-	53 208	3 976	424 397
J Nel	367 213	-	53 208	3 976	424 397
GNP Nkone	300 792	66 421	53 208	3 843	424 264
ME Nqeobo	279 192	88 021	53 208	3 800	424 221
PV Nthuba	279 192	88 021	53 208	3 800	424 221
KM Ntoni	261 912	88 021	53 208	21 080	424 221
EP Phiri	367 213	-	53 208	3 976	424 397
LN Presente	279 192	88 021	53 208	3 800	424 221
HS Pretorius	279 192	88 021	53 208	3 800	424 221
MC Radebe	661 240	191 754	53 208	25 903	932 105
ML Radebe	601 934	208 604	53 208	67 476	931 222
SJ Ramalefane	601 934	208 604	53 208	67 476	931 222
PT Ramatisa	253 247	88 021	53 208	29 572	424 048
MJ Rantso	342 649	-	53 208	28 049	423 906
IS Scheurkogel	367 213	-	53 208	3 976	424 397
A Schoeman	279 192	88 021	53 208	3 800	424 221
LI Seane	367 213	-	53 208	3 976	424 397
AM Sithole	279 192	88 021	53 208	3 822	424 243
V Sotenjwa	261 912	88 021	53 208	21 080	424 221
R Steyn	277 965	73 800	53 208	18 966	423 939
RB Stofile	911 013	-	53 208	27 095	991 316
SDM Taljaard	261 912	88 021	53 208	21 080	424 221
RD Tau	367 213	-	53 208	3 976	424 397
TJ Thelingoane	687 034	135 819	53 208	36 339	912 400
KR Tlake	678 090	208 604	53 208	26 207	966 109
SE Tshabangu	279 192	88 021	53 208	3 800	424 221
SE Tsuinke	367 213	-	53 208	3 976	424 397
MJ Twala	161 988	-	26 175	1 778	189 941
MS Van Rooyen	279 192	88 021	53 208	3 800	424 221
NE Xaba Monjovo	607 426	208 604	53 208	64 122	933 360
	27 930 669	**4 901 637**	**3 821 360**	**1 329 786**	**37 983 452**

32. Depreciation and amortisation

	2025	2024
Property, plant and equipment	235 234 978	214 930 233

Figures in Rand	2025	2024

33. Impairment loss

Property, plant and equipment	48 658 806	1 836 429

The main classes of assets affected by impairment losses are as follows:

Infrastructure	48 658 806	788 171
Transport assets	-	275 028
Land and buildings	-	773 230
	48 658 806	**1 836 429**

In terms of GRAP 21 – Impairment of Non-cash-generating Assets, the municipality assessed whether there were indicators of impairment on its fire station assets following severe storm damage during the 2025 financial year.

Welkom Fire Station

Carrying amount: R3 049 483

Recoverable service amount (RSA): R4 507 881 (based on technical refurbishment cost estimate)

No impairment loss is recognized as the RSA is greater than the carrying amount.

Virginia Fire Station

Carrying amount: R938 302

Recoverable service amount (RSA): R3 575 041 (based on technical refurbishment cost estimate) No

impairment loss is recognized as the RSA is greater than the carrying amount.

Asset	Carrying Amount	Recoverable Service Amount	Impairment Loss
Welkom Fire Station	3 049 483	4 507 881	-
Virginia Fire Station	938 302	3 575 041	-
	3 987 785	**8 082 922**	**-**

No impairment losses were recognized for fire station assets during the year ended 30 June 2025, as the recoverable service amounts exceeded the carrying amounts.

34. Finance charges

Trade and other payables	147 452 943	242 872 235

35. Debt impairment

Contributions to debt impairment provision	1 338 041 469	1 014 423 682

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Bulk purchases

Electricity	863 096 998	736 691 001
Water	787 526 217	737 971 863
	1 650 623 215	**1 474 662 864**

Figures in Rand	2025	2024

36. Bulk purchases (continued)

Electricity losses

Units purchased (Kw/H)	387 431 587	390 223 707
Units sold (Kw/H)	(287 265 512)	(282 126 214)
Total loss	**100 166 075**	**108 097 493**

Rand value of loss:		
Non-technical losses	223 144 013	204 066 688

Percentage Loss:		
Non-technical losses	26 %	28 %

Electricity Losses

During the financial year ended 30 June 2025, the Municipality incurred electricity distribution losses estimated at approximately 26% (2024: 28%) of total electricity purchased. These estimates are based on reconciliations between bulk electricity purchases, metered consumption, and technical loss assessments, and are considered reasonable and supportable in accordance with GRAP 3.

Key Contributing Factors

- Aging and overloaded distribution infrastructure, resulting in technical losses.
- Faulty and bypassed meters, increasing reliance on estimated billing and leading to non-technical losses.
- Illegal connections and tampering within informal settlements and high-demand areas.
- Limited operational capacity for regular inspections, monitoring, and preventative maintenance.
- Historical constraints in metering and consumption monitoring systems

Financial Impact

These losses contributed to non-revenue electricity consumption, adversely impacting the Municipality’s ability to fully recover the costs of bulk electricity purchases. Nevertheless, management has maintained sufficient reconciliations and supporting evidence to substantiate the estimates disclosed.

Corrective Measures and Mitigation

To address and reduce electricity distribution losses, the Municipality has initiated a structured intervention programme which includes:

- Phased rollout of smart pre-paid meters to improve billing accuracy, prevent bypassing, and minimize reliance on estimates
- Network infrastructure upgrades and replacement of outdated transformers, conductors, and substations to reduce technical losses.
- Enhanced monitoring and control systems using smart grid technologies and consumption analytics.
- Community awareness programmes combined with targeted anti-tampering enforcement initiatives.
- Strengthening operational capacity through additional technical teams for inspections, maintenance, and enforcement.

Management’s Outlook

Management is confident that these initiatives, particularly the installation of smart metering systems and network upgrades, will materially reduce electricity distribution losses over the medium term. The applied estimates remain reasonable, verifiable, and compliant with GRAP disclosure requirements.

36. Bulk purchases (continued)

Water losses

	2025	2024
Units purchased (Kl)	50 379 744	51 283 660
Units sold (Kl)	(18 178 563)	(22 253 631)
Total	**32 201 181**	**29 030 029**

	2025	2024
Rand value of loss:		
Non-technical losses	500 070 128	417 742 117

	2025	2024
Percentage Loss:		
Non-technical losses	64 %	57 %

Nature and Extent of Losses

During the financial year ended 30 June 2025, the Municipality incurred water distribution losses estimated at approximately 64% (2024: 57%) of total water purchased. This is derived from reconciliations between bulk water purchases, metered consumption, and operational data and are considered reasonable and supportable in accordance with GRAP 3.

Key Contributing Factors

- Aging and deteriorating infrastructure, resulting in physical losses through leaks and pipe bursts.

- Faulty and stuck meters, necessitating limited reliance on estimated billing.

- Human resource constraints affecting comprehensive meter reading coverage.

- Historical operational inefficiencies in preventative maintenance and monitoring systems.

Financial Impact

These losses contributed to non-revenue water and adversely impacted the Municipality's ability to recover the full cost of bulk water purchases. Despite this, management has maintained sufficient supporting documentation to substantiate the estimates applied.

Corrective Measures and Mitigation

To address these historical challenges, the Municipality has adopted a structured intervention plan which includes:
- Phased installation of smart meters to enhance billing accuracy and reduce reliance on estimates.

- Targeted rehabilitation and replacement of aged water infrastructure, aligned with the Infrastructure Renewal Plan.

- Capacity-building measures to strengthen meter reading, leak detection, and preventative maintenance capabilities.

- Enhanced consumption monitoring and data analytics to improve reporting accuracy and control.

Management's Outlook

Management is confident that these corrective actions, particularly the deployment of smart metering technology and infrastructure upgrades, will materially reduce water distribution losses in future reporting periods. Accordingly, the applied estimates remain reasonable, supportable, and compliant with GRAP.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Contracted services

Professional services	40 264 558	48 060 514
Outsourced services	497 528	6 012 583
Meter reading services	2 378 286	4 446 613
Legal services	32 966 112	21 073 794
Security services	42 459 074	42 152 116
	118 565 558	**121 745 620**

Contractors		
Bore Waterhole Drilling	-	843 377
Maintenance of Buildings and Facilities	460 000	206 300
Sewerage Services	19 781 213	594 130

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being Outsourced instead.

38. General expenses

Advertising	7 389 784	11 142 695
Assets expensed	838 294	338 022
Audit fees	8 603 254	13 545 680
Bank charges	5 442 052	5 750 763
Cleaning	-	1 154 791
Commission paid	11 665 812	6 186 806
Community development and training	927 860	2 847 850
Consumables	71 739 285	35 684 656
Electricity	8 895 205	5 953 525
Entertainment	431 904	364 325
Fines and penalties	1 391 890	2 690 999
Fuel and oil	29 417 666	30 522 235
Insurance	283 627	6 646 315
Inventory written off	-	2 070 000
Medical expenses	2 579 765	-
Motor vehicle expenses	12 427 099	6 932 234
Other expenses	13 532 049	11 045 888
Royalties and license fees	15 843 911	8 535 971
Staff welfare	2 892 971	1 650 828
Subscriptions and membership fees	10 168 640	10 736 947
Telephone and fax	23 307 120	28 611 692
Training	-	744 953
Travelling costs	3 093 262	2 660 994
Uniforms	21 498 212	19 257 493
Ward committee members' remuneration	4 093 000	4 131 000
	256 462 662	**219 206 662**

39. Repairs and maintenance

Repairs and maintenance	15 303 415	32 434 802

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

40. Fair value adjustments

Investment property (Fair value model)	145 700 573	49 773 887
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	-	94 869
	145 700 573	**49 868 756**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortized cost	Total
Cash and cash equivalents	-	23 009 437	23 009 437
Other financial assets	568 885	-	568 885
Other receivables	-	55 559 903	55 559 903
Receivables from exchange transactions	-	1 795 175 329	1 795 175 329
Receivables from non-exchange transactions	-	33 607 935	33 607 935
	568 885	**1 907 352 604**	**1 907 921 489**

Financial liabilities

	At amortized cost	Total
Consumer deposits	50 945 984	50 945 984
Trade and other payables from exchange transactions	8 785 098 296	8 785 098 296
Concessionary loan	5 250 339 733	5 250 339 733
	14 086 384 013	**14 086 384 013**

2024

Financial assets

	At fair value	At amortized cost	Total
Cash and cash equivalents	-	44 171 709	44 171 709
Other financial assets	568 885	-	568 885
Other receivables	-	46 484 741	46 484 741
Receivables from exchange transactions	-	1 628 782 519	1 628 782 519
Receivables from non-exchange transactions	-	29 405 077	29 405 077
	568 885	**1 748 844 046**	**1 749 412 931**

Financial liabilities

	At amortized cost	Total
Consumer deposits	46 390 416	46 390 416
Trade and other payables from exchange transactions	7 392 551 736	7 392 551 736
Concessionary loan	5 250 339 733	5 250 339 733
	12 689 281 885	**12 689 281 885**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Commitments

Authorized capital expenditure

Already contracted for and provided for		
• Infrastructure	281 567 624	337 518 197
Total capital commitments		
Already contracted for and provided for	281 567 624	337 518 197

Total commitments

Total commitments		
Authorized capital expenditure	281 567 624	337 518 197

This committed expenditure relates to infrastructure projects and will be financed by funds internally generated and grants received.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Contingencies

Contingent liabilities

Several claims are in the process against the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:

Nature of litigation	Possible Rand value of claim 2025	Possible Rand value of claim 2024	Number of litigations 2025	Number of litigations 2024
Civil litigations	135 009 339	134 900 000	3	3
Claims for services rendered	2 206 113 108	1 409 001 820	110	119
Public liability claim	872 500	872 500	3	3
	2 341 994 947	**1 544 774 320**	**116**	**125**

Civil Litigation

Summons was issued against the Municipality by various plaintiffs for outstanding rates & taxes, monies owed and compliances in terms of the Deed of Cession.

Claims for Services Rendered

Various summons has been issued against the Municipality by plaintiffs for services that they rendered for the Municipality which are in dispute.

Public Liability Claim

These are claims that are made for injuries sustained as a result of accidents that occur on property that is open or accessible to the public.

43. Contingencies (continued)

Contingent assets

Several claims are in the process on behalf of the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:

Claims for services rendered

Relating to various claims from third parties for services rendered, such as providing water and electricity, property rates etc.

Nature of litigations	Possible Rand value of claim 2025	Possible Rand value of claim 2024	Number of litigations 2025	Number of litigations 2024
Claims for services rendered	6 500 000	1 500 000	3	2

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. 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 processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

Liquidity risk

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

At 30 June 2025	Up to 1 year	1 - 5 years	> 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	8 785 098 296	-	-	-
Concessionary loan	3 500 226 488	1 750 113 245	-	-

At 30 June 2024	Up to 1 year	1 - 5 years	> 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	7 392 551 736	-	-	-
Concessionary loan	1 750 113 245	3 500 226 488	-	-

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 counterparty.

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 utilization 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:		
Other financial assets	568 885	568 885
Other receivables	55 559 903	46 484 741
Receivables from non-exchange transactions	33 607 935	29 405 077
Receivables from exchange transactions	1 795 175 329	1 628 782 519
Cash and cash equivalents	23 009 437	44 171 709

45. Related parties

Relationships	
Accounting Officers	Refer to accounting officers' report note
Members of key management	Refer to note 30
Members of council	Refer to note 31

During the financial year, there were no members of key management with related party transactions.

Key management and councillors receive and pay for services on the same terms and conditions as other rate payers, these transactions are recorded at arm's length.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Prior period errors

During the preparation of the Annual Financial Statements for the year ended 30 June 2025, the municipality identified prior period errors relating to:

- the incorrect measurement of R110 000 in Investment Property.
- a R33 508 416 correction in Property, plant and equipment due to errors in the measurement of the cost in opening balance and the adjustment of accumulated depreciation.
- a R8 895 454 adjustment in Payables from exchange transactions to address the incorrect amount of R18 825 773 to Provisions and a R27 721 226 correction leave accruals.
- Receivables from non-exchange transactions and Receivables from exchange transactions were corrected by R49 159 694 and R56 232 705, respectively, due to errors in the provision for Debt Impairment amounting to R49 721 162.
- R75 670 201 was classified from Interest income exchange to Interest income non-exchange due to the nature of the transactions.
- Employee related cost amounting to R 70 705 640 was restated due to errors in the measurement of leave accruals.
- an R1 213 400 correction was made to Depreciation due to errors on the measurement of assets.
- Contracted services amounting to R800 430 and Repairs and maintenance amounting to R1 349 398 were incorrectly classified as General expenses of R 2 149 828.
- Commitments were restated to reflect necessary corrections amounting to R 24 000 000.
- The prior period errors did not affect Cash and cash equivalents or previously reported cash flows from operating, investing or financing activities. Accordingly, no restatement of cash flow line items was required

Statement of financial position

2024

	Note	As previously reported	Adjustment 2024	Restated
Investment property	10	2 099 212 887	110 000	2 099 322 887
Property, plant and equipment	11	3 951 237 340	(33 508 416)	3 917 728 924
Payables from exchange transactions	13	8 002 010 911	8 895 454	8 010 906 365
Provisions	18	122 982 155	18 825 773	141 807 928
Receivables from non-exchange transactions	6	407 070 167	(49 159 694)	357 910 473
Receivables from exchange transactions	5	1 684 927 499	(56 232 705)	1 628 694 794
Accumulated Deficit		(4 705 600 077)	(111 269 008)	(4 816 869 085)
		11 561 840 882	**(116 746 778)**	**11 445 094 104**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Prior period errors (continued)

Statement of financial performance

2024

	Note	As previously reported	Adjustment 2024	Restated
Interest income	25	539 453 698	(75 670 201)	463 783 497
Depreciation	32	(213 716 833)	(1 213 400)	(214 930 233)
Interest income on non-exchange	27	-	75 670 201	75 670 201
Employee related costs	30	(972 772 682)	(70 705 640)	(1 043 478 322)
Contracted services	37	(122 588 997)	(800 430)	(123 389 427)
General expenditure	38	(221 385 177)	2 149 828	(219 235 349)
Repairs and maintenance	39	(31 085 404)	(1 349 398)	(32 434 802)
Debt impairment and write-off	35	(964 702 520)	(49 721 162)	(1 014 423 682)
Deficit for the year		(273 686 576)	(121 640 202)	(395 326 778)
		(2 260 484 491)	**(243 280 405)**	**(2 503 764 896)**

Disclosure		As previously reported	Adjustment 2024	Restated
Commitments	42	313 518 197	24 000 000	337 518 239

Cash Flow Statement

	As previously reported	Adjustment 2024	Restated
Cash receipts from taxes, levies and fines	528 087 522	(168 718 298)	359 369 224
Sale of goods and services	473 244 416	270 510 664	743 755 080
Interest income	5 835 806	54 105 701	59 941 507
Other receipts	35 310 655	(20 971 447)	11 339 208
Employee costs	(947 517 859)	(14 872 337)	(962 390 196)
Suppliers	(923 288 368)	(35 599 641)	(958 888 009)
Finance Cost	-	(4 597 844)	(4 597 844)
Purchase of property, plant and equipment	(90 605 528)	(85 856 798)	(176 462 326)

Notes to the Annual Financial Statements

47. Going concern

The annual financial statements have been prepared on the going concern basis, as management has assessed Matjhabeng Local Municipality's ("the Municipality") ability to continue operating for the foreseeable future. In conducting this assessment, management considered both financial and operational indicators indicate the existence of a material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern. These indicators, as at 30 June 2025, are summarized below.

The Municipality remains in a net liability position, with the following indicators noted:

- The Municipality incurred a deficit of R871 618 930 (2024: R395 326 777).
- Total liabilities exceeded total assets by R5 879 577 803 (2024: (R4 872 311 538).
- A portion of the deficit arises from non-cash items which, although impacting reported performance, did not result in immediate cash outflows.

Based on current assets and current liabilities reflected in the Statement of Financial Position, management calculated the following liquidity ratios:

- Current ratio: 0.38:1 – current assets cover only 38% of current liabilities.
- Acid test ratio: 0.38:1 – quick assets cover only 38% of current liabilities.
- Cash ratio: 0.0022:1 – cash and cash equivalents can cover only 0.022% of current liabilities if they became immediately due.
- Creditors' days: Approximately 62 days, excluding bulk services creditors.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Going concern (continued)

Additional adverse indicators considered in the assessment include:

- Unauthorized expenditure amounting to R946 317 474 (2024: R1 048 403 955) resulting from overspending of the approved budget.
- Long-outstanding bulk accounts owed to:
  - Eskom: R1 586 717 577 (2024: R848 602 951) (excluding Debt Relief portion totalling R5 250 339 733)
  - Vaal Central Water: R6 841 210 884 (2024: R5 841 839 566)
- An increase in the debt impairment charge from R964 702 520 from the year to R1 313 471 990 in the current year.
- Repairs and maintenance expenditure of R15 303 415 (2024: R32 463 489), which remains below National Treasury's norms and standards.

Despite the above conditions, management is satisfied that the Municipality will continue to operate and meet its statutory obligations for the foreseeable future. This assessment is supported by actions undertaken, funding streams available, and significant interventions already in place:

- The Municipality retains the constitutional and legislative power to levy property rates and service charges, ensuring a continued revenue base.
- Acquisition of new fleet during the current financial year is expected to improve service delivery, thereby positively influencing revenue collection.
- Successful implementation of revenue enhancement initiatives, including Operation Patala, which focuses on the systematic recovery of arrear consumer accounts.
- The Municipality will continue to receive significant DORA grant allocations in the 2025/26 financial year, including:
  - Equitable Share: R777 731 000
  - MIG: R146 480 000
  - LGFMG: R3 000 000
  - INEPG: R14 246 000
  - EPWPIG: R1 687 000
- National Treasury approved the Municipality's participation in the Municipal Debt Relief Programme, effective 1 November 2023. Under this arrangement:
  - Eskom has suspended the charging of interest on the interim debt balance.
  - A third of the ring-fenced debt will be considered for annual write-off over a 36-month compliance period, potentially resulting in the write-off of R5 250 339 733.
  - The Municipality remains committed to full compliance with the programme's conditions and adopted resolutions to honour the payment arrangement
- Working capital management has shown improvement through the consistent payment of third-party obligations and the gradual stabilization of cash flows.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Going concern (continued)

- Council has resolved that the Municipal Manager may conclude lease and servitude agreements on its behalf. These arrangements are expected to generate recurring property-related revenue, strengthen cash inflows, and broaden the revenue base.

- In terms of Section 139(5)(a) and (c) of the Constitution, the Municipality is under the Financial Recovery Plan (FRP), which became effective 1 November 2025. The FRP provides a structured, legally enforceable framework to restore financial sustainability through expenditure control, revenue optimization, cash-flow stabilization, and institutional reforms. Management is of the view that the implementation of this plan, together with ongoing oversight and support from the Provincial Treasury and National Treasury, will materially improve the Municipality’s financial position over the medium term.

After considering all known conditions, uncertainties, mitigating actions, and the implementation of the FRP, management is satisfied that the going concern assumption remains appropriate. The Municipality is expected to continue operating and meeting its obligations for at least the next 12 months, and therefore the annual financial statements have been prepared on a going concern basis.

48. Events after the reporting date

At the time of preparing and submitting the annual financial statements, the following adjusting events were identified:

During a Council meeting held on 28 August 2025, Council resolved to approve the write-off of the following amounts:

1. Municipal debt - R92 522 499
2. Indigent debt - R643 147 060

Write-off of Unauthorized, Irregular, Fruitless and Wasteful Expenditure write-off

During the Council sitting of 2 December 2025, Council resolved to write-off the following amounts:

1. Unauthorized expenditure: R1 440 674 967

2. Irregular expenditure: R1 045 827 162

3. Fruitless and wasteful expenditure: R 390 766 115

Although these resolutions were taken after the reporting period, they provide new information about conditions that existed on 30 June 2025.

The following non-adjusting events were identified:

During the Council sitting of 2 December 2025, Council resolved to authorize an amount of R909 546 408 of Unauthorized expenditure incurred in the 2024/2025 financial year.

The resolution is a decision taken after the reporting period and does not provide new information about conditions that existed on 30 June 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Unauthorized expenditure as at 30 June 2025

Opening balance as previously reported	2 473 103 466	2 492 276 125
Add: Unauthorized expenditure	946 317 474	1 048 403 955
Less: Amount written off	(1 440 674 967)	-
Less: Amount authorized	(1 048 403 955)	(1 067 576 614)
Closing balance	**930 342 018**	**2 473 103 466**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	909 546 408	159 778 348
Cash	36 771 066	888 625 606
	946 317 474	**1 048 403 954**

Unauthorized expenditure relates to the overspending of the approved budget.

Details of investigations performed

Upon the conclusion of investigations, in its sitting of 30 January 2025 Council resolved to authorize Unauthorized expenditure.

In its Council sitting of 4 December 2025, Council resolved to write-off R1 440 674 967 of Unauthorized expenditure.

Investigations are still in progress regarding the remaining cases Unauthorized expenditure incurred

50. Fruitless and wasteful expenditure

Opening balance	239 024 031	339 841 917
Fruitless and wasteful expenditure	151 742 084	239 024 031
Less: Amount written off by council	(390 766 115)	(339 841 917)
Closing balance	**-**	**239 024 031**

Fruitless and wasteful expenditure includes interest levied for late payment of creditors.

Details of investigations performed

The fruitless and wasteful expenditure was investigated during the financial period by the Municipal Public Accounts Committee and determined to be irrecoverable and no criminal or disciplinary actions were taken.

In its sittings of 2 December 2024 and 4 December 2025, Council resolved to write off R239 024 031 and R151 742 084, respectively, in relation to Fruitless and Wasteful Expenditure incurred in the 2024 and 2025 financial years.

These decisions followed an assessment in terms of the applicable legislative and regulatory framework, which concluded that the amount is irrecoverable and that no further economic benefit will flow to the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Irregular expenditure

Opening balance	1 953 200 782	1 829 444 788
Add: Irregular expenditure	95 826 102	61 112 599
Add: Irregular Expenditure identified during the audit	-	62 643 395
Less: Amount written off by Council	(1 045 827 162)	-
Closing balance	**1 003 199 722**	**1 953 200 782**

Particulars of irregular expenditure as follows:

Non-compliance with the MFMA & Supply Chain Management regulations	95 826 102	123 755 994

Details of investigations performed

Irregular expenditure is being investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4) of the MFMA.

During its sitting of 2 December 2025, Council resolved to write-off amounts of Irregular expenditure amounting to R1 045 827 162 which comprises of amounts incurred from the 2016/2017 to the 2023/2024 financial years.

Investigations are still in progress regarding the remaining cases Irregular expenditure incurred

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organized local government (SALGA)

Opening balance	18 182 801	16 649 657
Current year subscription fee	10 868 895	10 533 144
Amount paid - current year	(12 675 071)	(9 000 000)
	16 376 625	**18 182 801**

Being the subscription fee to the South African Local Government Association (SALGA).

Audit fees

Opening balance	2 179 094	1 311 681
Current year audit fees	13 586 304	12 379 166
Interest charged	193 930	307 988
Amount paid - current year	(544 301)	(10 508 797)
Amount paid - previous years	(3 121 192)	(1 310 944)
	12 293 835	**2 179 094**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Accumulated surplus (continued)

PAYE, UIF and SDL

	2025	2024
Opening balance	19 443 492	18 693 743
Current year payroll deductions and council contributions	179 254 062	152 529 910
Amount paid - current year	(163 472 490)	(151 780 161)
Amount paid - previous years	(19 443 492)	-
	15 781 572	**19 443 492**

Pension and Medical Aid Deductions

	2025	2024
Opening balance	(22 266 456)	(34 972 656)
Current year payroll deductions and council contributions	258 052 675	146 921 227
Amount paid - current year	(192 751 819)	(134 215 027)
Amount paid - previous years	(21 000 861)	-
	22 033 539	**(22 266 456)**

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days:

30 June 2025	Total
AB Helepi	117 343
MA Khepeng	3 568
HA Mokhomo	69 393
NE Xaba Monjovo	5 254
IP Mphore	2 479
PV Nthuba	31 361
PT Ramatisa	3 171
LJ Rantso	91 907
SE Tshabangu	5 605
WJ Van Rensburg	21 446
	351 527

30 June 2024	Total
MP Buti	10 969
AB Helepi	109 833
WH Janse Van Rensburg	9 092
T Kalipa	5 663
MA Khepeng	9 253
ME Mahlaku	60 098
XN Masina	31 967
HA Mokhomo	112 197
IP Mphore	6 831
PV Nthuba	23 284
MJ Rantso	97 775
SE Tshabangu	75 177
NE Xaba Monjovo	7 841
	559 980

Where councillors have entered into repayment arrangements, compliance is monitored in accordance with the municipality's Credit Control Collection Policy.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Accumulated surplus (continued)

Supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may deviate from official procurement process in certain circumstances, provided the reasons for any deviations are recorded, reported to Council.

30 June 2025	Emergency
July 2024	4 365 153
August 2024	3 990 616
September 2024	3 478 261
December 2024	2 722 163
	14 556 193

30 June 2024	Emergency
August 2023	1 946 381
September 2023	2 124 878
October 2023	869 565
November 2023	1 352 566
December 2023	2 349 062
January 2024	2 436 054
February 2024	869 565
March 2024	3 705 652
April 2024	3 673 736
May 2024	3 889 828
June 2024	7 960 815
	31 178 102

53. Segment information

General information

Identification of segments

1. Basis of Segmentation

In accordance with GRAP 18 - Segment reporting, the municipality's activities are reported per service delivery function. Segmentation is aligned to the municipality’s organizational structure and integrated development plan priorities. Revenue and expenditure are allocated to segment to the extent that they are directly attributable or reasonably apportioned.

The main functional segments of Matjhabeng Local Municipality are:
- Governance and administration
- Community and public safety
- Economic and environmental services
- Trading services

2. Measurement Basis

- Segment revenue includes service charges, grants and other income directly attributable to a function.

- Segment expenditure includes employee costs, bulk purchases, depreciation and other costs incurred in the provision of services.

- Inter-segment transfers are eliminated on consolidation.

3. Segment report

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

2025

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Revenue						
External revenue from non-exchange transactions	-	53 441 065	-	-	1 485 982 426	1 539 946 751
External revenue from exchange transactions	-	84 755 836	154 229	246 884	3 298 814	1 693 802 675
Interest from non-exchange transactions	-	1 669 787 786	-	-	23 860 661	87 776 249
Interest revenue	-	521 193 469	-	-	20 544 637	541 738 107
Actuarial gains	-	-	-	65 626 828	-	65 626 828
Fair value adjustments	-	-	-	145 700 573	-	145 700 573
Gain on disposal of assets and liabilities	-	-	-	25 409 928	-	25 409 928
Total segment revenue	**-**	**2 329 178 156**	**154 229**	**236 9884 213**	**1 533 686 538**	**4 100 003 136**
Expenditure						
Total segment expenditure	-	(2 095 476 724)	(68 799 215)	(4 341 123)	(1 033 614 783)	(3 202 233 869)
Impairment loss	-	-	-	(48 658 806)	-	(48 658 806)
Depreciation and amortization	-	(146 599 960)	(50 357 685)	-	(38 277 333)	(235 234 979)
Interest expenses	-	-	-	-	(147 452 943)	(147 452 943)
Debt impairment	-	(1 068 230 843)	-	-	(269 810 626)	(1 338 041 469)
Total segment expenditure	**-**	**(3 310 307 528)**	**(119 156 900)**	**(52 999 929)**	**(1 489 155 684)**	**4 971 622 066**
Total segmental deficit	**-**	**(119 004 696)**	**(119 004 636)**	**(183 984 285)**	**44 530 854**	**(871 618 930)**

Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Assets						
Non-current assets	349 932 856	1 696 816 035	3 713 200 785	8 842 337	335 057 954	6 103 849 968
Current assets	(640 141 108)	(647 972 578)	-	7 080 259	4 777 279 384	3 496 245 957
Total segment assets	**(290 208 253)**	**1 048 843 458**	**3 713 200 785**	**15 922 596**	**5 112 337 339**	**9 600 095 925**
Liabilities						
Non-current liabilities	-	(1 750 113 245)	-	-	(583 479 375)	(2 333 592 620)
Current liabilities	-	(3 546 967 273)	-	-	(9 599 113 836)	(13 146 081 109)
Total segment liabilities	**-**	**(5 297 080 518)**	**-**	**-**	**(10 182 593 211)**	**(15 479 673 729)**

2024

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Revenue						
External revenue from non-exchange transactions	353 064 402	49 323 113	-	-	1 361 025 131	1 412 812 649
External revenue from exchange transactions	5 199 596	1 571 235 326	13 494	266 320	43 776 347	1 638 063 822
Interest income from non-exchange transactions	(50 212 638)	-	-	-	72 142 015	423 008 332
Interest revenue	-	449 508 625	-	-	82 513 553	463 783 497
Actuarial gains	-	-	-	22 381 768	-	22 381 768
Fair value adjustments	-	-	-	49 773 887	-	49 868 756
Total segment revenue	**308 051 360**	**2 070 067 063**	**13 494**	**72 421 975**	**1 559 270 065**	**4 009 823 956**
Expenditure						
Total segment expenditure	(310 646 677)	(1 658 363 190)	(55 230 731)	(3 055 429)	(903 886 997)	(2 944 514 502)
Depreciation and amortization	(197 233 484)	(14 330 702)	-	-	(3 366 047)	(214 930 233)
Interest expense	-	-	-	-	(242 872 235)	(242 872 235)
Debt impairment	-	(875 124 948)	-	-	(139 298 734)	(1 001 092 203)
Impairment loss	-	-	-	(1 836 429)		(1 836 429)
Total segment expenditure	**(507 880 161)**	**(2 547 818 840)**	**(55 230 731)**	**(4 891 858)**	**(1 289 424 012)**	**((4 390 007 694))**
Total segmental (deficit)	**(199 828 801)**	**(477 751 777)**	**(55 217 237)**	**(2 789 109)**	**299 873 834**	**(381 995 298)**

Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Assets						
Non-current assets	185 943 861	1 791 379 228	3 713 200 785	8 842 337	337 343 124	6 034 629 827
Current assets	(596 848 502)	(591 529 854)	-	7 080 259 2	4 291 827 309	3 110 332 792
Total segment assets	**(410 904 641)**	**1 199 852 375**	**3 713 200 785**	**15 922 596 3**	**4 626 891 506**	**9 144 962 619**
Liabilities						
Non-current liabilities	-	-	-	(3 466 196 985)	(642 670 673)	(4 108 867 658)
Current liabilities	-	(42 498 340)	-	4 740 797 008	(14 606 705 169)	(9 908 406 501)
Total segment liabilities	-	(42 498 340)	**-**	**(1 274 600 023)**	**(15 249 375 842)**	**(14 017 274 158)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Cash generated from operations

Deficit	(987 745 248)	(381 995 298)
Adjustments for:		
Depreciation and amortization	235 234 978	214 930 233
Loss on sale of assets and liabilities	(25 409 928)	-
Fair value adjustments	(145 700 573)	(49 868 756)
Impairment loss	48 658 806	1 836 429
Debt impairment	1 454 167 967	1 001 092 233
Employee benefit obligations - current service cost	29 115 490	29 175 269
Employee benefit obligations – finance cost	61 350 443	58 074 325
Non-cash donations and other in-kind benefits	(32 000 000)	-
Provision raises/increased - finance cost	(9 771 922)	(1 881 180)
Actuarial gains/losses	(65 626 828)	(22 381 768)
Other non-cash items		(347 338 131)
Changes in working capital:		
Inventories	2 359 652	(2 838 444)
Other receivables	(10 885 538)	(19 381 203)
Consumer debtors	(1 345 180 662)	(1 576 794 944)
Other receivables from non-exchange transactions	(374 543 597)	(238 929 298)
Trade and other payables from exchange transactions	1 484 739 369	1 245 511 547
VAT	(161 306 040)	(51 991 791)
Unspent conditional grants and receipts	1 728 143	44 358 709
Consumer deposits	4 555 568	2 912 263
Employee benefit obligation - expected payments	(3 461 717)	13 717 324
	160 278 183	**94 944 610**

55. Gain on landfill rehabilitation provision

In line with GRAP 17.27–30, where a reduction in the landfill rehabilitation provision exceeded the carrying amount of the related landfill rehabilitation asset, the excess was recognized directly in the Statement of Financial Performance.

Description of the asset

Reduction in landfill rehabilitation provision	29 520 136	-
Less: Applied against carrying amount of asset	(4 110 208)	-
Excess recognized in Statement of Financial Performance	**25 409 928**	**-**