Rand West City Local Municipality
(Registration number GT485)
Audited Financial Statements
for the year ended June 30, 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Mayoral committee	
Executive Mayor	Cllr. W. Matsheke
Deputy Executive Mayor	Cllr. N. Molatlhegi
Speaker	Cllr. S. Moumakwe
Council Whip	Cllr. M. Jokazi
Members of Mayoral Committee	MMC Corporate Support Services: Cllr. W. Njani MMC Finance: Cllr. D. Machaba MMC Economic Development and Planning: Cllr. S. Khenene MMC Human Settlement: Cllr. A. Zama MMC Health and Social Development: Cllr. U. Dickson MMC Water, Sanitation and Infrastructure: Cllr. D. Sithole MMC Sports, Recreation, Arts and Culture: Cllr. N. Ndzipho MMC Roads, Stormwater and Transport: Cllr. J. Legoete MMC Integrated Environmental Management: Cllr. N. Mapena MMC Public Safety: Cllr. D. Mbulula

General Information

Councillors	Cllr. A. Mosina (MPAC Chairperson) Cllr. L. Biyela (Ward 29) Cllr. M. Botha (Ward 09) Cllr. B. Dreyer (Ward 08) Cllr. G. Erasmus (Ward 04) Cllr. M. Brown (Ward 06) Cllr. C. Harrison (Ward 07) Cllr. H. Hild (Ward 20) Cllr. P. Faku (Ward 22) Cllr. K. Kati (Ward 30) Cllr. N. Kiewietz (Ward 10) Cllr. B. Legote (Ward 19) Cllr. T. Lerothodi (Ward 17) Cllr. T. Mabongo (Ward 01) Cllr. A. Moeng (Ward 11) Cllr. P. Mofokeng (Ward 31) Cllr. B. Nkosi (Ward 33) Cllr. N. Nobunga (Ward 35) Cllr. Z. Nkosi (Ward 24) Cllr. S. Ntsume (Ward 34) Cllr. J. Nyameni (Ward 13) Cllr. A. Saba (Ward 25) Cllr. A. Mabuya (Ward 26) Cllr. J. Thenjekwayo (Ward 02) Cllr. M. Tlhapiso (Ward 21) Cllr. T. Tlholoe (Ward 18) Cllr. K. Tsotetsi (Ward 14) Cllr. A. Tonder (Ward 03)
Proportional Representative Councillors	Cllr. X. Batalisi Cllr. F. Bergman Cllr. C. Brough Cllr. B. Green Cllr. I. Khoza Cllr. G. Kruger Cllr. J. Letlhake Cllr. T. Malema Cllr. S. Marumule Cllr. M. Matlaila Cllr. M. Moabi Cllr. P. Modise Cllr. T. Mokobane Cllr. N. Mrwetyana Cllr. M. Mthimkhulu Cllr. H. Munyai Cllr. D. Noah Cllr. M. Ramotlhale Cllr. C. Schade Cllr. L. Seloka

General Information

	Cllr. T. Stefane Cllr. F. Steffers Cllr. I. Thobeko Cllr. T. Tlhagale Cllr. L. Mafoko Cllr. L. Sebitso Cllr. L. Sekhokho
Accounting Officer	Mr T.C Ndlovu
Chief Financial Officer	Mr X Malindi
Regional Audit Committee	Dr L. Konar CA(SA) (Chairperson) Ms O. Sehunelo (Member) Mr C. Makgoba (Member) Ms K Mathatho (Member) Mr M. Maseko (Member) Mr F. Raseote (Alternative Member) Ms. J. Manthatha (Alternative Member)
Regional Performance Audit Committee	Mr P. Mongalo (Chairperson) Mr B. Ahmed (Member) Ms. J. Masite (Member) Mr. M. Nondwangu (Member) Ms. Z. Mongalo (Member) Mr. P. Khoza (Alternative Member) Mr. A. Mangokwana (Alternative Member)
Grading of local authority	Grade 4
Dermacation Code	GT485
Registered office	Corner Sutherland & Pollock Street Randfontein 1760
Postal address	P. O. Box 218 Randfontein 1760
Telephone Number	010 496 8900 011 693 1394
Municipal Website	www.randwestcity.gov.za
Bankers	First National Bank Ltd Nedbank Ltd
Auditors	Auditor General of South Africa (AGSA)
Legal representative	Panel of attorneys appointed:

General Information

	Buthelezi Vilakazi Inc, De Swardt Myambo Hlahla Attorneys, K Gcolotela and Peter Inc, Katlego Ralikhuvhana Mokgola Inc, Khumalo Masondo Attorneys, L Guzana Inc Attorneys, L Mafetsa Attorneys, Landiwe Kunene Inc, Madima Attorneys Inc, Majang and Associates Inc, Maluleke Inc T/A Maluks Attorneys, Mapongwana Attorneys Inc, Mashele Attorneys, Mncedisi Ndlovu and Sedumedi Attorneys, Mohuba Attorneys, Mojela Hlazo Attorneys Inc, Molefe Dlepu Inc, MT Matsau Inc, Nkadimeng Attorneys Inc, Nkosi Saabelo Inc, Padi Inc Attorneys, Peta Attorneys Inc, Phukubje Pierce Masithele Attorneys Inc, Salijee Govender van der Merwe Inc, Seleka Attorneys Inc, Sithole and Mokomane Attorneys, SM Vakalisa Inc, Smith van der Watt Inc, Straus Daly Inc and Wakaba, and Partners Inc
Currency and rounding off	South African Rand (ZAR) rounding off to nearest rand

Index

The reports and statements set out below comprise the audited financial statements presented to the council:

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MPAC	Municipal Public Accounts Committee
MEC	Member of the Executive Council
SDL	Skills Development Levy
SARS	South African Revenue Services
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
LED	Local Economic Development
INEP	Integrated Electrification Programme
MWIG	Municipal Water Infrastructure Grant
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
HSDG	Human Settlement Development Grant
FMG	Finance Management Grant
LGSETA	Local Government Sector Educational and Training Authority

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited financial statements and related financial information in this report. It is the responsibility of the accounting officer to ensure that the audited 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 audited financial statements and was given unrestricted access to all financial records and related data.

The audited financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines, and directives issued by the Accounting Standards Board.

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast from 1 July 2025 to June 30, 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The audited financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2025 and were signed by him:

Accounting Officer
T.C Ndlovu

Randfontein

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is an organ of the state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998, and operates in South Africa.

The net deficit of the municipality was R 324,572,668 (2024: surplus R 137,496,713).

2. Financial sustainability

The Municipality is currently faced with financial constraints which impact, amongst others, on its ability to meet its financial commitments and the provision of sustainable basic services. These constraints include amongst other things, cash flow challenges see note 55 for details.

3. Fruitless and wasteful expenditure

Given the current financial position of the municipality, there were instances where the municipality could not pay its creditors within 30 days and as a result incurred interest due to late payment of creditor accounts. The interest incurred in this respect was unavoidable and has been disclosed in the note 58.

4. Irregular expenditure

The municipality embarked on an overall review of the supply chain management function with aim to support and implement a sustainable change within supply chain management. As part of its review, management conducted a detailed review of contracts that were awarded by the municipality. This review included confirming the scope and extent of contracts that were irregular. See note 59 for irregular expenditure incurred.

5. Going concern

We draw attention to the fact that at June 30, 2025, the municipality had an accumulated surplus (deficit) of R 3,256,085,236 and that the municipality's total assets exceed its total liabilities by R 3,256,197,280.

The audited financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business. All impairments were measured and judged in line with past performances.

The ability of the municipality to continue as a going concern is dependent on a number of factors including the implementation of the revenue enhancement and cost containment strategies. The most significant is the continued funding by the National and Provincial governments for operational and capital activities. Refer to note 55 for details.

6. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements.

7. Accounting Officers' interest in contracts

The accounting officer has no interest in cotracts awarded, either direct or indirect.

8. Accounting Policies

The audited financial statements are prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board (ASB) and in accordance with Section 122(3) of the Municipal Financial Management Act, (Act No 56 of 2003).

Accounting Officer's Report

8. Accounting Policies (continued)

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraph 8, 10 and 11 of GRAP 3 (Revised - March 2024) and the hierachy approved in Directive 5 issued by the Accounting Standards Board.

9. Accounting Officer

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

Name
Mr T.C Ndlovu

10. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa of September 2009. The accounting officer discusses the responsibilities of management in this respect, at committee meetings and monitor the municipality's compliance with the code on a quarterly basis.

11. Bankers

For the year under review, the primary bank account of Rand West City Local Municipality was with First National Bank.

12. Auditors

Auditor General of South Africa (AGSA) will continue in office for the next financial period.

Accounting Officer
T.C Ndlovu

Statement of Financial Position as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	83,474,002	172,574,270
Trade and other receivables from exchange transactions	4	316,258,435	219,202,322
Receivables from non-exchange transactions	5	58,692,214	38,226,632
VAT receivable	16	44,636,204	-
Inventories	6	5,715,101	4,772,576
Current portion of long term receivables	7	2,151,814	2,474,245
Investments	8	6,424,325	5,762,090
		517,352,095	**443,012,135**
Non-Current Assets			
Non-current long term receivables	7	4,527,463	3,981,305
Biological assets that form part of an agricultural activity	9	441,500	578,000
Investment property	10	1,141,477,396	1,149,035,828
Property, plant and equipment	11	4,837,341,752	4,507,135,601
Intangible assets	12	6,708,188	6,932,296
Heritage assets	13	2,629,736	3,868,660
		5,993,126,035	**5,671,531,690**
Non-Current Assets		5,993,126,035	5,671,531,690
Current Assets		517,352,095	443,012,135
Total Assets		**6,510,478,130**	**6,114,543,825**
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	2,726,483,914	1,627,853,789
Payables from non-exchange transactions	15	17,992,393	15,776,395
VAT payable	16	-	35,967,867
Unspent conditional grants and receipts	17	49,777,531	186,604,048
Consumer deposits	18	70,726,186	68,872,681
Provisions	20	3,207,798	1,557,503
Finance lease obligation	19	32,422,421	17,626,955
		2,900,610,243	**1,954,259,238**
Non-Current Liabilities			
Employee benefit obligation	21	206,640,160	159,472,269
Provisions	20	107,000,007	163,363,917
Finance lease obligation	19	40,030,420	39,884,886
Eskom debt relief	14	-	215,596,640
		353,670,587	**578,317,712**
Non-Current Liabilities		353,670,587	578,317,712
Current Liabilities		2,900,610,243	1,954,259,238
Total Liabilities		**3,254,280,830**	**2,532,576,950**
Assets		6,510,478,130	6,114,543,825
Liabilities		(3,254,280,830)	(2,532,576,950)
Net Assets		**3,256,197,300**	**3,581,966,875**

* See Note 52

Statement of Financial Position as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revaluation reserve	22	112,044	1,308,969
Accumulated surplus		3,256,085,236	3,580,657,906
Total Net Assets		**3,256,197,280**	**3,581,966,875**

* See Note 52

Statement of Financial Performance as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	1,506,730,919	1,384,004,273
Rental of facilities and equipment	24	4,178,814	3,823,678
Interest received - investment	26	17,587,963	20,058,146
Interest received - exchange transactions	27	118,272,182	78,619,840
Income from agency services	28	21,715,823	22,020,876
Other income	29	9,111,241	297,320,434
Total revenue from exchange transactions		**1,677,596,942**	**1,805,847,247**
Revenue from non-exchange transactions			
Property rates	30	480,335,138	350,166,722
Interest received - non-exchange transactions	27	23,257,526	17,133,881
Government grants & subsidies	31	920,556,244	818,799,090
Public contributions and donations	32	79,465,670	12,911,329
Fines	25	15,987,803	13,525,339
Total revenue from non-exchange transactions		**1,519,602,381**	**1,212,536,361**
		1,677,596,942	1,805,847,247
		1,519,602,381	1,212,536,361
Total revenue		**3,197,199,323**	**3,018,383,608**
Expenditure			
Employee related costs	33	(683,987,279)	(630,820,586)
Remuneration of councillors	34	(36,969,119)	(35,769,476)
Depreciation and amortisation	35	(189,142,689)	(177,542,177)
Impairment loss of assets	36	(63,288,753)	49,171,483
Finance costs	37	(191,729,131)	(110,161,598)
Debt impairment	38	(526,864,269)	(493,526,937)
Bulk purchases	39	(1,132,289,522)	(953,047,488)
Inventory consumed	40	(395,655,572)	(377,155,911)
Contracted services	41	(207,750,859)	(150,691,365)
Transfers and subsidies	42	(13,300,647)	(720,000)
General expenses	43	(115,527,819)	(118,041,285)
Changes in existing decommissioning and restoration of landfill site	44	73,441,171	15,074,678
Total expenditure		**(3,483,064,488)**	**(2,983,230,662)**
		-	-
Total revenue		3,197,199,323	3,018,383,608
Total expenditure		(3,483,064,488)	(2,983,230,662)
Operating (deficit) surplus		**(285,865,165)**	**35,152,946**
Gain or loss on disposal of assets and liabilities	45	(20,777,817)	941,508
Fair value adjustments	46	10,624,345	57,519,696
Actuarial gains/(losses)	21	(28,554,031)	43,882,563
		(38,707,503)	**102,343,767**
Operating surplus/deficit		(38,707,503)	102,343,767
(Deficit) surplus before taxation		(324,572,668)	137,496,713
Taxation		-	-
(Deficit) surplus for the year		**(324,572,668)**	**137,496,713**

* See Note 52

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance at July 1, 2023	**1,308,969**	**3,443,161,183**	**3,444,470,152**
Changes in net assets			
Surplus/(Deficit) for the year	-	(25,891,801)	(25,891,801)
Prior year adjustments (note 52)	-	163,388,524	163,388,524
Total changes	-	137,496,723	137,496,723
Restated* Balance at July 1, 2024	**1,308,969**	**3,580,657,904**	**3,581,966,873**
Changes in net assets			
Revaluation of heritage assets *see note 22	(1,196,925)	-	(1,196,925)
Net income (losses) recognised directly in net assets	(1,196,925)	-	(1,196,925)
Surplus for the year	-	(324,572,668)	(324,572,668)
Total recognised income and expenses for the year	(1,196,925)	(324,572,668)	(325,769,593)
Total changes	(1,196,925)	(324,572,668)	(325,769,593)
Balance at June 30, 2025	**112,044**	**3,256,085,236**	**3,256,197,280**
Note(s)	22		

* See Note 52

Cash Flow Statement as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Taxation		361,831,318	293,017,701
Sale of goods and services		955,222,476	1,065,581,775
Grants		783,729,727	795,989,217
Interest income		158,455,436	10,222,685
Other receipts		39,075,381	112,853,776
		2,298,314,338	2,277,665,154
Payments			
Employee costs		(714,503,513)	(659,309,493)
Suppliers		(1,103,612,297)	(1,192,783,691)
Finance costs		(154,076,328)	(115,691,454)
		(1,972,192,138)	(1,967,784,638)
Total receipts		2,298,314,338	2,277,665,154
Total payments		(1,972,192,138)	(1,967,784,638)
Net cash flows from operating activities	47	**326,122,200**	**309,880,516**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(398,304,693)	(388,391,329)
Proceeds from sale of property, plant and equipment	11	-	6,425,550
Proceeds from sale of investment property	10	10,368,243	4,047,912
Purchase of heritage assets	13	(1)	-
Decrease/(Increase) in long term receivables		(2,153,177)	(8,719,443)
Net cash flows from investing activities		**(390,089,628)**	**(386,637,310)**
Cash flows from financing activities			
Finance lease payments		(25,132,840)	(1,136,850)
Net increase/(decrease) in cash and cash equivalents		**(89,100,268)**	**(77,893,644)**
Cash and cash equivalents at the beginning of the year		172,574,270	250,467,914
Cash and cash equivalents at the end of the year	3	**83,474,002**	**172,574,270**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,805,552,872	(39,595,699)	**1,765,957,173**	1,506,730,919	**(259,226,254)**	61.1
Rental of facilities and equipment	5,229,805	-	**5,229,805**	4,178,814	**(1,050,991)**	61.2
Interest received - exchange transactions	97,487,803	37,153,032	**134,640,835**	118,272,182	**(16,368,653)**	61.3
Income from agency services	27,500,000	349,262	**27,849,262**	21,715,823	**(6,133,439)**	61.4
Other income	20,028,805	194,000	**20,222,805**	9,111,241	**(11,111,564)**	61.5
Interest received - investment	16,500,000	5,892,710	**22,392,710**	17,587,963	**(4,804,747)**	61.6
Total revenue from exchange transactions	**1,972,299,285**	**3,993,305**	**1,976,292,590**	**1,677,596,942**	**(298,695,648)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	416,656,000	92,075,160	**508,731,160**	480,335,138	**(28,396,022)**	61.7
Licences and Permits	348,700	-	**348,700**	-	**(348,700)**	61.8
Interest received - non exchange transactions	-	-	**-**	23,257,526	**23,257,526**	61.3
Transfer revenue						
Government grants & subsidies	514,578,296	11,015	**514,589,311**	920,556,244	**405,966,933**	61.9
Public contributions and donations	-	-	**-**	79,465,670	**79,465,670**	61.10
Fines	22,545,528	-	**22,545,528**	15,987,803	**(6,557,725)**	61.11
Total revenue from non-exchange transactions	**954,128,524**	**92,086,175**	**1,046,214,699**	**1,519,602,381**	**473,387,682**	
Total revenue from exchange transactions	1,972,299,285	3,993,305	**1,976,292,590**	1,677,596,942	**(298,695,648)**	
Total revenue from non-exchange transactions	954,128,524	92,086,175	**1,046,214,699**	1,519,602,381	**473,387,682**	
Total revenue	**2,926,427,809**	**96,079,480**	**3,022,507,289**	**3,197,199,323**	**174,692,034**	
Expenditure						
Employee related costs	(605,411,345)	825,345	**(604,586,000)**	(683,987,279)	**(79,401,279)**	61.12
Employee costs - Remuneration of councillors	(31,998,143)	(3,271,342)	**(35,269,485)**	(36,969,119)	**(1,699,634)**	61.21
Impairment loss of assets	-	-	**-**	(63,288,753)	**(63,288,753)**	61.13
Changes in existing decommissioning and restoration of landfill site	-	-	**-**	73,441,171	**73,441,171**	61.14
Depreciation and amortisation	(177,185,702)	-	**(177,185,702)**	(189,142,689)	**(11,956,987)**	61.16
Finance costs	(55,223,378)	(30,560,000)	**(85,783,378)**	(191,729,131)	**(105,945,753)**	61.18
Debt Impairment	(203,291,802)	-	**(203,291,802)**	(526,864,269)	**(323,572,467)**	61.17
Inventory consumed	(319,659,672)	(40,047,160)	**(359,706,832)**	(395,655,572)	**(35,948,740)**	61.15
Bulk purchases	(1,015,489,123)	-	**(1,015,489,123)**	(1,132,289,522)	**(116,800,399)**	61.19
Contracted Services	(237,269,254)	(39,195,996)	**(276,465,250)**	(207,750,859)	**68,714,391**	61.22

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Transfers and Subsidies	(3,830,808)	-	**(3,830,808)**	(13,300,647)	**(9,469,839)**	61.20
General expenses	(276,657,662)	18,608,042	**(258,049,620)**	(115,527,819)	**142,521,801**	
Total expenditure	**(2,926,016,889)**	**(93,641,111)**	**(3,019,658,000)**	**(3,483,064,488)**	**(463,406,488)**	
	2,926,427,809	96,079,480	**3,022,507,289**	3,197,199,323	**174,692,034**	
	(2,926,016,889)	(93,641,111)	**(3,019,658,000)**	(3,483,064,488)	**(463,406,488)**	
Operating surplus (deficit)	**410,920**	**2,438,369**	**2,849,289**	**(285,865,165)**	**(288,714,454)**	
Gain or loss on disposal of assets and liabilities	-	-	**-**	(20,777,817)	**(20,777,817)**	61.19
Fair value adjustments	-	-	**-**	10,624,345	**10,624,345**	61.20
Actuarial gains	-	-	**-**	(28,554,031)	**(28,554,031)**	
	-	**-**	**-**	**(38,707,503)**	**(38,707,503)**	
	410,920	2,438,369	**2,849,289**	(285,865,165)	**(288,714,454)**	
	-	-	**-**	(38,707,503)	**(38,707,503)**	
Deficit before taxation	**410,920**	**2,438,369**	**2,849,289**	**(324,572,668)**	**(327,421,957)**	
Surplus before taxation	410,920	2,438,369	**2,849,289**	(324,572,668)	**(327,421,957)**	
Taxation	-	-	**-**	-	**-**	
Surplus for the year	**410,920**	**2,438,369**	**2,849,289**	**(324,572,668)**	**(327,421,957)**	
Capital expenditure and fund sources	-	-	**-**	-	**-**	
Transfers recognised – capital	(270,641,010)	(171,472,257)	**(442,113,267)**	(405,412,036)	**36,701,231**	61.9
Internally generated funds	(7,000,000)	(98,841,038)	**(105,841,038)**	(108,635,157)	**(2,794,119)**	61.9
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(277,230,090)**	**(267,874,926)**	**(545,105,016)**	**(838,619,861)**	**(293,514,845)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	319,503,072	(8,415,272)	**311,087,800**	5,715,101	**(305,372,699)**	
Investments	-	-	**-**	6,424,325	**6,424,325**	
Receivables from non-exchange transactions	585,094,693	(323,302,697)	**261,791,996**	58,692,214	**(203,099,782)**	
VAT receivables	133,833,277	-	**133,833,277**	44,636,204	**(89,197,073)**	
Receivables from exchange transactions	626,307,192	384,197,434	**1,010,504,626**	316,258,435	**(694,246,191)**	
Current portion of non-current receivables	2,880,259	-	**2,880,259**	2,151,814	**(728,445)**	
Deposits	1,636,775	-	**1,636,775**	-	**(1,636,775)**	
Cash and cash equivalents	238,841,703	11,930,732	**250,772,435**	83,474,002	**(167,298,433)**	
	1,908,096,971	**64,410,197**	**1,972,507,168**	**517,352,095**	**(1,455,155,073)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	475,416	-	**475,416**	441,500	**(33,916)**	
Investment property	303,613,397	(2,000,000)	**301,613,397**	1,141,477,396	**839,863,999**	
Property, plant and equipment	4,267,875,752	314,965,394	**4,582,841,146**	4,837,341,752	**254,500,606**	
Intangible assets	7,602,152	-	**7,602,152**	6,708,188	**(893,964)**	
Heritage assets	3,904,117	-	**3,904,117**	2,629,736	**(1,274,381)**	
Investments	446,378	-	**446,378**	-	**(446,378)**	
Trade and other receivables from exchange transactions	1,911,976	-	**1,911,976**	4,527,463	**2,615,487**	
	4,585,829,188	**312,965,394**	**4,898,794,582**	**5,993,126,035**	**1,094,331,453**	
Non-Current Assets	4,585,829,188	312,965,394	**4,898,794,582**	5,993,126,035	**1,094,331,453**	
Current Assets	1,908,096,971	64,410,197	**1,972,507,168**	517,352,095	**(1,455,155,073)**	
Total Assets	**6,493,926,159**	**377,375,591**	**6,871,301,750**	**6,510,478,130**	**(360,823,620)**	
Liabilities						
Current Liabilities						
Defined benefit obligations	38,819,234	-	**38,819,234**	-	**(38,819,234)**	
Finance lease obligation	-	-	**-**	32,422,421	**32,422,421**	
Payables from exchange transactions	540,195,423	86,971,955	**627,167,378**	2,726,483,914	**2,099,316,536**	
Payables from non-exchange transactions	17,598	186,004	**203,602**	17,992,393	**17,788,791**	
VAT payable	269,643,931	-	**269,643,931**	-	**(269,643,931)**	
Consumer deposits	340,530,364	-	**340,530,364**	70,726,186	**(269,804,178)**	
Unspent conditional grants and receipts	-	-	**-**	49,777,531	**49,777,531**	
Provisions	108,657,558	-	**108,657,558**	3,207,798	**(105,449,760)**	
	1,297,864,108	**87,157,959**	**1,385,022,067**	**2,900,610,243**	**1,515,588,176**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	40,030,420	**40,030,420**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Employee benefit obligation	181,390,548	-	**181,390,548**	206,640,160	**25,249,612**	
Provisions	150,860,261	-	**150,860,261**	107,000,007	**(43,860,254)**	
	332,250,809	**-**	**332,250,809**	**353,670,587**	**21,419,778**	
	1,297,864,108	87,157,959	**1,385,022,067**	2,900,610,243	**1,515,588,176**	
	332,250,809	-	**332,250,809**	353,670,587	**21,419,778**	
	-	-	**-**	-	**-**	
Total Liabilities	**1,630,114,917**	**87,157,959**	**1,717,272,876**	**3,254,280,830**	**1,537,007,954**	
Assets	6,493,926,159	377,375,591	**6,871,301,750**	6,510,478,130	**(360,823,620)**	
Liabilities	(1,630,114,917)	(87,157,959)	**(1,717,272,876)**	(3,254,280,830)	**(1,537,007,954)**	
Net Assets	**4,863,811,242**	**290,217,632**	**5,154,028,874**	**3,256,197,300**	**(1,897,831,574)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,670,942	-	**1,670,942**	112,044	**(1,558,898)**	
Accumulated surplus	4,862,140,300	290,217,632	**5,152,357,932**	3,256,085,236	**(1,896,272,696)**	
Total Net Assets	**4,863,811,242**	**290,217,632**	**5,154,028,874**	**3,256,197,280**	**(1,897,831,594)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	350,984,000	-	**350,984,000**	361,831,318	**10,847,318**	
Sale of goods and services	1,557,676,000	179,000	**1,557,855,000**	955,222,476	**(602,632,524)**	
Grants	792,219,306	270,324,310	**1,062,543,616**	783,729,727	**(278,813,889)**	
Interest income	-	-	**-**	158,455,436	**158,455,436**	
Other receipts	161,267,000	2,400,000	**163,667,000**	39,075,381	**(124,591,619)**	
	2,862,146,306	**272,903,310**	**3,135,049,616**	**2,298,314,338**	**(836,735,278)**	
Payments						
Employee costs	(605,411,000)	-	**(605,411,000)**	(714,503,513)	**(109,092,513)**	
Suppliers	(1,879,947,000)	-	**(1,879,947,000)**	(1,103,612,297)	**776,334,703**	
Finance costs	-	-	**-**	(154,076,328)	**(154,076,328)**	
	(2,485,358,000)	**-**	**(2,485,358,000)**	**(1,972,192,138)**	**513,165,862**	
Total receipts	2,862,146,306	272,903,310	**3,135,049,616**	2,298,314,338	**(836,735,278)**	
Total payments	(2,485,358,000)	-	**(2,485,358,000)**	(1,972,192,138)	**513,165,862**	
Net cash flows from operating activities	**376,788,306**	**272,903,310**	**649,691,616**	**326,122,200**	**(323,569,416)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(241,427,000)	(151,112,000)	**(392,539,000)**	(398,304,693)	**(5,765,693)**	
Proceeds from sale of investment property	-	-	**-**	10,368,243	**10,368,243**	
Decrease (increase) in long term receivables	-	-	**-**	(2,153,177)	**(2,153,177)**	
Purchases of heritage assets	-	-	**-**	(1)	**(1)**	
Net cash flows from investing activities	**(241,427,000)**	**(151,112,000)**	**(392,539,000)**	**(390,089,628)**	**2,449,372**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(25,132,840)	**(25,132,840)**	
Net increase/(decrease) in cash and cash equivalents	135,361,306	121,791,310	**257,152,616**	(89,100,268)	**(346,252,884)**	
Cash and cash equivalents at the beginning of the year	94,830,000	-	**94,830,000**	172,574,270	**77,744,270**	
Cash and cash equivalents at the end of the year	**230,191,306**	**121,791,310**	**351,982,616**	**83,474,002**	**(268,508,614)**	

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

Trade 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 judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Allowance for slow moving, damaged and obsolete stock

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

An assessment is made of the net realisable value or current replacement cost of inventory at the end of each reporting period where applicable, and subsequently a write down of inventory to the lower of cost or net realisable value is provided where applicable. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in surplus or deficit.

Fair value estimation

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

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

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

Impairment testing

The 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.

<u>Non-cash-generating units</u>
Non-cash-generating units are those assets (or group of assets) that are not managed with the objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable amount is the higher of the asset’s fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash generating assets which are managed on an ongoing basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the asset’s value in use as its recoverable service amount. The value in use of a non-cash generating unit/asset is defined as the present value of the asset’s remaining service potential. This can be determined using any of the following approaches:
• the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);
• the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
• The service unit’s approach (which could be used for example where a production unit’s model of depreciation is used).

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Cash-generating unit
Cash-generating units are those assets managed with the primary objective of generating a return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Managing an asset to generate a “commercial return” indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in managing the asset. The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction. If there is no binding sale agreement but an asset is traded in an active market, fair value is the asset's market price. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that the municipality could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties. In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach is generally used to identify the fair value. Costs to sell are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

Judgement
The extent to which the asset is managed with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be managed with the objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the objective of managing an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that the asset is a non-cash generating- or a cash-generating asset. Judgement is needed in these circumstances.

Provisions

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

Landfill sites
Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the provision is calculated by a qualified environmental scientist and represents the best estimate of the future expected cash flows to rehabilitate the landfill sites at year-end.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, and decrease the depreciation charge where useful lives are more than the previously estimated useful lives.

The estimated residual values are also based on management's judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

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

Significant Accounting Policies

1.6 Biological assets that form part of an agricultural activity

The municipality recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

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

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

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

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

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

1.7 Investment property

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

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

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

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

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

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

Fair value

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

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

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

Significant Accounting Policies

1.7 Investment property (continued)

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

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

Investment property is derecognised 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 recognised 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 recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the audited financial statements (see note).

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

1.8 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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.

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Infrastructure		
1. Roads and paving	Straight-line	5 - 80 years
2. Electricity	Straight-line	10 - 50 years
3. Water	Straight-line	10 - 40 years
4. Sewerage	Straight-line	12 - 20 years
5. Landfill site	Straight-line	15 - 30 years
Community		
Buildings	Straight-line	30 - 60 years
Recreational facilities	Straight-line	20 - 50 years
Security	Straight-line	5 years
Other property, plant and equipment		
Buildings	Straight-line	30 - 60 years
Specialist vehicles	Straight-line	5 - 20 years
Other vehicles	Straight-line	5 - 20 years
Furniture and fittings	Straight-line	3 - 18 years
Plant and machinery	Straight-line	2 - 20 years
Bins and containers	Straight-line	3 -18 years
Office equipment	Straight-line	3 - 18 years
Library books	Straight-line	5 - 25 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The land is considered to have an unlimited life, therefore, the land is not depreciated.

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

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

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement as at june 30, 2025.

Significant Accounting Policies

1.8 Property, plant and equipment (continued)

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

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

1.9 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Significant Accounting Policies

1.9 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Servitudes		Indefinite
Computer software, internally generated	Straight-line	3 - 10 years

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

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

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

1.10 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.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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.

Transfers

Significant Accounting Policies

1.10 Heritage assets (continued)

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

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

Derecognition

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

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

1.11 Financial instruments

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

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

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

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

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

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

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

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

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

A financial asset is:
- cash;
- a residual interest of another entity; or

1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.11 Financial instruments (continued)

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

Classification

Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortisation cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition.

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

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

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non - exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition and measurement

A financial instrument is recognised, when the Municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement - financial assets

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

1.11 Financial instruments (continued)

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot reliably be subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of Financial Performance.

Subsequent measurement – financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of Financial Performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

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 using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

Derecognition

The municipality derecognises a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
(b) the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
(c) 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 shall:
(i) derecognise the asset; and
(ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be 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 shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only 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 shall be accounted for as having extinguished the original financial liability, and a new financial liability recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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, shall be recognised 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 GRAP 23 on Revenue for non-exchange transactions.

1.12 Statutory receivables

Identification

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

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

Significant Accounting Policies

1.12 Statutory receivables (continued)

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

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

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

1.12 Statutory receivables (continued)

- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

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

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

1.13 Tax

Value Added Tax (VAT)

The municipality accounts for Value Added Tax (VAT) on an accrual basis for financial reporting purposes. However, the municipality is registered with the South African Revenue Service (SARS) for VAT on the payments (cash) basis in accordance with Section 15(2) of the Value-Added Tax Act, No. 89 of 1991.

VAT is levied on all taxable supplies of goods and services in accordance with the VAT Act. Output VAT is charged on all taxable goods sold and services rendered by the municipality, while input VAT is claimed on eligible goods and services acquired for municipal purposes, to the extent permitted by the VAT Act.

The net amount of VAT payable to or receivable from the South African Revenue Service (SARS) in respect of the current and prior periods is recognised in the statement of financial position.
VAT is recognised as a liability to the extent that it remains unpaid at the reporting date. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as a VAT asset.

1.14 Leases

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

1.14 Leases (continued)

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

Classification of a lease is made at the inception of the lease and is not changed unless both parties agree to change the provisions of the initial lease other than renewing it and the changes would have resulted in a different classification of the lease at its inception.

In the case of renewal or extension of the lease, accounting shall be applied from the inception of the renewal or extension.

Changes in estimates e.g., residual values, economic useful lives, and default payments shall not result in the reclassification of a lease.

Finance leases - lessor

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

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease. Lease payments relating to the period, excluding costs for services are applied against the gross investment in the lease to reduce both the principal and the unearned finance revenue.

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.15 Inventories

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

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

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

1.15 Inventories (continued)

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

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

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

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

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

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

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

Water Inventory
Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.16 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

Bank overdrafts which are repayable on demand forms an integral part of the entity’s cash management activities, and as such are included as a component of cash and cash equivalents.

1.17 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.

Designation

Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

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

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

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

Identification

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

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

Value in use

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

Reversal of impairment loss

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

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

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

1.18 Impairment of non-cash-generating assets

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

Designation

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

Identification

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

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

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

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

Value in use

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

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

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Reversal of an impairment loss

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

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

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

1.19 Employee benefits

Identification

Employee benefits

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

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

1.19 Employee benefits (continued)

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

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

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

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

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

A liability is recognised for accumulated leave, incentive/performance bonuses and other employee benefits when Rand West City Local Municipality has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

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

Post-employment benefits: Defined benefit plans

Recognition and measurement

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

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

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

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor),that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

Significant Accounting Policies

1.19 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for reimbursement.

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

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Termination benefits

Measurement

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

Contributions to defined contribution pension plans are charged to the Statement of Financial Performance as an employee expense in the period in which related services are rendered by the employee or as they fall due

Contributions that are expected to be wholly settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

1.20 Provisions and contingencies

Provisions:

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.20 Provisions and contingencies (continued)

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49.

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

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

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

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

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

Landfill site provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on Municipality's policy, taking into account current technological, environmental and regulatory requirements.

Significant Accounting Policies

1.20 Provisions and contingencies (continued)

The value of the provisions is based on the expected future cost to rehabilitate the various sites discounted back to the reporting date at the cost to capital. Costs include the initial estimate of the cost to rehabilitate the land, restoring the land, restoring the site, current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognized as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalized as part of the cost of those assets. These provisions are reviewed at least annually.

Subsequent changes in the obligation are 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. Where the decrease in the obligation exceeds the carrying amount of the asset, the excess is recognized immediately in Statement of Financial Performance.

Where the adjustment results in an addition to the cost of an asset, the municipality evaluates 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 municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount and account for any impairment loss in accordance with the relevant impairment policy.

Any unwinding of discount is charged to the statement of financial performance. The discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability.

Contingencies:

A **contingent liability** is:
A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the municipality; or
A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities excluding legal costs are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Municipality assesses the likelihood of outflows of resources or service potential on an annual basis to ensure that all contingent liabilities are appropriately disclosed.

A **contingent asset** is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

Contingent assets are disclosed in the notes to the annual financial statements, where an inflow of economic benefits or service potential is probable.

The Municipality continually assesses its contingent assets to ensure that developments are appropriately reflected in the financial statements. Where it become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognised in the financial statements in the period in which the change occurs.

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Significant Accounting Policies

1.22 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue arising from the provisioning of the services which is based on the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodically and revenue is recognised when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history or deemed consumption for households. The provisional estimates of consumption are recognised as revenue when billed. Adjustments to provisional estimates of consumption are made in the billing period when meters have been read. These adjustments are recognised as revenue in the billing period.

An accrual on a determined consumption factor is made for consumption not measured at the end of each reporting period Residential sanitation service charges are based on taking 30kl of water consumption and multiplying by the applicable tariff for the financial period. Business sanitation service charges is based on taking the twelve months water consumption multiply by the applicable. Basic sewerage is based on taking the area size of the property multiply by the applicable tariff.

Service charges relating to refuse removal are recognised monthly based on 240l bins collected weekly.

Revenue from the sale of prepaid electricity and water is recognised at the point of sale less unused electricity and water at the end of the financial period.

Significant Accounting Policies

1.22 Revenue from exchange transactions (continued)

Rental of facilities and equipment

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

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

Interest

Interest received - investment
Interest earned on investments is recognised on a time-proportionate basis that takes into account the effective yield on the investments.

Interest received - outstanding receivables
Interest earned on outstanding receivables are recognised on a time-proportionate basis and receivables are charged an interest rate of 10%.

Other income

Other income is miscellaneous revenue generated by the municipality and is recognised on an accrual basis.

1.23 Revenue from non-exchange transactions

Revenue from non-exchange transactions are transactions that are not exchange transactions where the municipality receives value from another entity without directly giving approximately equal value in exchange.

Property rates

Revenue from property rates is calculated from the date when the legal entitlement to this revenue arises and is recognised when billed. Collection charges are recognised when such amounts are legally enforceable and billed. Penalty interest on unpaid rates is recognised on a time proportion basis. A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

Conditional grants and receipts

Revenue received from conditional grants, donations, and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions, or obligations embodied in the agreement. Where the conditions have not yet been met, the receipt will be recognised as a liability (Unspent conditional grants and receipts).

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued. Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. Interest is not levied on overdue amounts.

Subsequently, Rand West City Local Municipality evaluates the recoverability of these fines to determine the recoverable amount. This takes into account settlement discounts, reductions in the amount payable offered, past history in terms of the successful prosecution and recovery of the fines. Rand West City Local Municipality does not recognise services in-kind as assets or revenue.

Public donations and contributions

Public donations and contributions are recognised on a cash receipt basis or, where the donation is in the form of property, plant, and equipment, when the risks or rewards of ownership have transferred to the Municipality. Public donations and contributions are measured at fair value.

1.24 Accounting by principals and agents

Identification

1.24 Accounting by principals and agents (continued)

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Recognition

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

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

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

1.25 Comparative figures

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

1.26 Unauthorised expenditure

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

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by Council, it is treated as an asset until it is recovered or written off as irrecoverable.

1.27 Fruitless and wasteful expenditure

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

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

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

Significant Accounting Policies

1.28 Irregular expenditure

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

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).

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

1.29 Revaluation reserve

When heritage assets carrying amounts are decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

Some or all of the revaluation surplus included in net assets in respect of a heritage asset shall be transferred directly to accumulated surpluses or deficits when it is derecognised. This involves transferring some or the whole of the surplus when the heritage assets to which the surplus relates are retired or disposed of.

Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

1.30 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

1.31 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2024 to 6/30/2025.

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

Significant Accounting Policies

1.31 Budget information (continued)

The audited 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.

1.32 Related parties

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

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

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

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

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

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

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

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

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

1.33 Events after reporting date

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

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

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

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

1.34 Receivables from exchange transactions

Definition and Recognition:
Receivables from exchange transactions arise from the revenue that accrued to the municipality directly in return for goods or services rendered in exchange for payment, such as service charges, rentals, or sales of goods. These receivables are initially recognised at fair value (the amount expected to be received) plus any transaction costs.

Significant Accounting Policies

1.34 Receivables from exchange transactions (continued)

Subsequent Measurement:
After initial recognition, receivables are measured at amortisation cost using the effective interest rate method less provision for impairment.

Impairment of Receivables and Write-offs
Receivables are assessed for impairment when there is objective evidence that not all amounts due to the municipality will be collected. The impairment allowance is the difference between the carrying amount of the receivable, and the present value of the expected future cash flows, discounted at the effective interest rate and is determined based on the impairment methodology using management's judgment and reasonable estimates.

Bad debts are written off as irrecoverable in the year in which they are identified, with proper approval by an appropriate delegated authority.

Reversal of Impairment:
If an event after recognition shows that an impaired receivable has improved (e.g., debtor repays), the impairment allowance is reversed. The reversal cannot increase the carrying amount beyond what it would have been without impairment, and is recognised as surplus or deficit in the statement of financial performance.

Classification:
Receivables due within 12 months from reporting date are classified as current assets and the average credit period on services rendered is 30 days from date of invoice.

Sundry debtors:
Sundry debtors represent miscellaneous receivables. These are also assessed for impairment, reducing their gross carrying amount.

1.35 Long-term receivables

Long-term receivables represent amounts owing to the municipality by consumer debtors who have entered into formal repayment arrangements to settle outstanding debts over an agreed period exceeding 12 months.

These receivables are recognised as assets at the time the repayment arrangement is concluded. The current portion being amounts due within 12 months after the reporting date is classified as a current asset, while the non-current portion being amounts due beyond 12 months after the reporting date, is classified as a non-current asset.

Long-term receivables are measured at amortised cost, less any impairment losses. An impairment represents a loss in the value of the receivable due to estimated uncollectability and is recognised as an expense in the Statement of Financial Performance. The carrying amount of the receivable is reduced through the use of an impairment allowance account.

1.36 Investments - current and long term

Current Investments:
Current investments are financial assets that are by their nature readily realisable and are intended to be held for not more than twelve (12) months from the date of acquisition. These typically include short-term deposits, money market instruments, or other liquid investments held for cash management purposes.

Long-term Investments:
Long-term investments represent financial assets held for a period exceeding twelve (12) months from the reporting date. These may include investments in equity instruments, bonds, fixed deposits, property investments, and other long-term instruments held for interest income, dividend income, or capital appreciation.

Measurement:
Investments are initially recognised at cost, being the fair value of the consideration given plus transaction costs directly attributable to the acquisition. Subsequent to initial recognition, investments are measured at fair value (market value) at the reporting date, as this generally provides the most reliable evidence of value.

Any increase or decrease in the carrying amount of investments arising from a change in fair value is recognised in the Statement of Financial Performance for the period.

Significant Accounting Policies

1.37 Payables from exchange transactions

Payables from exchange transactions represent financial liabilities arising when the municipality acquires goods or services in exchange for monetary consideration. These amounts are recognised when the goods or services are received and are stated at their nominal value.

The carrying amounts of these payables approximate their fair value due to their short-term nature and the limited time to maturity of these instruments.

1.38 Payables from non-exchange transactions

Payables from non-exchange transactions represent financial liabilities owed by the municipality for which no direct exchange of goods or services has occurred. These typically arise from statutory obligations, such as taxes, levies, or other transfers payable.

These payables are stated at their nominal value, and their carrying amounts approximate fair value due to the short period to maturity of these instruments.

1.39 Unspent conditional grants

Unspent conditional grants represent funds received from National or Provincial Government or other external parties that remain unspent at the end of the financial year. These grants are subject to specific conditions stipulating how and when the funds must be utilised.

The unspent portion of such grants is recognised as a current liability until the conditions attached to the grant are fulfilled. Once the municipality has complied with the conditions, the liability is reduced, and the corresponding amount is recognised as revenue in the Statement of Financial Performance. If the conditions are not met and the funds are required to be returned to the funder, the liability remains until repayment.

1.40 Consumer deposits

Consumer deposits serve as partial security for the future payment of accounts. All consumers are required to pay a deposit equivalent to approximately two months’ consumption of electricity and water services.

These deposits are recognised as current liabilities, as they are refundable to the consumer upon termination of the related service agreement and settlement of all outstanding amounts. No interest is paid on consumer deposits.

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 for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be a material impact

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	No effective date as yet	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date as yet	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	No effective date as yet	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be a material impact

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	April 1, 2023	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	April 1, 2023	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	April 1, 2023	Unlikely there will be a material impact

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	10,847,574	3,882,833
Short-term deposits	72,626,428	168,691,437
	83,474,002	**172,574,270**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2025	June 30, 2024	June 30, 2023
FNB - Primary account - 62738742982	2,088,578	1,838,353	4,431,370	1,827,844	1,838,353	4,422,133
FNB - Consumers account - 62738744045	4,253,850	782,914	2,988,912	5,078,697	1,881,618	3,558,938
FNB - Licensing account - 62738744607	193,419	37,024	37,656	568,844	72,275	264,698
FNB - Fines account - 62738745811	269,903	54,115	175,992	277,903	54,115	195,309
FNB - Prepaid account - 62756388510	21,507	36,475	12,805	3,094,288	36,475	12,805
FNB - Call account - 62738951377	417,794	641,837	32,676,091	417,794	641,837	32,676,091
FNB - HSDG - 63020916227	45,163,379	147,875,046	200,898,730	45,163,379	147,875,046	200,898,730
FNB - MIG - 63020918596	4,145,844	81,991	86,653	4,145,844	9,240,267	86,653
FNB - SRAC - 63020915310	182,544	915,605	116,457	182,544	915,605	116,457
FNB - WSIG - 63020919156	13,345,201	9,240,267	257,400	13,345,201	1,342,443	257,400
FNB - INEP - 63020895801	128,029	1,342,443	32,887	128,029	81,991	32,887
INVESTEC - Call account - 50007880918	9,060,720	8,424,278	7,788,590	9,060,717	8,424,275	7,788,590
NEDBANK - Investment account - 11987622	182,918	169,970	157,223	182,918	169,970	157,222
Total	**79,453,686**	**171,440,318**	**249,660,766**	**83,474,002**	**172,574,270**	**250,467,913**

The municipality uses the FNB call accounts to ring-fence conditional grant funds it receives, and included in the bank balance of R 79,453,686 is unspent conditional grants of R 49,777,531.

The differences between the bank statement balances of R 79,453,686 and the cash book balances of R 83,474,002 is due to reconciling items.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions

Gross balances		
Electricity	332,236,852	276,869,660
Water	450,650,351	596,446,962
Sewerage	227,450,588	278,189,881
Refuse	214,623,399	268,628,795
VAT	178,581,481	40,500,628
Other (Rental, interest, reconnection fees)	575,343,358	164,221,794
	1,978,886,029	**1,624,857,720**

Less: Allowance for impairment		
Electricity	(160,757,088)	(168,005,671)
Water	(418,163,666)	(537,364,838)
Sewerage	(216,454,865)	(256,403,106)
Refuse	(202,476,075)	(251,767,021)
VAT	(158,355,568)	(39,954,529)
Other (Rental, interest, reconnection fees)	(506,420,332)	(152,160,233)
	(1,662,627,594)	**(1,405,655,398)**

Net balance		
Electricity	171,479,764	108,863,989
Water	32,486,685	59,082,124
Sewerage	10,995,723	21,786,775
Refuse	12,147,324	16,861,774
VAT	20,225,913	546,099
Other (Rental, interest, reconnection fees)	68,923,026	12,061,561
	316,258,435	**219,202,322**

Electricity		
Current (0 -30 days)	172,884,486	108,600,642
31 - 60 days	15,309,373	12,926,966
61 - 90 days	7,650,383	10,572,351
91 - 120 days	8,691,370	9,402,927
121 - 365 days	44,261,384	42,370,548
> 365 days	83,439,856	92,996,226
Less: Allowance for impairment	(160,757,088)	(168,005,671)
	171,479,764	**108,863,989**

Water		
Current (0 -30 days)	38,538,812	61,483,426
31 - 60 days	18,113,712	24,202,097
61 - 90 days	11,708,152	16,914,682
91 - 120 days	12,615,819	15,229,425
121 - 365 days	82,580,431	137,781,785
> 365 days	287,093,425	340,835,547
Less: Allowance for impairment	(418,163,666)	(537,364,838)
	32,486,685	**59,082,124**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Sewerage		
Current (0 -30 days)	19,738,682	23,891,126
31 - 60 days	5,534,934	6,909,657
61 - 90 days	5,275,373	6,593,527
91 - 120 days	5,209,383	6,234,171
121 - 365 days	37,037,448	48,327,859
> 365 days	154,654,768	186,233,541
Less: Allowance for impairment	(216,454,865)	(256,403,106)
	10,995,723	**21,786,775**

Refuse		
Current (0 -30 days)	21,007,577	18,344,209
31 - 60 days	7,374,911	6,402,434
61 - 90 days	4,694,345	5,790,697
91 - 120 days	4,488,299	5,613,551
121 - 365 days	31,143,384	46,503,599
> 365 days	145,914,883	185,974,305
Less: Allowance for impairment	(202,476,075)	(251,767,021)
	12,147,324	**16,861,774**

VAT		
Current (0 -30 days)	27,568,857	1,522,781
31 - 60 days	6,949,522	1,106,257
61 - 90 days	4,605,488	1,073,242
91 - 120 days	4,904,559	1,052,077
121 - 365 days	30,249,286	8,216,283
> 365 days	104,303,770	27,529,988
Less: Allowance for impairment	(158,355,569)	(39,954,529)
	20,225,913	**546,099**

Other (rental, interest, reconnection fees)		
Current (0 -30 days)	55,067,001	5,344,429
31 - 60 days	15,452,793	3,031,690
61 - 90 days	12,593,374	1,001,641
91 - 120 days	12,721,247	1,288,945
121 - 365 days	82,373,771	13,194,806
> 365 days	397,135,172	140,360,283
Less: Allowance for impairment	(506,420,332)	(152,160,233)
	68,923,026	**12,061,561**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	146,863,425	54,083,507
31 - 60 days	42,225,990	35,210,260
61 - 90 days	33,897,914	32,528,178
91 - 120 days	38,432,321	30,956,618
121 - 365 days	247,807,282	254,583,362
> 365 days	1,002,816,731	862,845,544
	1,512,043,663	1,270,207,469
Less: Allowance for impairment	(1,387,337,059)	(1,217,668,778)
	124,706,604	**52,538,691**

Industrial/ commercial		
Current (0 -30 days)	97,641,600	52,987,447
31 - 60 days	24,437,935	17,528,652
61 - 90 days	10,561,132	8,194,114
91 - 120 days	8,535,038	6,739,787
121 - 365 days	44,753,352	32,395,922
> 365 days	99,720,633	76,929,428
	285,649,690	194,775,350
Less: Allowance for impairment	(196,365,988)	(137,665,786)
	89,283,702	**57,109,564**

National and provincial government		
Current (0 -30 days)	2,772,178	107,780,225
31 - 60 days	437,724	807,522
61 - 90 days	331,995	347,560
91 - 120 days	261,639	274,724
121 - 365 days	1,722,250	1,902,418
> 365 days	9,925,260	7,700,519
	15,451,046	118,812,968
Less: Allowance for impairment	(2,120,609)	(1,829,753)
	13,330,437	**116,983,215**

Other account types		
Current (0 -30 days)	87,528,211	3,543,434
31 - 60 days	1,633,596	1,032,666
61 - 90 days	1,736,072	876,288
91 - 120 days	1,401,679	849,969
121 - 365 days	13,362,819	7,513,176
> 365 days	60,079,252	38,281,401
Subtotal	165,741,629	52,096,934
	(76,803,938)	(48,491,080)
	88,937,691	**3,605,854**

Total		
Current (0 -30 days)	321,257,699	219,186,613
31 - 60 days	68,735,245	54,579,100
61 - 90 days	46,527,113	41,946,139
91 - 120 days	48,630,677	38,821,097
121 - 365 days	334,741,135	284,348,646

Notes to the Audited Financial Statements

Figures in Rand	2025	2024
4. Receivables from exchange transactions (continued)		
> 365 days	1,158,994,160	985,976,124
	1,978,886,029	1,624,857,719
Less: Allowance for impairment	(1,662,627,594)	(1,405,655,397)
	316,258,435	**219,202,322**
Less: Allowance for impairment		
Current (0 -30 days)	(179,371,749)	(104,518,263)
31 - 60 days	(47,773,166)	(48,280,881)
61 - 90 days	(44,325,498)	(44,364,946)
91 - 120 days	(42,102,423)	(35,921,088)
121 - 365 days	(253,658,316)	(260,367,853)
> 365 days	(1,095,396,442)	(912,202,367)
	(1,662,627,594)	**(1,405,655,398)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,405,655,398)	(1,065,020,343)
Contributions to allowance	(256,972,196)	(340,635,055)
	(1,662,627,594)	**(1,405,655,398)**

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors 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:

The credit quality of each consumer debtor is reviewed in consideration of any and all other specified risk assessments based on: the active status of each debtor; the ownership of the properties within the municipal jurisdiction; the category of use of each debtor property; and the debt ageing status of each account in consideration.

Accordingly, management believes that there is no further credit provision required in excess of the debt impairment allowances made.

Receivables from exchange transactions impaired

As of June 30, 2025, consumer debtors of R 1,978,886,029 - (2024: R 1,636,977,948) were impaired and provided for.

The amount of the provision was R 1,662,627,594 - as of June 30, 2025 (2024: R 1,405,655,398).

Rand West City Municipality has not discounted receivables from exchange transactions.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions

Fines	2,624,811	2,741,901
Property rates	56,067,403	35,484,731
	58,692,214	**38,226,632**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security for liabilities.

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

The credit quality of 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:

As of 30 June 2025, receivables from non-exchange transactions of R 58,692,215 (2024: R 38,226,632) were assessed for impairment and provided for.

Receivables from non-exchange transactions

The ageing of receivables in respect to property rates is as follows:		
Current (0 -30 days)	60,705,994	27,437,461
31 - 60 days	22,569,760	11,302,412
61 - 90 days	17,847,080	9,159,346
91 - 120 days	16,501,685	8,771,300
121 - 365 days	71,238,911	64,754,141
>365 days	188,116,749	205,133,618
Less: Allowance for impairment	(320,912,775)	(291,073,547)
	56,067,404	**35,484,731**

Summary of receivables from property rates by customer classification		
Consumers		
Current (0 -30 days)	25,417,587	12,735,577
31 - 60 days	5,028,693	7,030,545
61 - 90 days	4,793,902	5,478,615
91 - 120 days	4,808,321	5,194,311
121 - 365 days	30,354,208	37,417,732
>365 days	109,308,967	114,552,092
Less: Allowance for impairment	(156,082,084)	(179,660,701)
	23,629,594	**2,748,171**

Industrial / commercial		
Current (0 -30 days)	34,445,465	8,805,046
31 - 60 days	15,685,936	3,337,590
61 - 90 days	11,768,261	2,758,976
91 - 120 days	10,642,751	2,700,320
121 - 365 days	33,362,510	17,231,160
>365 days	49,521,387	55,449,213
Less: Allowance for impairment	(129,201,278)	(80,133,532)
	26,225,032	**10,148,773**

National and provincial government		
Current (0 -30 days)	1,246,279	4,955,597
31 - 60 days	611,163	137,424
61 - 90 days	195,984	128,746
91 - 120 days	99,839	127,698
121 - 365 days	903,948	3,419,041
>365 days	4,424,958	13,689,385
Less: Allowance for impairment	(127,541)	(308,467)
	7,354,630	**22,149,424**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Other account types

	2025	2024
Current (0 -30 days)	(403,336)	941,242
31 - 60 days	1,243,969	796,853
61 - 90 days	1,088,932	793,010
91 - 120 days	950,774	748,971
121 - 365 days	6,618,244	6,686,208
>365 days	24,861,435	21,442,927
Less: Allowance for impairment	(35,501,872)	(30,970,847)
	(1,141,854)	**438,364**

Reconciliation of allowance for impairment

	2025	2024
Opening balance	(291,073,547)	(186,701,490)
Contribution to Allowance	(29,839,228)	(104,372,057)
	(320,912,775)	**(291,073,547)**

Traffic Fines
Reconciliation of gross balance to net balances

	2025	2024
Receivables from traffic fines	41,334,718	37,588,216
Less: Allowance for Impairment	(38,709,907)	(35,127,165)
	2,624,811	**2,461,051**

Included in the gross traffic fines balance is the interest expense of R 8,680,291 (2024: R 9,588,813).

Reconciliation of allowance for impairment

	2025	2024
Opening balance	(35,127,165)	(26,758,444)
Provision for impairment	(3,582,742)	(8,368,721)
	(38,709,907)	**(35,127,165)**

Summary of allowance for impairment in the Statement of Financial Performance

	2025	2024
Property rates	(29,839,228)	(104,372,057)
Traffic fines	(3,582,742)	(8,368,721)
	(33,421,970)	**(112,740,778)**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

6. Inventories

Water	770,239	729,888
Milk	422	1,400
Consumable stores	4,944,440	4,041,288
	5,715,101	**4,772,576**

Refer to note 45 for inventory surplus/loss.

Inventory pledged as security

No inventory was pledged as security for facilities.

7. Long term receivables

Consumer receivables with long term arrangements	6,679,277	6,455,550

Reconciliation of gross balances to net balances		
Long term receivables	26,717,108	24,563,931
Allowance for impairment	(20,037,831)	(18,108,381)
	6,679,277	**6,455,550**

Reconciliation of allowance for impairment		
Opening balance	(18,108,381)	(11,551,226)
Decrease or (increase) in allowance for impairment	(1,929,450)	(6,557,155)
	(20,037,831)	**(18,108,381)**

Non-current portion	4,527,463	3,981,305
Current portion	2,151,814	2,474,245
	6,679,277	**6,455,550**

Long term receivables:
Long term receivables are consumers who enter into an arrangement to pay off their debts over an agreed period of time as per the approved credit control policy. All long term receivables that are past due were considered to be impaired. At 30 June 2025 all long term receivables that were past due were impaired.

Long term receivables pledged as security:
No long term receivables were pledged as security for liabilities.

Long term receivables impaired:
At 30 June 2025, long term receivables of R 26,717,108 (30 June 2024: R 24,563,931) were assessed for impairment and provided for. The amount of provision was R 20,037,831 as of 30 June 2025 (30 June 2024: 18,108,381).

Figures in Rand	2025	2024

8. Investments

Residual interest at cost		
Bonds	6,424,325	5,762,090
The above is a zero coupon bond investment held with Stanlib for a period of 20 years from 2 July 1998. The bond matured and the municipality withdrew it partially. During the current financial year the investment increased by R 662,235 (2024: R 419,876) which is interest income received and capitalised on the investment. Management kept the investment as current asset to gain interest on the available balance on the investment and to have immediate access to fund internal operations when deemed necessary by management.		
Current assets		
At amortised cost	6,424,325	5,762,090

Financial assets pledged as collateral

Collateral

The above investment is not pledged as security on any borrowings.

9. Biological assets that form part of an agricultural activity

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Dairy cattle	441,500	-	441,500	578,000	-	578,000

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

	Opening balance	Disposals	Fair value adjustments	Total
Cattle	578,000	(201,500)	65,000	441,500

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

	Opening balance	Disposals	Fair value adjustments	Total
Cattle	589,000	(140,500)	129,500	578,000

Details of biological assets

Quantities of each biological asset	2025	2024
Cows in production	15	3
Cows not in production	4	2
Heifers	4	11
Calves	12	36
Bulls	1	1
	36	**53**

Reconciliation of cows during 2025	Opening Balance	Death	Sales	Births	Matured to Milk	Total
Cows in production	3	(5)	-	-	17	15
Cows not in production	2	-	-	-	2	4
Heifers	11	(5)	-	-	(2)	4
Calves	36	(12)	-	5	(17)	12
Bulls	1	-	-	-	-	1
Subtotal	53	(22)	-	5	-	36
	53	**(22)**	**-**	**5**	**-**	**36**

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.

The total number of biological assets decreased from 53 cows in 2024 to 36 cows in 2025 as a result of the above stated number of deaths (22), and births (5).

Pledged as security

No biological assets were pledged as security for liabilities.

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

Details of valuation

The effective date of the valuation was 30 June 2025. Valuations were performed by an independent valuer P Mabelane who is independent and is not connected to the municipality, he has recent experience in the valuation of biological assets.

The valuation was based on open market values where cows are verified and assessed on an individual basis.

The nature of the biological assets in cows held for milk production at 30 June 2025 produced an output of 315 litres of milk selling at R 7,00 per litre.

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	1,141,477,396	-	1,141,477,396	1,149,035,828	-	1,149,035,828

Reconciliation of investment property - 2025

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	1,149,035,828	(15,528,750)	(2,590,000)	10,560,318	1,141,477,396

Reconciliation of investment property - 2024

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1,087,520,000	4,125,425	57,390,403	1,149,035,828

Pledged as security

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

Investment property in the process of being constructed or developed

No investment property is in the process of being constructed or developed.

Details of 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.

Details of valuation

The effective date of the revaluations was 30 June 2025.

Revaluations were performed by an independent valuer Mr Peter P. Mabelane – Professional Valuer 2SACPVP (5063) registered with the South African Council for Property Valuer Profession (SACPVP) as a prefessional valuer and also a member of the South African Institute of Valuers. Mr Peter P. Mabelane is not connected to the municipality and has recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

During the year no repairs and maintenance expenditure was incurred on investment properties and there were no commitments for the purchase of investment property at year end.

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

Notes to the Audited Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,889,675,854	(1,049,559,491)	840,116,363	1,887,244,369	(1,047,006,368)	840,238,001
Buildings	435,043,486	(376,848,430)	58,195,056	437,263,883	(375,844,935)	61,418,948
Infrastructure	7,945,573,434	(4,391,055,143)	3,554,518,291	7,598,338,119	(4,326,992,287)	3,271,345,832
Community	662,652,309	(417,075,587)	245,576,722	621,934,767	(405,924,124)	216,010,643
Leased assets	98,722,532	(30,797,229)	67,925,303	58,648,689	(2,315,127)	56,333,562
Library books	20,756,886	(15,258,114)	5,498,772	20,584,313	(13,791,023)	6,793,290
Other property, plant and equipment	156,808,823	(91,297,578)	65,511,245	135,390,793	(80,395,468)	54,995,325
Total	**11,209,233,324**	**(6,371,891,572)**	**4,837,341,752**	**10,759,404,933**	**(6,252,269,332)**	**4,507,135,601**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Donations	Derecognition/ Disposals	Reclassification	Depreciation	Impairment loss	Impairment reversal	Total
Land	840,238,001	-	-	(121,638)	2,590,000	-	(2,590,000)	-	840,116,363
Buildings	61,418,948	969,750	-	(162,119)	-	(3,812,957)	(218,566)	-	58,195,056
Infrastructure	3,271,345,832	444,904,831	27,296,260	(10,057,861)	-	(130,399,580)	(48,605,770)	34,579	3,554,518,291
Community	216,010,643	6,465,799	50,548,478	(2,123,172)	-	(13,828,725)	(11,563,548)	67,247	245,576,722
Leased assets	56,333,562	40,073,843	-	-	-	(28,482,102)	-	-	67,925,303
Library books	6,793,290	172,572	-	-	-	(1,467,090)	-	-	5,498,772
Other property, plant and equipment	54,995,325	20,761,086	1,620,932	(525,276)	-	(10,928,127)	(793,959)	381,264	65,511,245
	4,507,135,601	**513,347,881**	**79,465,670**	**(12,990,066)**	**2,590,000**	**(188,918,581)**	**(63,771,843)**	**483,090**	**4,837,341,752**

Included in community and infrastructure additions is movement in capital projects under construction amounting to R 214,338,475.

Notes to the Audited Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Donations received	Derecognition/ Disposals	Depreciation	Impairment loss	Impairment reversal	Total
Land	840,238,001	-	-	-	-	-	-	840,238,001
Buildings	57,076,958	8,360,256	-	(20,381)	(4,057,162)	-	59,277	61,418,948
Infrastructure	2,851,333,490	687,057,306	10,464,831	(3,135,942)	(147,146,969)	(127,226,884)	-	3,271,345,832
Community	181,869,582	48,090,494	2,067,856	(8,589)	(12,736,807)	(3,271,893)	-	216,010,643
Leased assets	-	58,648,689	-	-	(2,315,127)	-	-	56,333,562
Library books	9,036,580	62,673	-	(702,932)	(1,603,031)	-	-	6,793,290
Other property, plant and equipment	52,088,128	14,864,217	378,642	(3,185,564)	(9,118,308)	(31,790)	-	54,995,325
	3,991,642,739	**817,083,635**	**12,911,329**	**(7,053,408)**	**(176,977,404)**	**(130,530,567)**	**59,277**	**4,507,135,601**

Included in community and infrastructure additions is movement in capital projects under construction amounting to R 443,290,727.

Pledged as security

No property, plant and equipment was pledged as security.

There are no restrictions on any tittle of property, plant and equipment.

11. Property, plant and equipment (continued)

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

Property, plant and equipment Under Construction 2025, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure	Included within Community	Total
Opening balance	442,462,288	828,438	443,290,726
Additions	415,217,111	3,475,799	418,692,910
Capitalised	(204,354,432)	-	(204,354,432)
	653,324,967	**4,304,237**	**657,629,204**

Property, plant and equipment Under Construction 2024, accumulated expenditure included in carrying value of property, plant and equipment

	Included within Infrastructure	Included within Community	Total
Opening balance	382,921,347	828,438	383,749,785
Additions	298,396,124	23,641,810	322,037,934
Capitalised	(238,855,183)	(23,641,810)	(262,496,993)
	442,462,288	**828,438**	**443,290,726**

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected:

Construction of Sub-Station at Dan Tloome	82,282,292	-
Electricity: MV Substations: Borwa Substation phase 3	49,062,260	52,297,321
LV Networks: electrification of Mohlakeng ext 5	46,846,368	47,103,782
Construction of the Alternative Pump Water Supply Pipeline in Glenharvie	-	35,762,897
Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs	-	8,458,268
Construction of Mohlakeng roads in ext 11 phase 4	42,289,271	3,925,261
Outfall sewers: Rehabilitation of sewer networks in Mohlakeng and Toekomsrus	-	1,951,171
Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus	1,563,673	1,563,673
Roads: Construction of Brandeg Road	1,190,436	-
Zuurbekom multi-purpose sports&recreation community centre (soccer facility)	828,438	828,438
Roads: 1215 construction of roads and stormwater in Badirile Phase 3	125,249	125,249
	224,187,987	**152,016,060**

Construction of Sub-Station at Dan Tloome with a carrying value of R 82,282,292 - budget constraints.

MV Substations: Borwa Substation phase 3 with a carrying value of R 49,062,260 - project on hold due to no funding available.

LV networks: electrification of Mohlakeng ext 5 with a carrying value of R 46,846,368 - project on hold due to no funding available.

Construction of Glenharvie Alternate Water Supply Pipeline with a carrying value of R 35,762,897 in the 2023/2024 financial year, and R 36,502,675 at 30 June 2025 has been capitalised in the 2024/2025 financial year.

Water treatment works: upgrading of bulk services bekkersdal water tower and badirile treatment plant designs with a carrying value of R 8,458,268 - capitalised in the 2024/2025 financial year.

Construction of Mohlakeng roads in ext11 phase 4 with a carrying amount of R 42,289,271 - the contractor is experiencing delays due to fibre poles obstructing the path which the road has to be constructed.

Outfall sewers: rehabilitation of sewer networks in Mohlakeng and Toekomsrus with a carrying value of R 1,951,171 - the project has been capitalised in the 2024/2025 financial year.

Storm water conveyance: upgrading of storm water Mohlakeng and Toekomsrus with a carrying value of R 1,563,673 - no budget allocations.

Roads: Construction of Brandeg road iwith a carrying value of R 1,190,436 - budget constraints as the initial budget was for the design only.

Zuurbekom multi-purpose sports&recreation community centre (soccer facility) with a carrying value of R 828,438 - budget constraints.

Roads: 1215 construction of roads and stormwater in Badirile phase 3 with a carrying value of R 125,249 - budget constraints.

Expenditure incurred to repair and maintain various classes of property, plant and equipment was as follows:

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	4,564,389	190,851
Community Assets	9,220,167	30,436,752

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Infrastructure Assets	106,590,868	50,054,743
Other Property, Plant and Equipment	11,154,572	7,401,300
	131,529,996	**88,083,646**

12. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5,825,798	(5,263,656)	562,142	5,825,798	(5,039,548)	786,250
Servitudes	6,146,046	-	6,146,046	6,146,046	-	6,146,046
Total	**11,971,844**	**(5,263,656)**	**6,708,188**	**11,971,844**	**(5,039,548)**	**6,932,296**

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	786,250	(224,108)	562,142
Servitudes	6,146,046	-	6,146,046
	6,932,296	**(224,108)**	**6,708,188**

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	1,380,837	(29,814)	(564,773)	786,250
Servitudes	6,146,046	-	-	6,146,046
	7,526,883	**(29,814)**	**(564,773)**	**6,932,296**

Pledged as security

No intangible assets were pledged as security.

Notes to the Audited Financial Statements

12. Intangible assets (continued)

Restricted title

There are no restrictions on any title of intangible assets.

Details of intangible assets

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

Servitudes recognised in the Rand West City Local Municipality's asset register represent an intangible right of way claimed on a portion of land to access a specific item of infrastructure with their values dependent on the extent of and accessibility to the portion of land on which the right of way is claimed. As such the lifespan of the right of way is linked to the portion of land as this right is likely to exist beyond the effective lifespan of the asset, with this direct link of the intangible asset to lifespan of the land portion over which the right has been claimed, the lifespans of servitudes are therefore deemed to be indefinite.

There were no intangible assets being developed.

13. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings and other artifacts	2,629,736	-	2,629,736	3,868,660	-	3,868,660

Reconciliation of heritage assets 2025

	Opening balance	Additions	Disposals	Revaluation increase/(decrease)	Total
Paintings and other artifacts	3,868,660	1	(42,000)	(1,196,925)	2,629,736

Reconciliation of heritage assets 2024

	Opening balance	Disposals	Total
Paintings and other artifacts	3,904,117	(35,457)	3,868,660

Restrictions on heritage assets

There are no restrictions on any title and disposal of heritage assets.

Pledged as security

No heritage assets were pledged as security.

13. Heritage assets (continued)

Revaluations

Paintings and other artifacts

The effective date of the revaluation was 30 June 2025, and revaluations were performed by independent valuer, Mr Paul George Myson (FRSA, FIFAAAA, ISA) Fellow of the Royal Society of the Arts, Fellow International Fine Art and Antiques Appraiser Association, and member of the International Society of Appraisers.

Mr Paul Myson is not connected to the municipality and has recent experience in the valuation of heritage assets. The valuation was based on open market value.

The revaluation will be performed every five years.

Details of Heritage assets:

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.

During the year no repairs and maintenance expenditure was incurred on heritage assets and there were no commitments for the purchase of heritage assets at year end.

Heritage assets retired from active use and held for disposal

No heritage assets were retired from active use and held for disposal.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

14. Payables from exchange transactions

Trade payables	2,061,136,408	1,227,443,204
Sale of stands received in advance	4,590,271	7,953,739
Retention monies payable	42,372,541	38,254,383
Payroll accruals	28,947,512	27,553,802
Accrued leave	47,349,281	42,916,813
Accrued bonus (13th cheque)	11,419,790	10,451,638
Payments received in advance	13,783,209	12,415,935
Consumer debtors with credit balances	85,691,621	45,267,634
Eskom debt relief	431,193,281	215,596,641
	2,726,483,914	**1,627,853,789**

Eskom Debt Relief:

The municipality qualified to participate in the Municipal Debt Relief arrangement from the 1st of June 2023 for an amount of R 839,286,568 owed to Eskom as at 31 March 2023. Upon approval of participation an interest write off of R 22,949,164 was granted to the municipality as per the requirements of the debt relief.

The municipality will not be charged interest on the municipal debt relief liability for a period of 3 years, and as a result the Eskom debt relief liability of R 839,949,164 has been recognised at present value discounted at 14,25% being the prime rate+2,5% interest rate charged by Eskom.

In the 2023/2024 financial year, the municipality complied with the requirements of the debt relief for the first year starting from June 2023 to May 2024 and has received approval to write off R 279,762,189 of the R 839,286,568 owed to Eskom.

Non-current liability	-	215,596,641
Current liability	431,193,282	215,596,641
	431,193,282	**431,193,282**

The outcome of the second debt relief write-off is still pending, awaiting National Treasury's assessment of the Municipalitiys compliance with the conditions set for the debt relief programme.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

15. Payables from non-exchange transactions

Unallocated receipts	17,992,393	15,776,395

Unallocated receipts consist of amounts deposited into the Municipality's bank account, or amounts payable, that cannot be identified or claimed by any creditor of the Municipality.

16. VAT payable/(receivable)

VAT payable	-	35,497,852
VAT receivable	(44,636,204)	-
	(44,636,204)	**35,497,852**

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

VAT is applied to all relevant goods and services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act and is submitted and paid on a monthly basis. Interest is charged on outstanding VAT amounts.

The VAT receivable from SARS at 30 June 2025 is R 44,636,204 made up of input VAT of R 1,848,489,581 and output VAT and refunds of R 1,803,853,377 charged on sale of goods and services is assessed with the debtors impairment provision and included therein. See note 4 for more details on the impairment provision of receivables from exchange transactions.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	323,065
COGTA	-	496,520
Gauteng Department of Human Settlements Grant	35,975,761	173,285,751
Municipal Water Infrastructure Grant	196,222	1
Gauteng Department of Social Development Grant	8,462,946	8,462,946
Public Contribution	3,990,216	3,990,216
Aids District Programme	1,052,216	14,978
Neighbourhood Development Grant	100,170	30,571
	49,777,531	**186,604,048**

See note 31 for reconciliation of grants from National/Provincial Government.

18. Consumer deposits

Electricity and water	69,671,878	67,808,482
Rental of facilities	1,054,308	1,064,199
	70,726,186	**68,872,681**

Figures in Rand	2025	2024

19. Finance lease obligation

	2025	2024
Minimum lease payments due		
- within one year	38,644,485	22,957,762
- in second to fifth year inclusive	42,732,751	44,352,483
	81,377,236	67,310,245
less: future finance charges	(8,924,395)	(9,798,404)
Present value of minimum lease payments	**72,452,841**	**57,511,841**

	2025	2024
Present value of minimum lease payments due		
- within one year	32,422,421	17,626,955
- in second to fifth year inclusive	40,030,420	39,884,886
	72,452,841	**57,511,841**

	2025	2024
Non-current liabilities	40,030,420	39,884,886
Current liabilities	32,422,421	17,626,955
	72,452,841	**57,511,841**

It is the municipality's policy to lease certain motor vehicles and equipment under finance leases.

The municipality acquired a new finance lease in the 2023/2024 financial year on a lease term of 36 months and the average effective borrowing rate was at the prime overdraft rate of 10,75% as provided by the service provider on the 19th of July 2023 being the effective commencement date of the lease.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 11 .

Interest charges linked to the prime rate constitute contingent rent and are therefore excluded from the calculation of minimum lease payments. These contingent amounts are recognised as an expense in the Statement of Financial Performance when incurred.

20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Change in landfill closure provision	Change in discount factor	Total
Landfill site	163,363,917	-	(73,441,171)	17,077,261	107,000,007
Performance bonuses	1,502,170	1,620,238	-	-	3,122,408
Minor claims	55,333	30,057	-	-	85,390
	164,921,420	**1,650,295**	**(73,441,171)**	**17,077,261**	**110,207,805**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Change in landfill closure provision	Change in discount factor	Total
Landfill site	160,624,796	-	-	(15,074,678)	17,813,799	163,363,917
Performance bonuses	-	1,502,170	-	-	-	1,502,170
Minor claims	102,935	-	(47,602)	-	-	55,333
	160,727,731	**1,502,170**	**(47,602)**	**(15,074,678)**	**17,813,799**	**164,921,420**

	2025	2024
Non-current liabilities	107,000,007	163,363,917
Current liabilities	3,207,798	1,557,503
	110,207,805	**164,921,420**

Landfill site provision:

The valuation was done by Seakle Godschalk who is a professional environmental scientist from Environment and Sustainability Solutions CC, He holds a masters degree in accounting. Seakle Godschalk is an independent valuer and is registered with the South African Council for Natural Scientific Professions as well as with the South African Institure of Ecologists and Environmental Scientists. The current expected remaining useful life of the landfill is estimated at 24 years and 8 years for the Libanon and Uitvalfontein landfills respectively.

Performance bonuses provision:

The calculated provision for performance bonus was done using a rate of 14% of the total package. The provision for performance bonus is categorised as a provision based on the fact that the performance bonus will only be paid once an employee has met the conditions for performance bonus, therefor,e it is uncertain whether all the employees who are qualifying for a performance bonus will meet the award criteria. In addition the bonus has to be approved by the Council. Only section 56 employees have been provided for in the current financial year.

Minor claims provision:

The municipality has recognised minor claims for damages which are below R 30 000 due to the trend of likely paying them out.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

21. Employee benefit obligations

Details of valuation

An actuarial valuation has been performed for Rand West City Local Municipality’s unfunded liability in respect of the entitlement of employees to Long Service Awards.

The effective date of this valuation is 30 June 2025 and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The valuation was perfomed by D.T Mureriwa who is a fellow member of the Actuarial Society of South Africa (ASSA) and a fellow member of the Faculty of Actuaries in his capacity as a consulting Actuary of One Pangaea Financial. Mr. D.T Mureriwa is an independent valuer and is not connected to the municipality.

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

	2025	2024
Carrying value		
Present value of the defined benefit obligation-wholly unfunded (PEMA)	(177,957,482)	(156,678,844)
Present value of the defined benefit obligation-partly or wholly funded (LSA)	(28,682,678)	(2,793,425)
	(206,640,160)	**(159,472,269)**

Post retirement medical benefits:

The Municipalty offers employees and continuation members the opportunity of belonging to one of several medical aid schemes. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependents may continue membership of the medical aid scheme. Qualifying members receive a post employment subsidy for which the municipality is liable.

The municipality operates an unfunded defined benefit plan for these qualifying employees.

The present value of the defined benefit obligation, and the related current service cost and the past service cost, were measured using the Projected Unit Credit method.

	2025	2024
At the valuation date individuals entitled to a post retirement medical aid subsidy were:		
In-service (employee) members	973	938
Continuation (retiree and widow)	108	114
	-	-

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

	2025	2024
Opening balance	156,678,844	151,158,790
Net expense recognised in the statement of financial performance	21,278,638	5,520,054
	177,957,482	**156,678,844**

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

	2025	2024
Current service cost	7,156,383	7,304,232
Interest cost	20,304,884	20,577,060
Actuarial (gains) losses	(64,609)	(17,230,671)
	27,396,658	**10,650,621**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

21. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Health care cost inflation	7.86 %	8.68 %
Discount rates used	11.96 %	13.25 %
Net discount rate	3.80 %	4.21 %
The average retirement age used in years was	62	62
Consumer price inflation	6.36 %	7.68 %

Long service awards liability:

The municipality offers employees a long service bonus for every 5 years of completed service from 10 years to 45 years. The long service awards are paid on retirement, resignation or death. The amount payable is reviewed periodically and is assumed to increase in line with expected CPI inflation.

The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the Projected Unit Credit Method.

As at 30 June 2025 1102 (30 June 2024: 1088) employees were eligible for long service awards. The current service cost for the period ended 30 June 2025 is estimated to be R 252,316 (30 June 2024: R 1,978,997).

Key assumptions used at the reporting date:		
Discount rate used	8.47 %	10.28 %
Salary increase rate	5.01 %	5.77 %
Net effective discount rate	4.15 %	4.26 %
Consumer Price Index	3.15 %	4.77 %

Changes in the present value of the long service award obligation are as follows:		
Opening balance	2,793,425	25,349,720
Net expense recognised in the statement of financial perfomance	25,889,253	(22,556,295)
	28,682,678	**2,793,425**

Net expense of the long service awards obligation recognised in the statement of financial performance:		
Current service cost	252,316	1,978,997
Interest cost	270,658	2,516,600
Actuarial (Gains)/Losses	28,618,640	(26,651,892)
	29,141,614	**(22,156,295)**

Actuarial (losses)/gains reconciliation		
Post retirement medical benefits	64,609	17,230,671
Long service awards	(28,618,640)	26,651,892
	(28,554,031)	**43,882,563**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

22. Revaluation reserve

The revaluation reserve increases or decreases based on the revaluations of the heritage assets. see note 13.

Opening balance	1,308,969	1,308,969
Change during the year	(1,196,925)	-
	112,044	**1,308,969**

23. Service charges

Sale of electricity	903,567,345	785,480,031
Sale of water	376,628,123	381,580,848
Sewerage and sanitation charges	120,231,209	112,975,506
Refuse removal	106,304,242	103,967,888
	1,506,730,919	**1,384,004,273**

24. Rental of facilities and equipment

Premises		
Rental of buildings	2,679,002	2,235,471
Rental of facilities	162,391	243,150
Rental of land	1,337,421	1,345,057
	4,178,814	**3,823,678**

25. Fines, Penalties and Forfeits

Fines	15,987,803	13,525,339

26. Interest received - investment

Interest revenue		
Interest received - investment	17,587,963	20,058,146

Interest received from investments was mainly due to grant funds which were invested in the FNB call accounts.

27. Interest received - outstanding receivables

Interest received - outstanding debtors		
Interest received - exchange transactions	118,272,182	78,619,840
Interest received - non-exchange transactions	23,257,526	17,133,881
	141,529,708	**95,753,721**

During the current financial year all consumers were charged interest at a rate of 10% on the arrear accounts as per the Rand West City credit control policy.

28. Income from agency services

Gauteng Department of Transport	21,715,823	22,020,876

Figures in Rand	2025	2024

28. Income from agency services (continued)

Reconciliation of the carrying amount of payables		
Amounts collected on behalf of and paid to the principal	69,590,589	59,054,411

PRINCIPAL-AGENT ARRANGEMENTS

The municipality has assessed that the following significant principal-agent arrangements exists:

1.1 Principal in other principal-agent arrangements (non-material)

Randwest City Local Municipality appointed Riley Auctioneers to act as an agent for auctioning both moveable and immoveable assets of the Municipality. All proceeds of the auction are paid to the Municipal bank account and the service provider invoices the Municipality for commission payable.

Spectrum Utility services is a service provider that acts as a agent to the Municipality in the third-party sale of prepaid electricity and water. All payments are made directly to the Municipality, and the service provider invoices the Municipality for commission payable.

The following information is disclosed in aggregate:

Riley Actioneers - sale of stands:		
Commission - sale of stands	159,678	500,282

Spectrum Utility Services - prepaid electricity and water:		
Commission paid to agent	14,824,849	11,315,530

There are no resources under the custodianship of the agents, nor have they been recognised as such.

1.2 Agent in arrangement with Provincial Department of Transport

Randwestcity Local Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services shown above. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

29. Other income

Staff recoveries	567,689	1,216,456
Eskom debt relief write off	-	215,596,641
Unclaimed monies	-	72,700,412
Building plan fees	2,217,933	1,862,557
Burial fees	2,833,177	2,604,083
Recovery monies (penalties)	-	808,800
Commission earned	275,093	214,002
Copies income	34,679	49,024
Staff parking	76,807	90,487
Tender documents	32,174	73,044
Sundry surpluses	-	(1,331)
Valuation fees	27,178	16,404
Clearance certificates	1,432,605	1,412,844
Administration fees	1,163	12,982
Licences and permits	217,939	240,760
Membership fees	78,998	94,216
Advertising	833,381	149,665
Insurance claims	468,468	175,738
Entrance fees	1,907	2,604
Weigh bridge	12,050	1,046
	9,111,241	**297,320,434**

30. Property rates

Rates received

Assessment rates	522,318,447	379,962,762
Less: Income forgone (rebates)	(41,983,309)	(29,796,040)
	480,335,138	**350,166,722**

Valuations (R 000')

Residential	14,947,359	14,331,914
Business and commercial	5,439,297	2,718,056
Government	1,922,489	1,407,937
Agricultural	1,398,262	1,454,418
Vacant land	224,967	247,614
	23,932,374	**20,159,939**

Valuations on land and buildings are performed every 5 years. The municipality has implemented a new General Valuation Roll with effect from 1 July 2021.

Interim/supplementary valuations are processed on an annual basis to consolidate changes made on the roll resulting from property consolidations, subdivisions and new township that occurred.

The applicable rate as approved for in the Property Rates Policy and gazetted in the municipal tariff book is applied to property valuations to determine assessment rates.

Exemptions and rebates are granted to certain property categories in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and payable by the 7th day of the following month post the actual billing. Interest as determined by Council is levied on outstanding rates not paid after the due date.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

31. Government grants & subsidies

Operating grants		
Equitable share	464,718,000	435,302,002
Municipal Infrastructure Grant	5,551,276	4,565,481
Finance Management Grant	2,300,000	2,300,000
Gauteng Department of Sports, Recreation, Arts and Culture Grant	34,363,000	32,886,000
Skills Development Grant	3,327,959	1,466,634
Expanded Public Works Programme	2,028,000	2,548,000
Aids District Programme	2,684,529	3,895,300
COGTA	496,520	14,503,480
Neighbourhood Development Grant	-	4,969,429
	515,469,284	**502,436,326**

Capital grants		
Municipal Infrastructure Grant	110,802,789	131,974,454
Municipal Water Infrastructure Grant	61,250,780	68,713,302
Integrated National Electrification Programme	50,074,000	58,000,000
Gauteng Department of Human Settlement Grant	165,309,990	53,675,008
Neighbourhood Development Grant	17,649,401	-
Energy Efficiency and Demand Side Management Grant	-	4,000,000
	405,086,960	**316,362,764**
Operating grants	515,469,284	502,436,326
Capital grants	405,086,960	316,362,764
	920,556,244	**818,799,090**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of 100% rebate on property rates and taxes up to the market value of R 450 000, 100% rebate on refuse and sewer tariffs, 50 kilowatts of electricity and 6 kilolitres of water.

Municipal Infrastructure Grant

Balance unspent at beginning of year	323,065	-
Current-year receipts	116,031,000	136,863,000
Conditions met - transferred to revenue	(116,354,065)	(136,539,935)
	-	**323,065**

The purpose of this grant is to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions servicing poor communities.

Finance Management Grant

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

The purpose of this grant is to promote and support reforms in financial management by building capacity in the municipality to implement the municipal finance management act (MFMA).

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

31. Government grants & subsidies (continued)

Integrated National Electrification Programme

Current-year receipts	50,074,000	58,000,000
Conditions met - transferred to revenue	(50,074,000)	(58,000,000)
	-	-

The purpose of this grant is to adress the electrification backlog of permanetly occupied residential dwellings.

Cogta

Balance unspent at beginning of year	496,520	-
Current-year receipts	-	15,000,000
Conditions met - transferred to revenue	(496,520)	(14,503,480)
	-	**496,520**

Provide explanations of conditions still to be met and other relevant information.

Gauteng Department of Human Settlement Grant

Balance unspent at beginning of year	173,285,751	196,960,759
Current-year receipts	28,000,000	30,000,000
Conditions met - transferred to revenue	(165,309,990)	(53,675,008)
	35,975,761	**173,285,751**

The purpose of this grant is to provide funding for the creation of sustainable human settlements.

Municipal Water Infrastructure Grant

Balance unspent at beginning of year	1	-
Current-year receipts	61,447,002	69,682,198
Conditions met - transferred to revenue	(61,250,781)	(69,682,197)
	196,222	**1**

The purpose of this grant is to supplement the gaps, and focus on the functionality of water infrastructure.

Gauteng Department of Sports, Recreation, Arts and Culture Grant

Current-year receipts	34,363,000	32,886,000
Conditions met - transferred to revenue	(34,363,000)	(32,886,000)
	-	-

The purpose of this grant is to support the municipality with its administration of libraries..

Gauteng Department of Social Development Grant

Balance unspent at beginning of year	8,462,946	8,462,946

The purpose of the grant is to promote social development within the communities.

Public Contribution

Balance unspent at beginning of year	3,990,216	3,990,216

Figures in Rand	2025	2024

31. Government grants & subsidies (continued)

The purpose of public contribution is to assist in minimising infrastructure backlogs.

Aids District Programme

Balance unspent at beginning of year	14,978	-
Current-year receipts	3,721,767	3,910,278
Conditions met - transferred to revenue	(2,684,529)	(3,895,300)
	1,052,216	**14,978**

The purpose of this grant is to enhance awareness programmes offered communities to prevent and mitigate the impact of HIV/AIDS.

Expanded Public Works Programme

Current-year receipts	2,028,000	2,548,000
Conditions met - transferred to revenue	(2,028,000)	(2,548,000)
	-	-

The purpose of thie grant is to provide expanded public works programme funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

Skills Development Grant

Current-year receipts	3,327,959	1,466,634
Conditions met - transferred to revenue	(3,327,959)	(1,466,634)
	-	-

The purpose of this grant is to provide skills development within the municipality.

Neighbourhood Development Grant

Balance unspent at beginning of year	30,571	-
Current-year receipts	17,719,000	5,000,000
Conditions met - transferred to revenue	(17,649,401)	(4,969,429)
	100,170	**30,571**

Provide explanations of conditions still to be met and other relevant information.

Energy Efficiency and Demand Side Management Grant

Current-year receipts	-	4,000,000
Conditions met - transferred to revenue	-	(4,000,000)
	-	-

The purpose of this grant is to provide positive returns to energy consumers and the enviroment through the reduction of enviromental pollution and the carbon footprint of the energy sector and by enhancing energy security.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

32. Public contributions and donations

Property, plant and equipment	79,465,670	12,911,329

The following donations were received during the 2024/2025 financial year:

American Corner - Furniture valued at a total of R 430,247.

Ditlou Suppliers and services - 2 septic tank and jojo tanks valued at R 60,000.

Westrand District Municipality - Sports facility at Finsbury valued at R 50,548,478.

Gauteng Department of Human Settlement - 8 high mast solar lights valued at a total of R4,835,200.

Provincial Department of Sport, Arts and Culture:

- Mecer all in one computers valued at a total of R 1,078,000.
- Hyundai tablets valued at a total of R 112,686.

City Power:
- 2 x Supply and installation of 315KVA 11 000/415Volt Miniature substations valued at a total of R 2,134,168.
- 3 x Supply and Installation of 200KVA, 11 000/415Volt Pole Mounted Transformers valued at a total of R 199,248

Xanado Trade/Investment 141 (Pty) Ltd Mwalimu Holdings (Pty) Ltd joint venture - Droogeheuwel switching station valued at R 20,067,644.

Figures in Rand	2025	2024

33. Employee related costs

Acting allowances	2,621,451	2,892,504
Basic	431,094,518	390,412,649
Bonus	33,057,744	30,060,438
Cellphone allowances	2,279,067	1,821,877
Defined contribution plans	70,601,038	66,008,640
Group insurance	3,807,243	3,451,484
Housing benefits and allowances	4,414,952	3,611,941
Leave pay	6,644,778	9,556,851
Medical aid - company contributions	45,874,220	44,704,929
Overtime payments	35,688,623	35,858,897
SDL	5,493,207	5,071,985
Standby allowances	3,488,159	3,280,934
Sundry allowances	9,532,307	9,851,390
Travel allowances	26,857,668	21,888,355
UIF	2,532,304	2,347,712
	683,987,279	**630,820,586**

Included in bonus and leave pay is the current service cost relating to post retirement medical aid and long service awards as disclosed on note 21.

Remuneration of Municipal Manager: Mr T.C Ndlovu

Annual Remuneration	1,639,724	1,555,845
Car Allowance	180,000	180,000
Back pay	73,251	519,066
Other	20,340	20,340
Cellphone allowance	24,000	24,000
Skills	19,013	22,633
	1,956,328	**2,321,884**

The total remuneration paid to the municipal manager Mr T.C Ndlovu from the month of July 2024 to June 2025 amounted to R 1,956,328 and it includes a back pay of R 73,251 for upper limits for senior managers.

Remuneration of Chief Finance Officer Mr X Malindi (Mr G Mnisi former CFO)

Annual Remuneration	1,169,272	680,675
Car Allowance	360,000	310,595
Other	6,780	16,103
Back pay	26,586	53,390
Cellphone	18,000	12,000
Skills	15,333	11,972
Acting allowance	24,624	257,922
	1,620,595	**1,342,657**

Mr X Malindi was appointed as the Chief Financial Officer of the municipality from the 1st of March 2024.

Included in remuneration of R 1,620,595 paid to the CFO, is the backpay remuneration paid to the former CFO of Rand West City Local Municipality, Mr G Mnisi amounting to a total of R23,428, and included in this amount is basic salary of R 16,416, non-pensionable remuneration of R 6,780, and skills of R 232 paid to the former CFO.

The total remuneration paid to the CFO for the 2024/2025 financial year amounted to R 1,203,552 and it includes the backpay of R 10,170 for upper limits for senior managers.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

33. Employee related costs (continued)

Remuneration of Executive Director Community Services: Mr Z.M Silinga

	2025	2024
Annual Remuneration	1,229,272	1,210,448
Car Allowance	361,559	300,000
Cellphone allowance	18,000	18,000
Skills and bargain levy	15,692	14,942
Back pay	-	3,622
Other	20,340	8,475
	1,644,863	**1,555,487**

The Executive Director Community Services Mr Z.M Silinga was appointed on the 1st of July 2023 to date and was paid a total of R 1,644,863 from the 1st of July 2024 to the 30th of June 2025.

Remuneration of Executive Director Corporate Support Services: Ms R Mokebe

	2025	2024
Annual Remuneration	1,167,055	1,155,474
Car Allowance	362,218	362,218
Acting allowance	-	19,922
Leave sell	-	7,628
Skills and bargain levy	15,567	15,163
Other	20,340	11,865
Cellphone allowance	18,000	18,000
Back pay	61,559	-
	1,644,739	**1,590,270**

The Executive Director Corporate and Support Services was appointed on the 1st of February 2023 to date and was paid a total of R 1,644,739 for the 2024/2025 financial year.

Remuneration of Chief Operating Officer: Mr L Mere (former Mr M.B Machaba)

	2025	2024
Annual Remuneration	796,392	1,155,474
Car Allowance	219,019	383,951
Other	20,340	11,865
Cellphone allowance	12,000	18,000
Skills and bargain levy	11,011	13,159
Leave sell	85,889	8,475
Other	61,559	-
	1,206,210	**1,590,924**

The Chief Operating Officer was appointed on the 1st of February 2025 to date.

The total remuneration of R 1,206,210 paid to the Chief Operating Officer includes remuneration of R 550,142 paid to the previous Chief Operating Officer Mr M.B Machaba.

Remuneration of Executive Director Infrastructure: Mr S.H Mbanjwa (former Mr B Nkambule)

	2025	2024
Annual Remuneration	732,713	1,137,980
Car Allowance	344,257	350,735
Back pay	-	47,088
Other	-	20,340
Cellphone	4,500	18,000
Skills and bargain levy	17,828	15,198
Leave sell	36,235	-

Figures in Rand	2025	2024

33. Employee related costs (continued)

Bonus	20,340	-
	1,155,873	**1,589,341**

The Executive Director Infrastructure was appointed on the 1st of February 2025 to date.

The total remuneration paid to the Executive Director Infrastructure from the 1st of July 2024 to the 30th of June 2025 was R 1,155,873. R 500,495 was paid to Mr S.H Mbanjwa and R 655,378 paid to the former Executive Director Mr B Nkambule.

Remuneration of Executive Director Development and Planning: Mr N.V Bekwa

Annual Remuneration	1,167,055	1,155,474
Car Allowance	362,218	362,218
Cellphone allowance	18,000	18,000
Skills and bargain levy	14,031	13,754
Back Pay	61,559	21,733
Other	20,340	20,340
	1,643,203	**1,591,519**

The Executive Director Development and Planning Mr N.V Bekwa was appointed on the 1st of February 2023.

The total remuneration of R 1,643,203 paid to the Executive Director Development and planning includes the pay back amount of R 61,559 for upper limits for senior managers.

Remuneration of Executive Director Public Safety: Ms B.S Mofokeng

Annual Remuneration	1,349,272	109,361
Car Allowance	191,048	15,000
Cellphone allowance	18,000	1,500
Short time	-	(41,785)
Skills and bargain levy	12,990	811
Other	4,610	-
	1,575,920	**84,887**

The Executive Director Public Safety Ms. B.S Mofokeng was appointed on the 1st of June 2024.

The remuneration paid to Ms B.S Mofokeng from the 1st of July 2024 to the 30th of June 2025 was R 1,575,920 which includes the car allowance, cellphone allowance and skills and bargain levy.

Figures in Rand	2025	2024

34. Remuneration of councillors

Councillors	36,969,119	35,769,476

34. Remuneration of councillors (continued)

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

2025	Appointment date	Annual remuneration	Travel allowances	Cellphone allowances	Total
Cllr. W.M. Matsheke (Executive Mayor)	October 1, 2023	840,624	276,971	43,200	1,160,795
Cllr. N. Molatlhegi (Deputy Executive Mayor)	August 4, 2016	719,565	237,065	43,200	999,830
Cllr. S. Moumakwe (Speaker)	August 4, 2016	710,551	246,498	43,200	1,000,249
Cllr. D.D Sithole (MMC water and sanitation)	August 4, 2016	683,416	224,570	43,200	951,186
Cllr. B.A Mosina (MPAC chairperson)	August 4, 2016	657,021	215,952	43,200	916,173
Cllr. M. Jokazi (Council whip)	August 4, 2016	675,311	222,478	43,200	940,989
Cllr. J. Legoete (MMC roads and storm water)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. D.M. Machaba (MMC finance)	August 4, 2016	249,252	648,544	43,200	940,996
Cllr. P.S. Mapena-Dlamini (MMC Intergrated, environmental and water management)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. S.N. Khenene (MMC LED)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. W.S. Njani (MMC Corporate)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. U.R Dickson (MMC health and social development)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. A. Zama (MMC human settlement, development and planning)	August 4, 2016	676,319	222,478	43,200	941,997
Cllr. N.D Ndzipho (MMC SRAC)	August 4, 2016	675,318	222,478	43,200	940,996
Cllr. D. Mbulula (MMC Public safety)	November 1, 2021	887,697	-	43,200	930,897
Cllr. ERASMUS GA	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. HARRISON C	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. FAKU PK	November 1, 2021	284,595	93,561	43,200	421,356
Cllr. MAHUMA B	August 4, 2016	1,899	625	-	2,524
Cllr. VAN TONDER AJ	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. KRUGER G	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. KIEWIETZ NC	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MTHIMKHULU MM	November 1, 2021	377,855	-	43,200	421,055
Cllr. MUNYAI HB	November 1, 2021	297,683	93,561	43,200	434,444
Cllr. BERGMAN FJ	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. HILD HH	November 1, 2021	378,416	-	43,200	421,616

Notes to the Audited Financial Statements

Figures in Rand				2025	2024

34. Remuneration of councillors (continued)

Cllr. SABA A	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. SEKHOKHO LS	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. TLHOLOE TM	November 1, 2021	377,855	-	43,200	421,055
Cllr. WILLIAMS N	November 1, 2021	347,207	-	39,600	386,807
Cllr. BROUGH CF	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. TSOTETSI KE	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. LETLHAKE JS	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. RAMOTLHALE MC	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. DREYER BC	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MATLAILA ME	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. STEFANE TE	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. TLHAGALE TG	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. GREEN BE	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. NOAH DP	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. BATALISI XM	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. NTSUME S	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. NOMGA N	November 1, 2021	149,015	-	16,286	165,301
Cllr. NKOSI BN	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MABONGO TJ	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MRWETYANA	November 1, 2021	377,855	-	43,200	421,055
Cllr. NGOZI PL	November 1, 2021	3,866	-	-	3,866
Cllr. MALEMA TP	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MOABI MK	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MOKOBANE TS	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. THOBEKO II	November 1, 2021	377,855	-	43,200	421,055
Cllr. THENJEKWAYO JA	November 1, 2021	378,416	-	43,200	421,616
Cllr. TLHAPISO MG	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MARUMELE SK	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MODISE PIB	November 1, 2021	284,248	93,561	43,200	421,009

34. Remuneration of councillors (continued)

Cllr. NYEMENI JR	November 1, 2021	313,783	64,040	43,200	421,023
Cllr. KATI KG	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. NKOSI ZNC	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. MOFOKENG P	November 1, 2021	284,248	93,561	43,200	421,009
Cllr. BHEMBE ST	November 1, 2021	3,366	-	-	3,366
Cllr. MOENG AA	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. BOTHA MN	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. LEGOTE B	November 1, 2021	284,669	93,561	43,200	421,430
Cllr. ERASMUS P	November 1, 2021	4,430	1,458	-	5,888
Cllr. STEFFERS FJC	November 1, 2021	378,416	-	43,200	421,616
Cllr. SCHADE C	November 1, 2021	378,416	-	43,200	421,616
Cllr. BIYELA LE	November 1, 2021	378,416	-	43,200	421,616
Cllr. SEBITSO LM	August 4, 2016	377,988	-	43,200	421,188
Cllr. Khoza IG	August 4, 2016	297,238	97,596	43,200	438,034
Cllr. Sityebi A	August 4, 2016	389,433	-	43,200	432,633
Cllr. Seloka LG	October 10, 2023	352,855	-	43,200	396,055
Cllr. LEROTHODI TD	November 1, 2021	281,476	69,557	43,200	394,233
Cllr. Nobunga TN	November 1, 2021	126,197	-	17,942	144,139
Cllr. BROWN		63,255	-	8,743	71,998
Cllr. MAFOKO		40,006	-	5,486	45,492
Cllr. SWANEPOEL SH	November 1, 2021	216,510	-	25,200	241,710
Subtotal	-	26,773,766	7,230,896	2,964,457	36,969,119
		26,773,766	**7,230,896**	**2,964,457**	**36,969,119**

2024	**Appointment date**	**Annual remuneration**	**Travel allowances**	**Cellphone allowances**	**Total**
Cllr. W.M. Matsheke (Executive Mayor) October - June	October 1, 2023	709,173	211,889	31,418	952,480
Cllr. I.G. Khoza (Executive Mayor) July - September	August 4, 2016	422,130	137,196	43,200	602,526
Cllr. N. Molatlhegi (Deputy Executive Mayor) February - June	August 4, 2016	667,889	216,592	43,200	927,681
Cllr. S. Moumakwe (Speaker) October - June	August 4, 2016	681,291	223,369	43,200	947,860
Cllr. D.D Sithole (Speaker) July - September	August 4, 2016	644,771	216,118	43,200	904,089
Cllr. B.A Mosina (MPAC chairperson)	August 4, 2016	637,893	203,890	49,312	891,095

Figures in Rand				2025	2024

34. Remuneration of councillors (continued)

Cllr. M. Jokazi (Council whip)	August 4, 2016	658,170	214,261	43,200	915,631
Cllr. J. Legoete (MMC water, sanitation and electricity)	August 4, 2016	658,214	214,261	43,200	915,675
Cllr. D.M. Machaba (MMC finance)	August 4, 2016	658,213	214,261	43,200	915,674
Cllr. P.S. Mapena-Dlamini (MMC Intergrated, environmental and water management)	August 4, 2016	658,214	214,261	43,200	915,675
Cllr. S.N. Khenene (MMC LED)	August 4, 2016	658,214	214,261	43,200	915,675
Cllr. W.S. Njani (MMC Corporate) October - June	August 4, 2016	565,755	174,930	43,200	783,885
Cllr. A. Sityebi (MMC Corporate) July - September	August 4, 2016	481,591	-	43,200	524,791
Cllr. U.R Dickson (MMC health and social development)	August 4, 2016	658,214	214,261	43,200	915,675
Cllr. A. Zama (MMC human settlement, development and planning)	August 4, 2016	654,348	214,261	42,480	911,089
Cllr. B.A Nimmenhoudt (MMC human settlement, development and planning)	August 4, 2016	273	-	-	273
Cllr. N.D Ndzipho (MMC SRAC)	August 4, 2016	658,214	214,261	43,200	915,675
Cllr. ERASMUS GA	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. HARRISON C	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. FAKU PK	November 1, 2021	277,878	90,250	43,200	411,328
Cllr. MAHUMA B	August 4, 2016	66,337	28,710	11,381	106,428
Cllr. VAN TONDER AJ	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. KRUGER G	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. KIEWIETZ NC	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MTHIMKHULU MM	November 1, 2021	367,820	-	43,200	411,020
Cllr. LETLHAKE B	November 1, 2021	117	-	-	117
Cllr. MUNYAI HB	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. BERGMAN FJ	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. HILD HH	November 1, 2021	368,371	-	43,200	411,571
Cllr. MBULULA D (MMC Public Safety)	November 1, 2021	591,772	-	43,200	634,972
Cllr. SABA A	November 1, 2021	277,955	90,250	43,200	411,405
Cllr. SEKHOKHO LS	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. TLHOLOE TM	November 1, 2021	367,820	-	43,200	411,020
Cllr. WILLIAMS N	November 1, 2021	350,579	-	43,200	393,779

Figures in Rand				2025	2024

34. Remuneration of councillors (continued)

Cllr. BROUGH CF	November 1, 2021	277,602	90,250	50,780	418,632
Cllr. TSOTETSI KE	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. LETLHAKE JS	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. RAMOTLHALE MC	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. DREYER BC	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MATLAILA ME	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. STEFANE TE	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. TLHAGALE TG	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. GREEN BE	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. NOAH DP	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. BATALISI XM	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. NTSUME S	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. NOMGA N	November 1, 2021	357,821	-	43,200	401,021
Cllr. NKOSI BN	November 1, 2021	365,320	-	45,700	411,020
Cllr. MABONGO TJ	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MRWETYANA	November 1, 2021	309,561	58,230	43,200	410,991
Cllr. NGOZI PL	November 1, 2021	60,865	-	7,400	68,265
Cllr. MALEMA TP	November 1, 2021	277,526	87,750	45,700	410,976
Cllr. MOABI MK	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MOKOBANE TS	November 1, 2021	277,527	90,249	43,200	410,976
Cllr. THOBEKO II	November 1, 2021	367,853	-	46,490	414,343
Cllr. THENJEKWAYO JA	November 1, 2021	368,371	-	43,200	411,571
Cllr. TLHAPISO MG	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MARUMELE SK	November 1, 2021	277,527	90,249	43,200	410,976
Cllr. MODISE PIB	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. NYEMENI JR	November 1, 2021	365,320	2,500	43,200	411,020
Cllr. KATI KG	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. NKOSI ZNC	November 1, 2021	277,526	90,250	43,200	410,976
Cllr. MOFOKENG P	November 1, 2021	277,526	90,250	43,200	410,976

Notes to the Audited Financial Statements

Figures in Rand				2025	2024

34. Remuneration of councillors (continued)

Cllr. BHEMBE ST	November 1, 2021	91,985	-	14,400	106,385
Cllr. MOENG AA	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. BOTHA MN	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. LEGOTE B	November 1, 2021	277,945	90,250	43,200	411,395
Cllr. ERASMUS P	November 1, 2021	158,163	50,850	25,200	234,213
Cllr. STEFFERS FJC	November 1, 2021	368,371	-	43,200	411,571
Cllr. SCHADE C	November 1, 2021	368,371	-	43,200	411,571
Cllr. BIYELA LE	November 1, 2021	368,371	-	43,200	411,571
Cllr. SEBITSO LM	August 4, 2016	366,539	-	42,880	409,419
Cllr. LEROTHODI TD	November 1, 2021	219,085	-	21,600	240,685
Cllr. SELOKA LG	November 1, 2021	267,307	-	28,800	296,107
Cllr. SWANEPOEL SH	November 1, 2021	91,773	-	8,064	99,837
Subtotal	-	26,397,661	6,394,610	2,977,205	35,769,476
		26,397,661	**6,394,610**	**2,977,205**	**35,769,476**

In-kind benefits:

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

The Mayor, Speaker and Chief Whip each have the use of separate Council owned vehicles for official duties.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

35. Depreciation and amortisation

Property, plant and equipment	188,918,581	176,977,404
Intangible assets	224,108	564,773
	189,142,689	**177,542,177**

36. Impairment loss of assets

Property, plant and equipment	63,771,843	(29,748,245)
Reversal of impairment	(483,090)	(19,423,238)
	63,288,753	**(49,171,483)**

37. Finance costs

Trade and other payables	146,215,987	68,827,947
Finance leases	7,860,341	426,192
Interest cost on employee benefit obligations	20,575,542	23,093,660
Interest cost on landfill site provision	17,077,261	17,813,799
	191,729,131	**110,161,598**

38. Debt impairment

Contributions from receivables from exchange transactions	256,972,196	340,635,055
Contributions from long term receivables	1,929,450	6,557,155
Contributions from receivables from non-exchange transactions	33,421,970	112,740,777
Bad debts written off	234,540,653	33,593,951
	526,864,269	**493,526,938**

39. Bulk purchases

Electricity	1,132,289,522	953,047,488

See note 60 for the disclosure on the electricity distribution losses.

40. Inventory consumed

Water inventory consumed	395,655,572	377,155,911

See note 60 for the disclosure on the water distribution losses.

41. Contracted services

Outsourced Services		
Credit cost control	8,460,870	11,475,335
Fleet management	4,837,980	17,861,102
IT support	5,826,817	6,344,316
Repairs and maintenance	124,770,688	56,793,882
Valuations	1,471,622	-
Security Services	48,878,826	44,685,560
Prepaid vending costs	13,504,056	13,531,170
	-	-
	207,750,859	**150,691,365**
	-	-
	-	-

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

42. Transfer and subsidies

Other subsidies

	13,300,647	720,000

43. General expenses

Audit committee costs	806,349	1,201,190
Advertising and communication	174,718	597,632
Bursaries	646,025	-
Auditors remuneration	10,577,371	8,865,799
Bank charges	4,917,489	7,118,607
Consulting and professional fees	42,133,189	38,408,773
Consumables	1,599,558	3,033,903
Occupational health	20,765	4,350
Insurance	4,958,792	5,853,229
Burial expenses	293,550	202,941
Software licences	11,373,112	9,944,296
Farming	647,211	678,984
Motor vehicle expenses	1,577,127	1,264,698
Fuel and oil	12,349,461	13,411,796
Postage and courier	3,148,452	3,664,252
Printing and stationery	24,124	171,605
Subscriptions and membership fees	6,316,945	6,315,746
Telephone and fax	1,642,586	1,893,752
Training	2,674,316	1,060,155
Municipal events and improvements	2,957,402	1,738,573
Uniforms	1,734,710	5,040,945
Municipal service charges (sanitation charges - Azaadville gardens)	2,405,957	5,268,842
Water research levy	2,203,020	2,217,877
Library programmes	82,082	60,600
Contingent rent	263,508	22,740
	115,527,819	**118,041,285**

44. Changes in decommissioning and restoration of landfill site

Changes in decommissioning and restoration of landfill site	73,441,171	15,074,678

The amount deducted from the cost of the landfill was exceeding the carrying amount of the landfill by an amount of R 73,441,171 (2024:R 15,074,678) reference to iGRAP 2.

45. (Gain)/loss on disposal of assets and liabilities

Sale of stands	7,750,511	(8,173,339)
Biological assets	201,500	140,500
Inventory surplus/loss	(206,260)	(27,348)
Heritage assets	42,000	35,457
Intangible assets	-	29,814
Property, plant and equipment	12,990,066	7,053,408
	20,777,817	**(941,508)**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

46. Fair value adjustments

Investment property	10,560,322	57,390,403
Biological assets	65,000	129,500
Milk inventory	(977)	(207)
	10,624,345	**57,519,696**

47. Cash generated from operations

(Deficit) surplus	(324,572,668)	137,496,713
Adjustments for:		
Depreciation and amortisation	189,142,689	177,542,177
Gain or loss on disposal of assets and liabilities	20,777,817	(941,508)
Fair value adjustments	(10,624,345)	(57,519,696)
Interest income	(662,235)	(419,876)
Finance cost - employee benefit obligations	20,575,542	23,093,660
Actuarial gains	28,554,031	(43,882,563)
Finance costs - landfill site	17,077,261	17,813,799
Impairment loss of assets	63,288,753	(49,171,483)
Debt impairment - exchange	491,512,849	374,229,006
Employee benefits - Current service costs and Change in earnings basis	7,408,699	9,283,229
Accrued bonus (13th cheque) and Accrued leave	5,400,619	253,098
Public contributions and donations	(79,465,670)	(12,911,329)
Debt impairment - non exchange	33,421,970	112,740,777
Debt impairment long term receivables	1,929,450	6,557,155
Changes in existing decommissioning and restoration of landfill site	(73,441,171)	(15,074,678)
Movement in provisions	(73,411,114)	(15,122,280)
Movements in employee benefit obligation	(16,391,238)	(4,281,495)
Performance bonus provision	-	(1,502,170)
Performance bonus accrual	1,620,238	-
Movement in provisions - performance bonuses	1,620,238	1,502,170
Changes in working capital:		
Inventories	(737,242)	(1,627,818)
Receivables from exchange transactions	(588,568,962)	(319,977,601)
Other receivables from non-exchange transactions	(53,887,552)	(93,085,760)
VAT receivables	-	1,636,775
Payables from exchange transactions	878,915,326	75,473,472
VAT	(80,604,071)	5,301,106
Unspent conditional grants and receipts	(136,826,517)	(22,809,792)
Consumer deposits	1,853,505	2,163,122
Payables from non-exchange transactions	2,215,998	3,122,306
	326,122,200	**309,880,516**

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

48. Commitments

Already contracted for but not yet spent

Already contracted for but not provided for		
• Property, plant and equipment	359,892,067	153,599,673
Total capital commitments		
Already contracted for but not provided for	359,892,067	153,599,673

Total commitments

Total commitments		
Authorised capital expenditure	359,892,067	153,599,673

This committed expenditure relates to capital expenditure and will be financed by grants and internally generated funds.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

49. Contingencies

Contingent liabilities		
Claim by Baatshuma PTY LTD for differences between the true contract price and imposed rate, as well as contractual damages for the oustanding contract period.	42,250,101	-
Claim by Ashken for damages due to cancellation of an appointment as a service provider.	41,335,330	41,335,330
Claim by Bidvest for alleged breach of the contract between the municipality and Kwane Fleet services.	13,768,784	-
Claim by Myka Trade Nthai in respect of disputed unpaid invoices for the operation and maintaining of the Lebanon landfill site.	8,588,765	8,588,765
Claim by Mabotwane Security Services CC in respect of disputed unpaid invoices.	4,580,390	4,580,390
Khanyisile Macamo and 2 others The claim is in respect of the plaintiff’s child who fell into an open access hole (manhole)	3,000,000	-
Claim by Rand West Brake & Clutch for vehicle storage fees and interest.	3,903,445	3,903,445
Claim by P. Semono for injuries sustained due to stepping into an open water drain.	2,763,681	2,763,681
Claim by SAMRO in respect of outstanding licence fees.	2,425,599	2,425,599
Claim by MNS Inc in respect of payments.	2,207,554	2,207,544
Claim by Moses Mankulu for injuries sustained due to falling into an open manhole.	1,800,000	1,800,000
Claim by Sergio Fabiao for injuries sustained due to falling into an open damaged storm water drain located on the pavement.	1,667,185	1,667,185
Claim by Violet Gorgina Hendrina Kok in respect of a car damage due to a pothole.	1,330,000	1,330,000
Claim by Tinashe Mashoko, interstate logistics cc in respect of an eviction application against the occupiers of the Thusanang informal settlement (portion 27 of Modderfontein farm, 345 IQ development.	975,800	-
Claim by Maureen Sila as a result of failure to have covered/repaired an open manhole that she fell into.	773,000	773,000
Claim by Pakisa Msibi for injuries sustained due to stepping into an open access hole (manhole).	750,000	750,000
Claim by Zacatype CC in respect of a car damage due to a pothole.	659,212	659,212
Claim by PJC Strauss for the erection of a cellphone mast on their property and the unreasonable levels of noise caused by erecting the phone mast.	500,000	500,000
Claim by Ilifa Africa in respect of unpaid disputed invoices.	400,000	400,000
Claim by Monica Mosima and Prince Mbaba for financial loss and damages following a disciplinary process where the plaintiffs were dismissed due to a misconduct which resulted in certain benefits not being paid even after an award for re-instatement was issued.	334,332	334,332
Claim by ISI Network for the Municipality to write-off all its debt of municipal account which is older than 3 years.	263,851	263,851
Chandre Du Plooy The claim is in respect of a car damage due to a pothole.	149,967	-
Claim by Demper Star (PTY) LTD for the repayment of historical debt of a previous owner paid in order to obtain a clearance certificate.	116,070	116,070
Irene Ntesang Monare The claim is in respect of a car damage due to motor collision with employee of the Municipality	113,374	-
Gerhard Stephans van der Bergh The claim is in respect of a car damage due to a pothole	89,547	-
Claim by Ursula Mahlangu and 14 others in respect of unfair discrimination in the Labour Court.	87,728	87,728
Gabriel Ntshoe Municipal vehicle collided with the Claimant	76,145	-
Claim by King Price obo Gabriel Ntshoe for damages caused when a municipal vehicle collided with the plaintiff's vehicle.	66,213	66,213
Claim by Nthabeleng Jocobeth Makuane in respect of a car damage due to a pothole.	54,196	54,196
Catherine Peterson The claim is in respect of a car damage due to a pothole.	45,000	-
Maria Elizabeth Wagner The claim is in respect of a car damage due to a pothole	43,852	-
Aaron Andile Maseko The claim is in respect of a car damage due to a pothole	32,334	-
Rose Boitumelo Pule The claim is in respect of a car damage due to a pothole	31,611	-
	135,183,066	**74,606,541**

49. Contingencies (continued)

Contingent liabilities with unknown claim amounts:

- Claim by Ntebaleng Mojapelo and concerned residents of ward 2 Finsbury for ensuring that all water and electricity meters are read monthly, and all accounts found being overcharged are adjusted accordingly; and the replacement and/or attendance to dilapidated water meters in ward 2 Finsbury.

- Claim by Durand in respect of incorrect billing.

- Claim by Afrirent (PTY) LTD in respect to awarding of the FML tender to be constitutionally invalid and that it be awarded to the applicant.

- Claim by Gold Fields Operations Limited to enforce the court oder to investigate and report on a available temporary emergency accomodation and to file a comprehensive report to assist the court in considering all relevant facts in the eviction proceedings.

- Claim by Sibanye Gold and 5 others for disputes on rates.

- Claim by Gauteng Department of Agriculture and Rural Development in respect of non-compliance with conditions of the waste management licence for Randfontein Waste Disposal Site as per sec 31L of the (NEMA).

- Claim by Rand West Brake & Clutch is respect of reclaiming possession of vehicles from the respondent.

- Claim by Nicolette Gcilishe in respect of unfair discrimination.

- Claim by UASA the union on behalf of Marthinus Prinsloo compelling the municipality to comply with its contractual obligation to evaluate the applicants job description according to the TASK job evaluation policy and the collective agreement provisions on placement.

- Claim by Arrow Creek Investments 25 in respect of disconnection of electricity services.

- Claim by Afriforum droogeheuwel to prevent construction of the development and that the decision to approve the application for the development be reviewed and set aside.

- Claim relating to the contravention of the National Road Traffic Act 93 of 1996 where it is alleged that the employee wrongfully and unlawfully drove negligently and recklessly during the course of his duties as a traffic offcer.

- Claim by Mogorosi in respect of labour disputes.

- Claim by MN Zwane in respect of labour disputes.

- Claim by Khutjo Samuel Mphahlele in respect of an unfair dismissal dispute in the labour court.

- Claim by Kinkuba Makita/Bruce Bezeuidenhout with regards to the obligation of providing temporary emergency accomodation to Kinkuba Makita

CONTINGENT ASSETS:

During the current financial year the municipality opened with an unspent conditional grant of R 34 522 395 which is an amount which has not yet been transferred by Gauteng Department of Human Settlement for a grant that was gazetted for in 2017/2018 financial year and only transferred R 15 686 250 to the municipality in the 2018/2019 financial year and this results in a possible asset that may arise because of a gain that is contingent on future events that are not under the municipality's control.

Claim of R 64 196 950 for payments made to Kwane Fleet by Rand West City Local Municipality relating to the non-adherence of the SLA relating to the leasing of vehicles for service delivery.

Figures in Rand	2025	2024

50. Related parties

Relationships
Accounting Officer — Refer to the accounting officers' report on note 9

Related party transactions

Purchases from (sales to) related parties	2025	2024
Imisebenzi Iyakhuluma Traders	-	13,200

The transactions with the above related parties were within the normal course of business.

Councillors/Mayoral committee members
Refer to note 34 "Remuneration of councillors". The total amount paid to councillors was R 36,969,119 (2024: R 35,769,476).

Executive Management
Refer to note 33 "Employee related costs". The total amount paid to Municipal Manager and Executive Managers was R 12,447,731 (2024: R 11,666,969).

51. Change in estimate

Property, plant and equipment

The useful lives of certain property, plant and equipment items on the asset register were assessed during the current financial year and it was found that certain assets are being utilized for periods that extent beyond their original expected useful lives.This resulted in the remaining useful lives of these particular assets being adjusted downwards to accommodate the prolonged utilisation. The effect of this revision has resulted in the depreciation charge changing as shown below:

	Depreciation before adjustment in useful lives	Depreciation after adjustment in useful lives	Effect of the change in estimate
Community Assets	(12,258,705)	(12,779,736)	521,031
Infrastructure Assets	(124,073,660)	(124,420,460)	346,801
Other Assets	(3,171,279)	(3,187,869)	16,590
	(139,503,644)	**(140,388,065)**	**884,422**

52. Prior period errors

Receivables from exchange transactions: are restated by a total of R 11,827,000 relating to MTN setalita for rental of land, and WRDM account which was corrected due to a settlement agreement reducing the amount owed by the District Municipality.

Property, Plant and Equipment: is restated by a total of R 164,972,937 due to the following: Buildings restated by R 8,858,979, Infrastrucutre assets by R155,177,043, and Community assets by R 15,606,756 due to a reversal of impairment. Leased assets were restated by (R 12,686,538) due to corrections in the Present Value calculations were incorrect monthly rentals were used to determine the Present Value at initial recognition of the leased vehicles. Library books were restated by a total of R 744,460 due to corrections made on duplication of books written off in the prior period, as well as adjustments in the useful lives of books previously depreciated to R0. Other property, plant, and equipment was adjusted by a total of (R 2,727,749) due to corrections on donated assets previously recognised, disposals not recognised in the previous financial year, and correction of assets derecognised but still on the ground. The above restatements include adjustments in the depreciation previously recognised.

Investment Property: is restated by a total of R 4,388,753 due to additions of stands previously ommitted with a value of R 4,125,428, as well as R 263,325 being the fair value adjustments made to these stands.

Payables from Exchange Transactions: is restated by a total of R 6,644,180 due to the following: credit note of (R 650,694) relating to the Eskom account; contracted services of R 1,845,740 due to adjustments relating to repairs and maintenance, and prepaid vending. Adjustments of R 960,750 related to payroll accruals as a result of the recognition of an increase in the councillors remuneration due to changes in the upper limits not recognised in the prior period; general expenses amounting to R 4,488,384 as a result of invoices and credit notes not recognised in the previous financial year.

VAT Payable: Is restated by a total of R 470,015 following the correction of varous transactions where it was identified that transactions not subject to VAT had been processed with VAT.

Finance lease current and non-current: is restated by a total of R 12,968,020 (R 3,761,909 current, and R 9,206,111 non-current) due to the correction of the Present Value calculation at the initial recognition of leased vehicles. Monthly rentals adjusted for changes in the prime rate were used instead of the fixed monthly rentals stipulated in the contract.

Service charges: is restated by R 2,387,689 as a result of the correction of billing errors made on the WRDM (West Rand District Municipality) levies account as a result of a settlement agreement between the two municipalities.

Rental of facilities: is restated by R 219,230 due to a correction on the rate previously billed to MTN for rental of land.

Interest received from exchange transactions: is restated by R 9,658,540 as a result of adjustments in the interest charged on the WRDM (West Rand District Municipality) levies account resulting from the correction of billing errors made on the District Municipality's account.

Government grant and subsidies: is restated by R 968,894 due to the erroneous overpayment of the (WSIG) Water Services Infrastructure Grant allocation relating to the 'Provision of an elevated steeltank in Bekkersdal and water reticulation in crashers informal settlement' project.

Public contributions and donations: is restated by R 1,622,052 due to the adjustments made on donations of movable assets in the prior period.

Remuneration of councillors: is restated by a total of R 960,750 due to the back pay of councillors upper limits.

Depreciation and amortisation: is restated by a total of R 9,822,007 due to prior period adjustments on building asset, Infrastructure, Community, Leased and Library books assets.

Impairment loss of assets: is restated by a total of R 160,247,022 due to the reversal of impairment on fixed assets in fair condition.

52. Prior period errors (continued)

Finance costs: is restated by a total of R 2,637,694 as a result of (R 939,043) reversal of penalties and interest charged by SARS in the previous financial year; R 46,167 recognition and correction of interest charged by SARS in the previous financial year; (R 1,592,049) relating to the correction and write-off of interest charged by the Department of Labour recognised in the prior period; (R 152,769) relating to correction of the subsequent recognition of interest relating to the finance lease as a result of the corrections made on the Present Value calculation.

Bulk pruchases: is restated by R 650,694 relating to the correction of Eskom invoices recognised in the previous financial year.

Contracted services: is restated by a total of R 28,655,646 due to the recognition of invoices and credit notes relating to repairs and maintenance, credit control and prepaid vending.

General expenses: is restated by R 4,511,124 as a result of R 134,991 credit notes and invoices relating to professional fees and uniforms. R 4,353,393 being the recognition of effluent charges by Mogale City Local Municipality for the discharge of sewerage relating to Azaadville Gardens. R 22,740 for contingent rent relating to finance lease.

Gain or loss on disposal of assets: was restated R 645,960 as a result of sale of stands sold in the prior year, and the correction of duplicated fixed assets derecognised in the prior year.

Fair value adjustments: is restated by R 263,325 due to corrections made to the fair valuation of investment property erroneously ommitted in the prior year.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

52. Prior period errors (continued)

Statement of financial position	Balance as previously reported	Prior period error	Reclassification	Restated balance
Receivables from exchange transactions	231,029,322	(11,827,000)	-	219,202,322
Property, Plant and Equipment	4,342,162,664	164,972,937	-	4,507,135,601
Investment property	1,144,647,075	4,388,753	-	1,149,035,828
Payables from exchange transactions	(1,621,209,609)	(6,644,180)	-	(1,627,853,789)
VAT payable	(35,497,852)	(470,015)	-	(35,967,867)
Finance lease - current	(21,388,864)	3,761,909	-	(17,626,955)
Finance lease - non-current	(49,090,995)	9,206,111	-	(39,884,884)
	3,990,651,741	**163,388,515**	**-**	**4,154,040,256**

Statement of financial performance	Balance as previously reported	Prior period error	Reclassification	Restated balance
Service charges	(1,386,391,962)	2,387,689	-	(1,384,004,273)
Rental of facilities	(3,604,448)	(219,230)	-	(3,823,678)
Interest received - exchange	(88,278,380)	9,658,540	-	(78,619,840)
Government grants and subsidies	(819,767,984)	968,894	-	(818,799,090)
Public contributions and donations	(14,533,381)	1,622,052	-	(12,911,329)
Remuneration of councillors	34,808,726	960,750	-	35,769,476
Depreciation and amortisation	167,720,170	9,822,007	-	177,542,177
Impairment loss	111,075,539	(160,247,022)	-	(49,171,483)
Finance costs	112,799,292	(2,637,694)	-	110,161,598
Bulk purchases	953,698,182	(650,694)	-	953,047,488
Contracted services	179,347,011	(28,655,646)	-	150,691,365
General expenses	113,530,161	4,511,124	-	118,041,285
Gain on disposal of assets	(295,548)	(645,960)	-	(941,508)
Fair value adjustments	(57,256,371)	(263,325)	-	(57,519,696)
	(697,148,993)	**(163,388,515)**	**-**	**(860,537,508)**

Commitments:

Commitments have been restated by R61,867 from R153,661,540 audited in the 2023/2024 financial year to R153,599,673.

53. Comparative figures

Certain comparative figures have been reclassified.

54. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

54. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments liquidity risk arises largely from the municipality's ability to fund assets and meet financial obligation. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

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

30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	2,638,767,331	-	-	-	2,638,767,331
Payables from non exchange transactions	17,992,393	-	-	-	17,992,393
Unspent conditional grants and receipts	49,777,531	-	-	-	49,777,531
Consumer deposits	70,726,186	-	-	-	70,726,186
	2,777,263,441	**-**	**-**	**-**	**2,777,263,441**

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Payables from exchange transactions	1,546,931,536	-	-	-	1,546,931,536
Payables from non exchange transactions	15,776,395	-	-	-	15,776,395
Unspent conditional grants and receipts	186,604,048	-	-	-	186,604,048
Consumer deposits	68,872,681	-	-	-	68,872,681
	1,818,184,660	**-**	**-**	**-**	**1,818,184,660**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality is exposed to significant credit risk as its consumers are largely unemployed and are from low income households. Concentrations of credit risk are as per the financial instruments detailed below and for their credit quality refer to the various notes.The municipality decreases its exposure and concentration of credit risk by only depositing cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2025	2024
Cash and cash equivalents (Note 3)	83,474,002	172,574,270
Receivables from exchange transactions (Note 4)	316,258,435	219,202,322
Long term receivables (Note 7)	6,679,277	6,455,550
Investments (Note 8)	6,424,325	5,762,090

Refer to note 3, 4, 7 and 8 for the aging of the financial instruments and any impairment losses recognised in the current financial year.

In the current year, no investments have been pledged as security for borrowings.

Market risk

54. Risk management (continued)

The type of market risk that the municipality is exposed to is interest rate risk, this arises on interest-bearing financial instruments recognised in the statement of financial position. The Municipality manages this risk by fixing the interest rates on the loan.

55. Going concern

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

We draw attention to the fact that the municipality had a net deficit of R 324,572,668 at 30 June 2025 and the current liabilities of R 2,900,610,243 exceeded the current assets of R 517,352,095 by R 2,383,258,148 as at 30 June 2025. The municipality is currently faced with numerous financial problems which impact, amongst others its ability to meet its financial commitments and the provision of sustainable basic services. Challenges faced regarding financial issues manifests in cash flow constraints.

During the current financial year, the municipality experienced serious cash flow challenges. While the municipality had taken reasonable steps to ensure that all creditors were paid within 30 days, it was not able to meet this criterion. Because of this, there were some instances where the municipality incurred interest in respect of outstanding balances of creditors.
There is a material uncertainty and, therefore, the municipality may be unable to realise its assets and discharge its liabilities in the normal course of service delivery.

Rand West City Local Municipality has developed a revenue enhancement strategy which seeks to address the issues that have contributed to the current situation. This strategy takes a holistic approach to the organisation and was presented to and approved by the Rand West City Local Municipality Council. The plan is for various strategies to effect the changes needed for viability and sustainability of the municipality but not all could be considered due to its' limited cash-flow and institutional capacity. In addition to this, the strategies will be balanced between short term and long term to ensure the strategies will have the greatest impact based on the resources available, financial and human resources.

56. Events after the reporting date

The accounting officer is not aware of any other matter or circumstance arising since the end of the financial year to the date of authorisation of these financial statements.

Figures in Rand	2025	2024

57. Unauthorised expenditure

Opening balance as previously reported	1,274,444,833	1,070,581,003
Add: Unauthorised expenditure - current	608,062,588	451,144,240
Add: Unauthorised expenditure on conditional grants	-	14,029,775
Less: Approved/condoned/authorised by council	(1,274,444,833)	(261,310,185)
Closing balance	**608,062,588**	**1,274,444,833**

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

Non-cash	258,796,952	297,989,929
Cash	349,265,636	153,154,311
	608,062,588	**451,144,240**

Analysed as follows: non-cash

Depreciation and amortisation	1,804,569	94,751,597
Finance charges	-	203,238,332
Debt impairment - bad debts write off	256,992,383	-
	258,796,952	**297,989,929**

Analysed as follows: cash

Bulk purchases	116,800,398	19,557,847
Inventory consumed	35,948,739	9,642,250
Transfers and subsidies	9,469,839	-
Remuneration of councillors	1,699,634	4,246,985
Finance costs	105,945,747	62,354,899
Employee costs	79,401,279	57,352,330
	349,265,636	**153,154,311**

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal manager	-	955,145
Political	42,134,274	25,667,851
Governance	19,339,698	-
Infrastructure	176,865,140	205,314,410
Community services	-	55,950,455
Planning and development	122,028,832	18,477,410
Financial management services	247,694,644	126,041,922
Public safety	-	18,737,047
	608,062,588	**451,144,240**

The write-off of R 1,274,444,833 relates to the 2022 and 2023 financial years as per council resolution SP.15/26/3.

58. Fruitless and wasteful expenditure

Opening balance as previously reported	288,799,566	368,518,443
Add: Fruitless and wasteful expenditure identified - current	146,215,987	71,055,488
Less: Amount written off - prior period	(288,599,566)	(150,774,365)
Closing balance	**146,415,987**	**288,799,566**

Figures in Rand	2025	2024

58. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year includes those listed below:

Interest on overdue creditors: Eskom	42,945,877	981,677
Interest on overdue creditors: Telkom SA Ltd	18,448	2,934
Interest on overdue creditors: Rand Water	78,450,540	55,547,401
Munsoft	33,409	-
Auditor General	262,865	87,248
Tshepang Electrical	7,990,510	-
Fleet horizon	746,122	-
Department of Labour	350,654	396,613
Interest on overdue creditors: Eskom (small accounts)	18,251	1,750
Interest on overdue creditors: Gauteng	15,399,279	12,539,944
Interest as per court order: Proplan	-	15,628
Red ant	-	22,707
FNB interest charged	32	21,386
SARS	-	1,438,200
	146,215,987	**71,055,488**

Action taken/to be taken in respect of fruitless and wasteful expenditure:

Fruitless and wasteful expenditure as at 30 June 2024 was tabled to council and Samro for an amount of R 200,000 was referred to the Municipal Public Accounts Committe (MPAC) for investigation, and an amount of R 295,407,681 for the 21/22 financial year, R 117,292,804 for 22/23 financial year, and R 71,055,488 for 23/24 financial year were resolved to be written off during the March and June 2025 council sittings, bringing the total write-off of fruitless and wasteful expenditure to R 483,755,973 for the 2024/2025 financial year.This write off was adjusted to the opening balance of R 288,599,566 in the AFS as duplicates were noted.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

The current 2024/25 financial year fruitless and wasteful expenditure will be reported to council in the next financial year.

Notes to the Audited Financial Statements

Figures in Rand	2025	2024

59. Irregular expenditure

Opening balance as previously reported	921,948,579	730,431,832
Add: Irregular expenditure - current	50,551,410	182,234,907
Add: Irregular expenditure - prior period	635,341	28,581,736
Less: Amount written off - prior period	(838,944,010)	(19,299,896)
Closing balance	**134,191,320**	**921,948,579**

Figures in Rand	2025	2024

59. Irregular expenditure (continued)

Analysis of irregular expenditure awaiting investigation

Irregular expenditure incurred for an amount of R353 663 224.92 for the period 30 June 2022 to 30 June 2024 was tabled to Council and referred to MPAC for the period for investigation. The investigation was concluded and a report from MPAC was tabled to Council with recommendations to either write-off, recovery and/or further investigation. MPAC recommended a write-off for an amount of R58 652 737.00 and R64 560 886.00 was referred for further investigation by Council.

Council also referred irregular expenditure for the amount of R 157,428,310 to the DC Board for the financial year ended 30 June 2023. The DC Board concluded their investigation and tabled a report to Council on 26 March 2025 and recommended a write-off to Council for an amount of R 148,198,228; and an amount of R 9,230,090 was referred for further investigation.

The external investigators tabled a report to Council on 26 March 2025 on the outcome of the investigation on areas completed and recommended a write-off and disciplinary processes to be undertaken for some officials. The irregular expenditure recommended for write-off amounted to R 538,465,376.

Investigations related to irregular expenditure incurred up to 30 June 2024 that were conducted internally by MPAC and the DC Board were concluded and a report tabled in Council by 30 June 2025.

Implementation of the Council Resolution on the recommendations from investigations conducted is in progress. A process of disciplining the identified officials has commenced. Letters were issued in terms of disciplinary procedure and representations from all relevant officials received and assessed. Determination of the allegations and submission is currently underway.

Other Matters on Irregular expenditure referred for forensic/further investigations are still in progress.

	2025	2024
Non-Compliance with MFMA Regulation 116(3)(b)	38,768,844	338,293,570
Non-Compliance with section 29 SCM Regulations	1,381,424	136,287,971
Non-Compliance with section 36 SCM Regulations	3,530,985	130,674,073
Non-Compliance with SCM Regulation 28	64,014,483	112,548,176
Non-Compliance with section 20 SCM Regulations	-	49,361,675
RWCLM SCM policy	1,500,000	31,344,917
Non-Compliance with section 32 SCM Regulations	-	26,784,969
Non-compliance with SCM regulation 6(3)c	5,813,853	23,631,212
Non-Compliance with section 22 SCM Regulations	9,020,783	21,901,149
Non-Compliance with Section 65 of MFMA	-	20,625,509
Non-Compliance with MFMA 110(2)	2,752,246	8,445,137
PPP 5(6)PPR 2017	6,676,960	4,475,299
Non-Compliance with section 19 SCM Regulations	453,844	4,624,477
Non-Compliance with DoRA	-	3,996,556
Non-Compliance with Section 62 of MFMA	-	3,833,202
Non-Compliance with section 44 SCM Regulation	-	1,829,650
Non-Compliance with SCM Regulation 12	28,330	944,911
Non-Compliance with Section 17 SCM Regulations	-	692,633
Government gazette number: 42134	-	619,408
PPPFA Section 2(1)(f)	249,568	337,626
Non-Compliance with MFMA 112	-	177,603
PPR 2022	-	170,545
Non-Compliance with section 5(1) of MSA	-	164,347
Non-Compliance with section 13 SCM Regulations	-	94,714
PPPFA regulation 6(8) states that, Subject to sub-regulation (9) and regulation 11	-	89,250
	134,191,320	**921,948,579**

Figures in Rand	2025	2024

59. Irregular expenditure (continued)

Irregular expenditure is presented inclusive of VAT.

Action taken/to be taken in respect of irregular expenditure:

Irregular expenditure as at 30 June 2024 was tabled to council and referred to the Municipal Public Accounts Committee (MPAC) for investigation, and a total of R 838,944,010 relating to prior yeas up to 30 June 2024 was written off by council in March and June of 2025.

As at 30 June 2025 no criminal or discliplinary steps have been taken as a consequence of the above expenditure as the processes have not yet been concluded.

The current 2024/25 financial year Irregular Expenditure will be reported to council in the next financial year.

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Opening balance	7,439,088	8,357,717
Current year subscription / fee	6,316,945	6,326,746
Amount paid - current year	(5,000,000)	(7,245,375)
	8,756,033	**7,439,088**

	2025	2024
Material Distribution Losses		
Electricity	468,618,497	371,975,456
Water	231,154,810	206,090,159
	1,277,838,922	**578,065,615**

	2025	2024
Electricity:		
Technical losses	59,158,646	-
Non-technical losses	409,459,851	371,975,456
	468,618,497	**371,975,456**

	2025	2024
Water:		
Technical losses	51,439,334	22,898,907
Non-technical losses	179,715,476	183,191,252
	231,154,810	**206,090,159**

The municipality conducted an extensive study on distribution losses, and the technical losses were revised to 5,23% for electricity and 13% for water.

The total electricity distribution losses for the 2024/2025 financial year were 227,784,246 kilowatts (2024: 198,152,409 kilowatts) which represents 41% (2024: 39%) of total electricity purchased. These electricity distribution losses comprise of 5,23% techncical and 36% non technical losses being theft, faults etc. Attempts are currently being made to reduce these losses.

Water distribution losses for the current financial period were 16,649,067 kilo litres (2024: 15,621,315 kilo litres) and represents 58% (2024: 54%) of the total units purchased. Technical losses were 13%, and non-technical losses 45% for the year.

Figures in Rand	2025	2024

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

Audit fees

Opening balance	60,209	-
Current year subscription / fee	11,774,731	10,758,599
Interest charged	262,865	87,248
Amount paid - current year	(11,061,044)	(10,785,638)
	1,036,761	**60,209**

PAYE and UIF

Opening balance	9,055,413	7,163,784
Current year subscription / fee	111,185,112	97,516,062
Amount paid - current year	(110,403,760)	(95,624,433)
	9,836,765	**9,055,413**

Pension and Medical Aid Deductions

Opening balance	14,085,757	12,875,430
Current year subscription / fee	171,250,951	159,547,076
Amount paid - current year	(169,912,730)	(158,336,749)
	15,423,978	**14,085,757**

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at June 30, 2025:

June 30, 2025	**Outstanding less than 90 days**	**Outstanding more than 90 days**	**Total**
Councillor D Mbulula	5,401	100,615	106,016
Councillor HB Munyai	3,804	59,479	63,283
Councillor MM Mofokeng	6,848	97,607	104,455
Councillor HH Hild	38,502	-	38,502
Councillor MM and N Brown	3,336	-	3,336
Councillor P Erasmus	1,124	-	1,124
	59,015	**257,701**	**316,716**

June 30, 2024	**Outstanding less than 90 days**	**Outstanding more than 90 days**	**Total**
Councillor D Mbulula	13,484	119,409	132,893
Councillor HB Munya	2,559	49,451	52,010
Councillor MS Maakane c/o Makhene B	4,051	57,271	61,322
Councillor P Ngozi	3,620	2,571	6,191
Councillor SW Mrwetyana	3,408	28,804	32,212
Councillor CM Mahuma	3,065	3,065	6,130
Councillor E Matsoso c/o Moabi K	7,573	148,769	156,342
Councillor MM Moeletsi c/o Modise PIB	7,144	20,438	27,582
Councillor MM Mofokeng	5,555	119,361	124,916
Councillor NS Nyathi c/o Mabongo TJ	2,155	37,977	40,132
	52,614	**587,116**	**639,730**

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

Deviations from SCM regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council.

In the current year the municipality did not incur any expenditure in deviating from the SCM Regulations.

Paragraph 45(a),(b) &(c) of Government Gazette No. 27636 issued on 30 May 2005 states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months.

See note 50 for Councillors, employees and organisations in which they have a direct or indirect material interest.

61. Budget differences

Material differences between budget and actual amounts

All budget fluctuations above 10% in comparison to actual results for the financial period were considered material and are shown in the Statement of Comparison of Budget and Actual amounts:

61.1 **Service charges** - variance is due to high electricity and water losses.

61.2 **Rental of facilities** - variance is due to lack of maintenance of the facilities.

61.3 **Interest received-debtors** - variance is due to the culture of non- payment of services.

61.4 **Agency fees** - variance is due to the renewal of licenses on easy pay points.

61.5 **Other revenue** - variance is due to sale of stands not finalised.

61.6 **Interest received-investment** - variance is due to the spending of grant funds used for projects in line with the conditions.

61.7 **Property rates** - variance is due to the audit of property valuations.

61.8 **Licences and permits** - variance is due to reduction in licences renewed.

61.9 **Government grants & subsides** - variance is due to the inclusion of capital expenditure budget for separately.

61.10 **Public contributions and donations** - not budgeted for.

61.11 **Fines** - variance is due to less fines issued.

61.12 **Employee related cost** - overspending is due to filling of vacancies, placement processes and increasing overtime.

61.13 **Impairment of assets** - variance is due to the lack of repairing and maintaning facilities.

61.14 **Changes in existing decommission** - non-cash item not budgeted for.

61.15 **Bulk purchases - inventory consumed** increased demand for Water as well as high water losses. - The budget funding plan inculudes loss control measures which are expected to improve the metering of internal charges and the elimination of water and electricity internal cost

61.16 **Depreciation & amortisation** - the variance is due to a lack of repairing and maintaining facilities.

61. Budget differences (continued)

61.17 **Debt impairment** - none cash and was not sufficiently budgeted.

61.18 **Finance costs** - reported as part of fruitless and wasteful expenditure, interest due to Randwater and other creditor not paid within 30 days due to cash flow constraints of the municipality.

61.19 **Bulk purchases**- variance due to high distribution losses.

61.20 **Transfers and subsides** - Due to grants in aid not sufficiently budgeted for.

61.21 **Remuneration of councillors** - variance due to approved upper limits not budgeted for.

61.22 **Contracted services** - Saving as a result of less expenditure on the repairing and maintaining of municipal assets.

62. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

62. Segment reporting (continued)

Aggregated segments

The municipality operates throughout the GT485 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout GT485 were sufficiently similar to warrant aggregation.

The following segments were aggregated into a single segment as they have similar economic characteristics, and share a majority of the following:
(a) segments share the nature of the goods and/or services delivered
(b) segments share the type or class of customer/consumer to which goods and services are delivered;
(c) segments share the methods used to distribute the goods or provide the services;
(d) segments share the nature of the regulatory environment where applicable

1. Trading services:
- Water
- Electricity
- Refuse/Solid waste
- Sewerage/Waste watert

2. Economic and environmental services:
- Agriculture
- Economic development planning
- Housing
- Roads
- Town planning, building regulations and enforcement
- Property and valuation services

3. Community and public safety:
- Cemetries
- Libraries
- Community halls and facilities
- Health and child care services
- Recreational services and sporting grounds and stadiums
- Licensing and regulation
- Traffic police and street parking control
- Community parks and nurseries

4. Governance:
- Chief Whip
- Council
- Mayor
- MPAC
- Speaker

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
Community and public safety	Community and social services, sports and recreation, public safety and health
Trading services	Sewerage, refuse, electricity and water
Governance	Community outreach
Economic and environmental services	Economic development and planning, agriculture, road transport, housing and environmental protection services

Notes to the Audited Financial Statements

Figures in Rand

62. Segment reporting (continued)

Segment surplus or deficit, assets and liabilities

2025

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
Revenue					
Revenue from non-exchange transactions	778,816,711	148,232,768	514,879,920	54,415,457	1,496,344,856
Revenue from exchange transactions	4,566,629	1,506,816,527	5,677,383	24,676,259	1,541,736,798
Actuarial gains/losses	-	-	(28,554,031)	-	(28,554,031)
Interest revenue	-	-	159,117,671	-	159,117,671
Total segment revenue	**783,383,340**	**1,655,049,295**	**651,120,943**	**79,091,716**	**3,168,645,294**
Entity's revenue					**3,168,645,294**
Expenditure					
Employee related costs	60,732,126	124,218,312	311,844,625	187,192,206	683,987,269
Other expenses	17,121,501	360,314,055	505,147,531	7,676,244	890,259,331
Bulk purchases	-	1,132,289,521	-	-	1,132,289,521
Depreciation and amortisation	29,888,897	154,139,524	5,114,268	-	189,142,689
Inventory consumed	-	395,655,572	-	-	395,655,572
Gain or loss on disposal of assets and liabilities	-	-	20,777,817	-	20,777,817
Fair value adjustment	977	-	(10,624,345)	-	(10,623,368)
Finance costs	-	17,077,261	174,651,870	-	191,729,131
Total segment expenditure	**107,743,501**	**2,183,694,245**	**1,006,911,766**	**194,868,450**	**3,493,217,962**
Total segmental surplus/(deficit)	**675,639,839**	**(528,644,950)**	**(355,790,823)**	**(115,776,734)**	**(324,572,668)**
Assets					
current assets	31,837,495	177,884,575	180,227,478	127,402,547	517,352,095
non-current assets	115,792,794	497,407,775	5,295,559,215	84,366,251	5,993,126,035
Total segment assets	**147,630,289**	**675,292,350**	**5,475,786,693**	**211,768,798**	**6,510,478,130**

Notes to the Audited Financial Statements

Figures in Rand

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
62. Segment reporting (continued)					
Total assets as per Statement of financial Position					**6,510,478,130**
Liabilities					
current liabilities	72,668,528	2,420,355,506	335,792,871	71,793,338	2,900,610,243
non-current liabilities	-	-	353,670,587	-	353,670,587
Total segment liabilities	**72,668,528**	**2,420,355,506**	**689,463,458**	**71,793,338**	**3,254,280,830**
Total liabilities as per Statement of financial Position					**3,254,280,830**

2024

	Economic and environmental services	Trading services	Governance	Community and public safety	Total
Revenue					
Revenue from non-exchange transactions	475,041,175	173,660,335	497,912,416	51,379,500	1,197,993,426
Revenue from exchange transactions	3,392,118	1,276,532,039	404,576,369	24,837,195	1,709,337,721
Interest revenue	-	-	125,470,407	-	125,470,407
Actuarial (losses)/gain	-	-	43,882,563	-	43,882,563
Total segment revenue	**478,433,293**	**1,450,192,374**	**1,071,841,755**	**76,216,695**	**3,076,684,117**
Entity's revenue					**3,076,684,117**

Notes to the Audited Financial Statements

Figures in Rand

62. Segment reporting (continued)

Expenditure					
Employee related costs	51,258,258	133,902,400	268,742,008	176,917,919	630,820,585
Other expenses	11,817,733	511,486,956	383,755,518	10,873,490	917,933,697
Bulk purchases	-	953,698,182	-	-	953,698,182
Inventory consumed	-	377,155,911	-	-	377,155,911
Depreciation and amortisation	57,000,000	103,489,229	2,850,408	4,380,533	167,720,170
Interest expense	-	18,071,213	94,728,079	-	112,799,292
Fair value adjustments	207	-	(57,256,578)	-	(57,256,371)
Gain or loss on disposal of assets and liabilities	-	-	(331,005)	35,457	(295,548)
Total segment expenditure	**120,076,198**	**2,097,803,891**	**692,488,430**	**192,207,399**	**3,102,575,918**
Total segmental surplus/(deficit)	**358,357,095**	**(647,611,517)**	**379,353,325**	**(115,990,704)**	**(25,891,801)**
Assets					
Current assets	69,910,026	133,111,483	144,020,455	95,970,171	443,012,135
Non-current assets	61,255,197	509,270,712	5,021,648,797	79,356,984	5,671,531,690
Total segment assets	**131,165,223**	**642,382,195**	**5,165,669,252**	**175,327,155**	**6,114,543,825**
Total assets as per Statement of financial Position					**6,114,543,825**
Liabilities					
Current liabilities	266,232,322	590,735,024	877,543,303	219,748,589	1,954,259,238
Non-current liabilities	503,957	371,273,722	206,540,033	-	578,317,712
Total segment liabilities	**266,736,279**	**962,008,746**	**1,084,083,336**	**219,748,589**	**2,532,576,950**
Total liabilities as per Statement of financial Position					**2,532,576,950**

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