Alfred Duma Local Municipality
(Demarcation code KZN238)
Annual Financial Statements
for the year ended 30 June 2025

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

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 primary function of Alfred Duma Local Municipality is to provide basic services i.e. electricity, refuse, roads and stormwater facilities within the municipality's jurisdiction. The mandate of the Municipality is in terms of section 152 of the Constitution of South Africa.

Mayor and Chairperson of Mayoral Committee

Portfolio	**Councillor**
Mayor and Chairperson of EXCO and Strategic Planning, Governance and Finance Portfolio Committee	Cllr. ZJ Sibisi
Deputy Mayor	Cllr. S Simelane
Speaker	Cllr. BP Sithole
Chief Whip	Cllr. S Sithole
Executive Committee	Cllr. TP Dlamini
	Cllr. T Hadebe
	Cllr. ZI Madondo
	Cllr. ASD Warasally
	Cllr. SE Madondo
	Cllr. MB Mbhele
	Cllr. TP Njoko
	Cllr. A Mchunu
Section 79 committee chairperson	Cllr. MR Suddaby
	Cllr. SA Buys

Grading of local authority	4
Accounting Officer	SS Ngiba
Acting Chief Financial Officer (ACFO)	RA Jhetam
Registered head office	Lister Clarence Building 221 Murchison Street Ladysmith 3370
Postal address	PO Box 29 Ladysmith Kwazulu-Natal 3370
Bankers	ABSA Bank, Standard Bank, Nedbank, Investec Bank and First National Bank

Accounting Officer's Responsibilities and Approval

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

The Annual Financial Statements 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 Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The Accounting Officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Accounting Officer also certifies that the salaries, allowances and benefits of councillors as disclosed in note 35 to these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government’s determination in accordance with the Act.

The Annual Financial Statements set out on page 4 onwards, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), which have been prepared on the going concern basis and which I have signed on behalf of the municipality on 30 November 2025.

Accounting Officer
SS Ngiba

Abbreviations

LGSETA	Local Government Sector Education and Training Authority
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sports, Arts, Culture and Recreation
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
mSCOA	Municipal Standard Chart of Accounts
MDRG	Municipal Disaster Recovery Grant
MDRG	Municipal Disaster Response Grant

Comparison of Statement of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget
Financial performance									
Property rates	325 892 000	(3 498 000)	322 394 000		322 394 000	324 591 088	2 197 088	100.68 %	99.60 %
Services charges	638 155 000	(19 239 000)	618 916 000		618 916 000	582 976 560	(35 939 440)	94.19 %	91.35 %
Investment revenue	39 991 000	6 998 000	46 989 000		46 989 000	45 037 333	(1 951 667)	95.85 %	112.62 %
Transfer and subsidies recognised - Operational	348 067 000	8 631 000	356 698 000		356 698 000	356 358 411	(339 589)	99.90 %	102.38 %
Other own revenue	116 736 000	6 894 000	123 630 000		123 630 000	140 148 343	16 518 343	113.36 %	120.06 %
Total Revenue (excl. capital transfers and contributions)	**1 468 841 000**	**(214 000)**	**1 468 627 000**		**1 468 627 000**	**1 449 111 735**	**(19 515 265)**	**100.80 %**	**105.20 %**
Employee costs	(445 223 000)	(11 332 000)	(456 555 000)	-	(456 555 000)	(433 228 085)	23 326 915	94.89 %	97.31 %
Remuneration of councillors	(34 564 000)	2 862 000	(31 702 000)	-	(31 702 000)	(30 012 600)	1 689 400	94.67 %	86.83 %
Depreciation and asset impairment	(198 856 000)	137 315 000	(61 541 000)	-	(61 541 000)	(152 339 720)	(90 798 720)	247.54 %	76.61 %
Finance charges	(13 255 000)	(6 666 000)	(19 921 000)	-	(19 921 000)	(19 325 037)	595 963	97.01 %	145.79 %
Inventory consumed and bulk purchases	(527 050 000)	11 648 000	(515 402 000)	(1 016 000)	(516 418 000)	(495 340 907)	21 077 093	95.92 %	93.98 %
Transfers and subsidies	(4 339 000)	(550 000)	(4 889 000)	-	(4 889 000)	(4 513 176)	375 824	92.31 %	104.01 %
Other expenditure	(245 554 000)	(133 063 000)	(378 617 000)	1 016 000	(377 601 000)	(307 259 632)	70 341 368	81.37 %	125.13 %
Total Expenditure	**(1 468 841 000)**	**214 000**	**(1 468 627 000)**	**-**	**(1 468 627 000)**	**(1 442 019 157)**	**26 607 843**	**114.82 %**	**104.24 %**
Surplus	**-**	**-**	**-**	**-**	**-**	**7 092 578**	**7 092 578**	**107.81 %**	**104.72 %**
Transfers and subsidies recognised - capital (monetary allocations)	92 378 000	55 134 000	147 512 000		147 512 000	111 378 563	(36 133 437)	75.50 %	120.57 %
Transfers and subsidies - capital (in-kind)	-	-	-		-	243 743	243 743	- %	- %
Surplus for the year	**92 378 000**	**55 134 000**	**147 512 000**	**-**	**147 512 000**	**118 714 884**	**(28 797 116)**	**91.66 %**	**112.65 %**

Comparison of Statement of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget
Capital expenditure and funds sources									
Capital expenditure	136 473 000	56 803 000	193 276 000	-	193 276 000	146 537 564	(46 738 436)	75.82 %	107.37 %
Transfers and subsidies recognised – capital	80 329 000	48 112 000	128 441 000	-	128 441 000	96 809 544	(31 631 456)	75.37 %	120.52 %
Internally generated funds	56 144 000	8 691 000	64 835 000	-	64 835 000	49 728 016	(15 106 984)	76.70 %	88.57 %
	136 473 000	**56 803 000**	**193 276 000**	**-**	**193 276 000**	**146 537 560**	**(46 738 440)**	**75.82 %**	**107.37 %**
Financial position									
Total current assets	1 088 921 000	298 145 000	1 387 066 000	-	1 387 066 000	1 756 937 687	369 871 687	126.67 %	161.35 %
Total non-current assets	2 137 332 000	558 764 000	2 696 096 000	-	2 696 096 000	2 211 032 988	(485 063 012)	82.01 %	103.45 %
Total current liabilities	(294 412 000)	47 863 000	(246 549 000)	-	(246 549 000)	(1 034 169 177)	(787 620 177)	419.46 %	351.27 %
Total non-current liabilities	(167 993 000)	(26 942 000)	(194 935 000)	-	(194 935 000)	(185 125 618)	9 809 382	94.97 %	110.20 %
Community wealth/ Equity	(2 763 849 000)	(877 829 000)	(3 641 678 000)	-	(3 641 678 000)	2 748 675 879	6 390 353 879	(75.48)%	(99.45)%
Cash flow									
Net cash from/(used) operating activities	186 176 000	36 036 000	222 212 000	-	222 212 000	198 672 818	(23 539 182)	89.41 %	106.71 %
Net cash from/(used) investing activities	(150 212 000)	(62 283 000)	(212 495 000)	-	(212 495 000)	(140 931 783)	71 563 217	66.32 %	93.82 %
Net cash from/(used) financing activities	-	-	-	-	-	(1 050 620)	(1 050 620)	- %	- %
Cash/cash equivalents at the year end:	422 799 000	216 432 000	639 231 000	-	639 231 000	617 603 675	(21 627 325)	96.62 %	146.08 %

Comparison of Statement of Budget and Actual Amounts for the year ended 30 June 2025

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of origional budget

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for variances greater than 10% between approved Budget and Actual amount on the various items disclosed in the Statement of Financial Performance are explained below:

Other Revenue: Variance mainly due to fair value gains on investment property being higher than estimated.

Other expenditure: Actuals less than budget estimated mainly due to bad debt write offs being lower than estimated, operational costs and loss on disposal of assets being lower than estimated.

Total Capital Expenditure: Actual expenditure was lower than budget mainly due to the MDRG grant that was not fully spent at year end. According to the business plan, the municipality has up to 31 March 2026 to fully spend the MDRG.

Debt Impairment: The Municipality did not budget for the impairment of Government Debt as it is deemed to be low risk.

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	4	617 603 674	560 913 260
Trade and other receivables from exchange transactions	5	157 173 525	124 559 556
Receivables from non-exchange transactions	6	255 729 695	242 304 115
Inventory	7	84 732 809	83 170 205
Total Current Assets		**1 115 239 703**	**1 010 947 136**
Non-Current Assets			
Investment property	8	444 172 966	421 137 121
Property, plant and equipment	9	1 750 595 970	1 680 981 819
Heritage assets	10	15 367 526	15 956 526
Intangible assets	11	896 536	869 609
Eskom Deposits	12	3 885 690	3 299 830
Total Non-Current Assets		**2 214 918 688**	**2 122 244 905**
Total Assets		**3 330 158 391**	**3 133 192 041**
Liabilities			
Current Liabilities			
Financial liabilities	13	751 326	914 667
Consumer deposits	14	24 696 929	21 752 156
Trade and other payables from exchange transactions	15	246 852 547	210 126 782
Trade and other payables from non-exchange transactions - Transfers and Subsidies Unspent	16	77 215 503	51 310 605
Provisions	17	46 202 571	38 025 510
Defined benefit obligations	18	3 718 000	3 747 000
Total Current Liabilities		**399 436 876**	**325 876 720**
Non-Current Liabilities			
Financial liabilities	13	847 164	1 598 491
Provisions	17	118 688 469	107 730 249
Defined benefit obligations	18	62 510 000	57 160 999
Total Non-Current Liabilities		**182 045 633**	**166 489 739**
Total Liabilities		**581 482 509**	**492 366 459**
Net Assets		**2 748 675 882**	**2 640 825 582**
Community Wealth / Equity			
Housing development fund	20	40 752 093	53 022 365
Accumulated surplus	19	2 707 923 765	2 587 803 231
Total Community Wealth / Equity		**2 748 675 858**	**2 640 825 596**

* See Note 55 & 56

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Exchange Revenue			
Services charges – Electricity	21	547 744 871	512 063 916
Services charges – Waste management	21	35 231 689	33 171 074
Sales of goods and rendering of services	22	1 648 486	1 835 579
Agency services	23	3 612 152	3 594 996
Interest earned from receivables	24	16 323 536	11 832 358
Interest on investments and bank accounts	25	45 037 333	42 546 899
Licence and permits	33	4 026 004	3 727 566
Rental from fixed assets	26	3 308 707	3 197 454
Operational revenue	27	6 922 495	5 223 076
Fair Value Adjustments	28	23 035 844	20 967 421
Construction contract revenue	29	9 565 217	1 080 996
Total Exchange Revenue		**696 456 334**	**639 241 335**
Non-Exchange Revenue			
Availability charges – Electricity	30	3 138 891	2 839 285
Property rates by usage	31	324 591 088	297 680 270
Fines, penalties and forfeits	32	16 003 166	9 843 830
Transfers and subsidies recognised – Operational	34	356 619 014	345 027 676
Transfers and subsidies recognised – Capital	34	111 622 306	90 585 619
Interest earned from receivables	24	51 990 066	44 600 263
Total Non-Exchange Revenue		**863 964 531**	**790 576 943**
Total Revenue		**1 560 420 865**	**1 429 818 278**
Expenditure			
Employee related cost	35	433 228 085	387 582 973
Remuneration of councillors	36	30 012 600	30 785 175
Bulk purchases	37	458 210 807	418 958 457
Inventory consumed	38	37 130 100	31 621 138
Debt impairment (reversal)	39	76 818 188	159 416 963
Depreciation and Amortisation	40	77 238 423	83 728 479
Impairment losses / (reversal) of impairment on cash and non- cash generating assets	41	(1 716 891)	(23 703)
Finance Cost	42	19 325 037	17 470 852
Contracted services	44	80 922 044	95 609 769
Transfers and subsidies	45	4 513 176	4 514 869
Irrecoverable debts written off	46	100 240 153	19 591 132
Lease rentals on operating leases	43	1 444 369	1 474 720
Operational cost	47	113 185 525	109 448 116
Loss on disposal of fixed and intangible assets	48	1 552 351	5 196 137
Loss on remeasurement of employee benefits	49	36 807	864 301
Construction contract expenditure	29	9 565 217	1 080 996
Total Expenditure		**1 441 705 991**	**1 367 320 374**
Surplus for the year		**118 714 874**	**62 497 904**

* See Note 55 & 56

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates and traffic fines		245 166 465	230 699 235
Sale of goods and rendering of services		566 457 555	538 062 342
Grants		497 391 895	434 251 897
Interest received for operating activities - Bank and Investments		53 386 427	51 510 420
Payments			
Employee costs		(467 174 407)	(421 405 111)
Suppliers		(696 555 117)	(665 566 549)
Net cash from(used) operating activities	50	**198 672 818**	**167 552 234**
Cash flows from investing activities			
Receipts			
Purchase of property, plant and equipment		(141 304 195)	(133 979 454)
Proceeds from sale of property, plant and equipment		1 394 050	782 791
Purchase of other intangible assets		(435 778)	(236 035)
Net movement in Eskom Deposits		(585 860)	(296 400)
Net cash flows from investing activities		**(140 931 783)**	**(133 729 098)**
Cash flows from financing activities			
Receipts			
Movement in long term loans		(896 804)	(846 113)
Finance lease payments		-	(801 919)
Interest paid related to financing activities		(153 816)	(226 328)
Net cash flows from financing activities		**(1 050 620)**	**(1 874 360)**
Net increase/(decrease) in cash		**56 690 415**	**31 948 776**
Cash and cash equivalents at beginning of the year		560 913 260	528 964 484
		617 603 675	**560 913 260**

* See Note 55 & 56

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Accumulated surplus	Total net assets
Opening balance as previously reported	47 445 538	2 858 203 687	**2 905 649 225**
Correction of errors	-	(334 203 296)	**(334 203 296)**
Balance at 01 July 2023 as restated*	**47 445 538**	**2 524 000 391**	**2 571 445 929**
Surplus for the year	-	62 497 904	**62 497 904**
Proceeds	7 429 761	-	**7 429 761**
Contributions and interest recognised to Self insurance fund	-	1 304 936	**1 304 936**
Utilisation on the Housing Development Fund	(1 852 934)	-	**(1 852 934)**
Balance at 30 June 2024	**53 022 365**	**2 587 803 231**	**2 640 825 596**
Restated* Balance at 01 July 2024	**53 022 365**	**2 587 803 237**	**2 640 825 602**
Surplus for the year	-	118 714 874	**118 714 874**
Interest recognised on theHousing Development Fund	6 777 775	-	**6 777 775**
Transfers to/from Reserves	-	1 405 654	**1 405 654**
Utilisation	(19 048 046)	-	**(19 048 046)**
Balance at 30 June 2025	**40 752 094**	**2 707 923 765**	**2 748 675 859**
Note(s)	20	19	

* See Note 55 & 56

Accounting Policies

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where 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. Summary of significant accounting policies

The following GRAP standards have been approved and effective to the municipality for the 2024/25 financial year:

GRAP Framework	Framework for the Preparation and Presentation of Financial Statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures (Revised)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 34	Separate Financial Statements
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Ecomonies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

. Additional content (continued)

IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecogntion of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IGRAP 21	The Effect of Past Decisions on Materiality
Guideline	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
Guideline	Accounting for Landfill Sites
Guideline	The Application of Materiality to Financial Statements

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rands, which is the functional currency of the municipality.

1.2 Going concern assumption

These Annual Financial Statements were prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual. Explanatory comment is provided in the notes to the statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the financial year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2024 to June 30, 2025.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the Annual Financial Statements in determining whether a difference between the budgeted and actual amount is material.

1.5 Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current financial year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current financial year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current financial year is consistent with prior periods.

1.6 Significant judgements and estimates

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

1.6.1 Judgements

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

Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these Annual Financial Statements.

In preparation of the Annual Financial Statements materiality has been considered in:
- Deciding what to report in the Annual Financial Statements and how to present it.
- Assessing the effect of omissions, misstatements and errors on the Annual Financial Statements.

In 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.

The municipality does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

Lease classification – municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Lease classification – municipality as lessee

The municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the municipality.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification of property as held for strategic purposes

The municipality classifies vacant land that is earmarked for future development in terms of the municipality’s Spatial Development Framework, as property, plant and equipment, rather than investment property.

Criteria for the classification of properties as investment property rather than property, plant and equipment, when classification is difficult

1.6 Significant judgements and estimates (continued)

All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as investment property.

Land held for currently undetermined future use

Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are recorded as property, plant and equipment. The rental revenue generated is incidental to the purposes for which the property is held.

Componentisation of infrastructure assets

All infrastructure assets, where the acquisition cost could not be obtained, with significant components relating to different useful lives are unbundled into their components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market replacement cost of each component, depreciated for age and condition and recalculated to deemed cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP. All infrastructure assets acquired after the adoption of GRAP with significant components relating to different useful lives are unbundled into their components based on the actual expenditure incurred where available.

1.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Post-employment benefits

The cost of defined benefit medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Classification of financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

Impairment of financial assets

The Accounting Policy on Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of service debtors (receivables from exchange and non-exchange transactions) is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their history. This was performed per service-identifiable categories across all classes of debtors.

The calculation in respect of the impairment of fine receivables (receivables from non-exchange transactions) is based on an assessment of the past payment history of fines per category.

Review of useful lives of property, plant and equipment and intangible assets

Accounting Policies

1.6 Significant judgements and estimates (continued)

The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

Valuation of land and buildings and fair value estimations of investment property

Land and buildings were valued and the fair value of investment property determined, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Impairment of property, plant and equipment, intangible assets, heritage assets and inventory

The Accounting Policies on impairment of cash and non-cash generating assets as well as inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-cash generating assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of Financial Performance.

Revenue recognition

The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions.

In particular, in regard to revenue form exchange revenue - when goods are sold, whether the management had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. In regard to revenue from non-exchange transactions - significant estimations were made to the initial recognition and measurement of revenue on fines, on the estimated reductions on initial recognition and measurement. Based on past experience, of the amount of revenue the municipality is entitled to collect was calculated as a percentage of the value of the outstanding fines, to determine the value of the fines issued that were impaired. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Budget information

Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the Annual Financial Statements.

Accounting Policies

1.7 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

1.8 Inventory

Inventory consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, and net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised In the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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 carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.9 Investment property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

Initial recognition

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

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

1.9 Investment property (continued)

Subsequent measurement – fair value model

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by a professional valuer on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment or inventory as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner occupied property, including (among other things) property held for future use as owner occupied property, property held for future development and subsequent use as owner occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of financial position) 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. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

1.10 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 year.

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

Accounting Policies

1.10 Property, plant and equipment (continued)

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as 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.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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

Accounting Policies

1.10 Property, plant and equipment (continued)

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

Asset class	Useful lives (Years)
Buildings	
• Community	50
• Administrative	50
Infrastructure assets	
• Roads and Paving	10 - 50
• Electricity	10 - 50
• Landfill Sites	15
• Stormwater	100
• Bridges	50 - 100
• Gravel Road	10 - 50
• Street Furniture	6 - 20
• Recreational Facilities	15 - 50
• Specialised Vehicles	5 - 20
Other assets	
• Other Vehicles	5 - 20
• Plant and Machinery	3 - 20
• Furniture and Office Equipment	2 - 20
• Plant and Equipment	3 - 20
• Computer Equipment	3 - 10
• Containers	7 - 10
• Specialised Plant and Equipment	3 - 20
• Other items of Plant and Equipment	3 - 20

The estimated useful life, residual values and depreciation method are assessed at each reporting date on an indicator basis.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Derecognition

The carrying amount of an item of property, plant and equipment is 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 an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying values of assets.

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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or surplus when the compensation becomes receivable.

Accounting Policies

1.10 Property, plant and equipment (continued)

Site rehabilitation and restoration costs

Where the municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

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

1.11 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

Land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, are recognised as property, plant and equipment, rather than heritage asset.

Initial recognition and measurement

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Accounting Policies

1.11 Heritage assets (continued)

Dererecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of heritage assets.

1.12 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

An asset is identifiable if it either:

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

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.

Initial recognition and measurement

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Subsequent measurement

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

1.13 Borrowing costs

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

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

1.14 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

Impairment of cash-generating assets

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

1.14 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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.

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

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

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

Impairment of non-cash-generating assets

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

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

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.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.14 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.15 Financial instruments

A financial intrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition.

1.15.1 Classification of financial instruments

Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

The municipality has the following types of financial assets as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial asset	Classification in terms of GRAP 104
Cash and cash equivalents	Financial assets at amortised cost
Receivables from exchange transactions (excluding statutory receivables)	Financial assets at amortised cost
Eskom deposits	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Financial liabilities

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

The following main categories of financial liabilities and the classification determining how they are measured exist:

Accounting Policies

1.15 Financial instruments (continued)

- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

The municipality has the following types of financial liabilities as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Financial liabilities (borrowings)	Financial liability at amortised cost
Consumer deposits	Financial liability at amortised cost
Trade and other payables from exchange transactions (excluding statutory payables)	Financial liability at amortised cost

1.15.2 Initial and subsequent measurement

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 investments is measured at fair value are 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).

1.15.3 Impairment of financial assets

Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

Other debtors

Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

1.16 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

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

Accounting Policies

1.16 Provisions (continued)

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

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

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

1.17 Employee benefits

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Short-term employee benefits

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of financial position.

Bonus provisions

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

Recognition and measurement

When an employee has rendered service to the municipality during a reporting period, the municipality 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 municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

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

1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

Recognition and measurement

The municipality determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality’s informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits.

Statement of financial position

The municipality recognises the net defined benefit liability (asset) in the statement of financial position. When the municipality has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:
(a) the surplus in the defined benefit plan; and
(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the municipality has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the municipality determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the municipality recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

1.17 Employee benefits (continued)

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

The municipality uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

Accounting Policies

1.17 Employee benefits (continued)

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

The municipality measures its defined benefit obligations on a basis that reflects:

(a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer’s share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

(i) those changes were enacted before the end of the reporting period; or

(ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the municipality remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement

Past service cost

The municipality recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the municipality recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The municipality recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Recognition and measurement: Plan assets

Fair value of plan assets

1.17 Employee benefits (continued)

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

Reimbursements

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the entity:

(a) Recognises its right to reimbursement as a separate asset. The municipality measures the asset at fair value.

(b) Disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised as below (see section on Components of defined benefit cost), may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

Components of defined benefit cost

The municipality recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Current service cost

The municipality determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the municipality remeasures the net defined benefit liability (asset) in accordance with the section on past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The municipality determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the municipality uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on past service cost gains and losses on settlement, the municipality determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

(a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and

(b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on past service cost gains and losses on settlement (part b).

In applying this, the municipality also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); andt

1.17 Employee benefits (continued)

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Presentation

Offset

The municipality offsets an asset relating to one plan against a liability relating to another plan when, and only when, the municipality:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Current/non-current distinction

The municipality offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Components of defined benefit cost

The municipality recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;
(b) net interest on the net defined benefit liability (asset); and
(c) remeasurements of the net defined benefit liability (asset).

Long-service allowance

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

1.18 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

1.18 Leases (continued)

Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of financial position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

1.19 Construction contract and receivables

Construction contract and receivables

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

A contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

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

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.20 Statutory receivables

1.20.1 Identification

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

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

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

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

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

1.20.2 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.

1.20.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

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).

1.20.4 Impairment

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

1.20 Statutory receivables (continued)

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.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

1.20.5 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 control of the statutory receivable and substantially all the risks and rewards of ownership of the asset to another entity; 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.

1.21 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Accounting Policies

1.21 Revenue (continued)

1.21.1 Revenue from exchange transactions

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. Interest may be transferred from the Accumulated surplus/ (deficit) to the Housing development fund or the Insurance reserve.

Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Property rental and instalments

Finance income from the sale of housing by way of instalment sale agreements or finance leases is recognised on a time proportion basis.

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 buyer the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

Accounting Policies

1.21 Revenue (continued)

1.21.2 Revenue from non-exchange transactions

Rates and taxes

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

Fines

Fines constitute spot fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect, taking into account withdrawn and discounted fines.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and contributions

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

Transfers and subsidies

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

1.22 Transfers and subsidies – non-exchange expenditure

The municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.23 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Mayor, EXCO members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

1.25 Housing development reserve

The Housing development fund was established in terms of the Housing Act (Act No. 107 of 1997).

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund. The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development, subject to the approval of the Provincial MEC responsible for housing. Loans from national and provincial government that were used to finance housing selling schemes were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The following provisions are set for the creation and utilisation of the Housing Development Fund:
- Housing Development Fund must have its own separate bank account or allocated investments and must be backed by cash or related assets.
- Any contributions to or from the fund must be shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on bank accounts backing up this fund must be recorded as part of interest earned in surplus or deficit for the year and can be transferred via the Statement of Changes in Net Assets to the Housing Development Fund.

1.26 Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

1.27 Principal-agent arrangements

The municipality is party to a principal-agent arrangement as disclosed in the annual financial statements.In terms of the arrangement the municipality is the agent.

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

1.27 Principal-agent arrangements (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

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

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.

1.28 Housing arrangements

The Accounting Standards Board issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

Where the municipality acts as a project manager in a housing arrangement, it is regarded as an agent in terms of the principles of GRAP 109 - Accounting by Principals and Agents.

Where the municipality is regarded as an agent, costs related to the construction of top structures and the related recovery thereof (revenue) is not be recognised in the Statement of financial performance of the municipality.

1.29 Value Added Tax

The municipality is registered with the South Afrcan Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

VAT is an indirect tax based on consumption of goods and services in the economy. Revenue is raised for the government by requiring certain traders or vendors to register and to charge VAT on taxable supplies of goods or services. The essential characteristics of VAT are:
- it is charged at each stage of the production and distribution process;
- the taxable person (vendor) may deduct the tax paid during the preceding stages; and
- the burden of the tax is on the final consumer.

1.29 Value Added Tax (continued)

The municipality renders goods and services to consumers, it is responsible to collect taxes from its consumers for the goods and services provided. The municipality (VAT vendor) is a deemed debtor to the national government when collecting and remitting VAT.

The municipality is registered to declare VAT transactions on the cash basis to SARS.

The municipality is liable to account forVAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipality accounts for VAT on a monthly basis and VAT is settled between the VAT vendorand SARS, based on the cash collected by the municipality and the cash paid by the municipality. VAT Receivable due/from SARS:

- In accordance with GRAP 108, the VAT Receivable to/from SARS is considered to be a statutory arrangement, as this is based on legislation, being the VAT Act.
- Taking into account that the VAT due/from to the national government by the municipality (VAT vendor) results in a deemed debtor-creditor relationship, it is therefore considered to be a receivable or payable from exchange transaction

VAT Accrual

In accordance with GRAP, the municipality recognises transactions on an accrual basis of accounting. Therefore, the transaction between the municipality and customer includes the provision of goods or services in cash or credit; and the levying and/or collection of VAT by the municipality from the customer.

Similarly, the transaction between the municipality and the supplier includes the supply of goods or services in cash or credit; and the obligation to recognise VAT by the supplier to the municipality from the customer.

The VAT accrual accounts therefore does not represent amounts to be received or paid to SARS, but rather amounts that are associated with transactions that are yet to be settled. As a result, the accrual transactions are considered to be contractual in nature, and therefore do not meet the definition of a statutory arrangement. As there is no transaction to “settle” with a specific counterparty at this point, the municipality considers the offsetting of the amounts as inappropriate, and has separately disclosed these transactions in the notes to the annual financial statements.

Input VAT Accrual represents amounts that are yet to be claimed from SARS, subject to settlement of the outstanding creditors by the municipality. This therefore shall be disclosed as a receivable from exchange transaction in accordance with GRAP 9.

Output VAT Accrual represents amounts that are yet to be paid to SARS, subject to collection from outstanding debtors of the municipality. This shall be accounted for as a trade and other payables in accordance with GRAP 19.

1.30 Unauthorised expenditure

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality’s approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality’s budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

Accounting Policies

1.30 Unauthorised expenditure (continued)

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 the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.31 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 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 municipality’s supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

1.32 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is 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 the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.33 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

1.34 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards, amendments to standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023: Improvements to the Standards of GRAP 2023	No effective date determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date determined	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	No effective date determined	Unlikely there will be a material impact
• GRAP 105(as revised): Transfer of Functions Between Entities Under Common Control	No effective date determined	Unlikely there will be a material impact
• GRAP 106 (as revised): Transfer of Functions Between Entities Not Under Common Control	No effective date determined	Unlikely there will be a material impact
• GRAP 107 (as revised): Mergers	No effective date determined	Unlikely there will be a material impact
• iGRAP 22: Foreign Currency Transactions and Advance Consideration	July 1, 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	July 1, 2025	Impact is currently being assessed

3. Key judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

4. Cash and cash equivalents

4.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2025	2024
Call deposits and investments		
Deposit taking institutions	150 032 568	50 964 726
Cash at bank		
Bank balances	467 533 855	509 870 766
Cash on hand	37 251	77 768
Total cash and cash equivalents	**617 603 674**	**560 913 260**

Figures in Rand	2025	2024

4. Cash and cash equivalents (continued)

Call deposits and investments by financial institution

The municipality invests in short term investment accounts. A summary of cash book balances have been indicated below:

Institution		
ABSA Bank Limited	-	50 964 726
Standard Bank Limited	150 032 568	-
Total investments	**150 032 568**	**50 964 726**

4.2 Bank account balances

The municipality has the following bank accounts:

ABSA Bank Limited	Consolidated account	467 533 855	509 870 766

4.3 Difference between cash book and bank statement

2025

	Cash book	Bank statement	Difference
ABSA Bank - Current Account (Primary Account) - 4071756088	28 518 561	32 482 065	(3 963 504)
ABSA Bank - General Call Account - 9207051716	272 348 532	270 542 328	1 806 204
ABSA Bank - Self Insurance Fund Call Account - 9251267674	18 211 727	18 164 073	47 654
ABSA Bank - Housing Grant Call Account - 9207052314	42 745 760	42 509 499	236 261
ABSA Bank - Grants Funds Call Account - 9207054081	54 915 410	54 605 827	309 583
ABSA Bank - Housing Operating Call account - 9274469611	46 928 794	46 662 527	266 267
ABSA Bank - Housing Capacity Fund Call Account - 9285122301	3 865 074	3 850 658	14 416
	467 533 858	**468 816 977**	**(1 283 119)**

2024

	Cash book	Bank statement	Difference
ABSA Bank - Current Account (Primary Account) - 4071756088	70 988 307	78 135 717	(7 147 410)
ABSA Bank - General Call Account - 9207051716	272 675 776	272 675 776	-
ABSA Bank - Self Insurance Fund Call Account - 9251267674	16 760 682	16 760 682	-
ABSA Bank - Housing Grant Call Account - 9207052314	42 509 499	42 509 499	-
ABSA Bank - Grants Funds Call Account - 9207054081	50 633 285	50 633 285	-
ABSA Bank - Housing Operating Call account - 9274469611	54 108 656	54 108 656	-
ABSA Bank - Housing Capacity Fund Call Account 9285122301	2 194 565	2 194 565	-
	509 870 770	**517 018 180**	**(7 147 410)**

2023

	Cashbook	Bank statement	Difference
ABSA Bank - Current Account (Primary Account) - 4071756088	31 323 199	37 031 109	(5 707 910)
ABSA Bank - General Call Account - 9207051716	188 537 305	189 800 197	(1 262 892)
ABSA Bank - Self Insurance Fund Call Account - 9251267674	15 804 483	15 842 741	(38 258)
ABSA Bank - Housing Grant Call Account - 9207052314	42 733 736	43 009 698	(275 962)
ABSA Bank - Grants Funds Call Account - 9207054081	46 807 151	47 109 103	(301 952)
ABSA Bank - Housing Operating Call account - 9274469611	47 859 889	48 168 340	(308 451)
ABSA Bank - Housing Capacity Fund Call Account 9285122301	1 810 824	1 822 185	(11 361)
	374 876 587	**382 783 373**	**(7 906 786)**

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

4. Cash and cash equivalents (continued)

Bank statement balance at beginning of year		517 018 180	382 783 373
Bank statement balance at end of year		468 816 977	517 018 180
Cash book balance at beginning of year		509 870 770	374 876 587
Bank statement balance at end of year		468 816 977	517 018 180
Net movement / reconciling items		(1 283 119)	(7 147 410)
Cash book balance at end of year		**467 533 858**	**509 870 770**

Differences between the bank statement and cash book are as follows:-

- Outstanding transactions as at 30 June 2025, not cleared from the bank is R5 972 029 (2024:R11 747 979).
- Outstanding deposits as at 30 June 2025, not cleared from the bank is R1 861 603 (2024: R4 600 869).
- Accrued interest as at 30 June 2025 is R2 909 071.
- Accrued expense as at 30 June 2025 is R21 891.
- Bank deposits on cash book as at 30 June 2025, not cleared from the bank is R59 873 (2024:R300).

Additionally, accrued interest has been recognised to the cash book for the month of June, which has been paid to the municipality's bank account at the commencement of the following financial year.

Guarantee Held on Primary Account:
The municipality has a guarantee of R120 000 held in favour of The South African Post Office.

5. Trade and other receivables from exchange transactions

Trading service and customer service debtors	5.1	157 173 525	124 559 556
Current assets		157 173 525	124 559 556

5. Trade and other receivables from exchange transactions (continued)

5.1 Trading service and customer service debtors

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	118 079 792	(5 510 318)	**112 569 474**	97 229 808	(12 608 398)	**84 621 410**
Waste management	115 166 555	(97 997 277)	**17 169 278**	153 775 552	(142 257 676)	**11 517 876**
Sundry debtors	26 157 241	(22 827 598)	**3 329 643**	23 157 864	(15 552 603)	**7 605 261**
Property rental debtors	2 825 689	(2 460 178)	**365 511**	4 009 688	(3 731 054)	**278 634**
Input tax accrual	22 195 986	-	**22 195 986**	17 762 392	-	**17 762 392**
VAT control receivable - due from SARS	1 543 633	-	**1 543 633**	2 773 983	-	**2 773 983**
Total	**285 968 896**	**(128 795 371)**	**157 173 525**	**298 709 287**	**(174 149 731)**	**124 559 556**

Contractual receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	118 079 792	(5 510 318)	**112 569 474**	97 229 808	(12 608 398)	**84 621 410**
Waste management	115 166 555	(97 997 277)	**17 169 278**	153 775 552	(142 257 676)	**11 517 876**
Sundry debtors	26 157 241	(22 827 598)	**3 329 643**	23 157 864	(15 552 603)	**7 605 261**
Property rental debtors	2 825 689	(2 460 178)	**365 511**	4 009 688	(3 731 054)	**278 634**
Input tax accrual	22 195 986	-	**22 195 986**	17 762 392	-	**17 762 392**
Total	**284 425 263**	**(128 795 371)**	**155 629 892**	**295 935 304**	**(174 149 731)**	**121 785 573**

Statutory receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
VAT control receivable - due from SARS	1 543 633	-	**1 543 633**	2 773 983	-	**2 773 983**

5. Trade and other receivables from exchange transactions (continued)

5.1.1 Ageing of trading service and customer service debtors

5. Trade and other receivables from exchange transactions (continued)

2025

		Past due				
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Ageing by debt type						
Contractual receivables						
Electricity	**118 079 792**	68 241 202	4 157 832	3 799 801	3 683 917	38 197 040
Waste management	**115 166 555**	4 692 844	3 145 742	3 090 035	3 065 284	101 172 650
Sundry debtors	**26 157 241**	2 467 398	153 849	926 624	183 306	22 426 064
Property rental debtors	**2 825 689**	158 062	76 629	60 739	59 638	2 470 621
Input tax accrual	**22 195 986**	22 195 986	-	-	-	-
Total ageing for contractual receivables	**284 425 263**	**97 755 492**	**7 534 052**	**7 877 199**	**6 992 145**	**164 266 375**
Statutory receivables						
VAT control receivable - due from SARS	**1 543 633**	1 543 633	-	-	-	-

2024

		Past due				
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Ageing by debt type						

Notes to the Annual Financial Statements

Figures in Rand

5. Trade and other receivables from exchange transactions (continued)

Contractual receivables						
Electricity	**97 229 808**	48 484 616	7 604 271	4 041 762	2 760 037	34 339 122
Sundry debtors	**23 157 864**	2 604 478	61 816	1 053 133	21 807	19 416 630
Property rental debtors	**4 009 688**	59 329	52 777	41 151	40 179	3 816 252
Waste management	**153 775 552**	3 208 611	3 208 790	2 958 449	2 898 969	141 500 733
Input tax accrual	**17 762 392**	17 762 392	-	-	-	-
Total ageing for contractual receivables	**295 935 304**	**72 119 426**	**10 927 654**	**8 094 495**	**5 720 992**	**199 072 737**

Statutory receivables						
VAT control receivable - due from SARS	**2 773 983**	2 773 983	-	-	-	-

5.1.2 Trading service and customer service debtors past due not impaired

5. Trade and other receivables from exchange transactions (continued)

2025

		Past due				
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Contractual receivables						
Electricity	**45 872 272**	-	-	-	2 557 869	43 314 403
Waste management	**(461 161)**	-	-	-	120 486	(581 647)
Sundry Debtors	**(4 195 279)**	-	-	-	3 336	(4 198 615)
Housing Rental	**14 210**	-	-	-	-	14 210
Total	**41 230 042**	**-**	**-**	**-**	**2 681 691**	**38 548 351**

Figures in Rand

5. Trade and other receivables from exchange transactions (continued)

2024

		Past due				
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Contractual receivables						
Electricity	**21 907 021**	-	-	-	1 665 602	20 241 419
Waste management	**(7 239 281)**	-	-	-	(115 194)	(7 124 087)
Housing Rental	**82 984**	-	-	-	-	82 984
Sundry Debtors	**997 358**	-	-	-	1 351	996 007
Total	**15 748 082**	**-**	**-**	**-**	**1 551 759**	**14 196 323**

5.1.3 Basis used to access and test whether a receivable is impaired

Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.

The total debts were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

The impairment calculations are based on the individual assessment criteria as well as group collection rate in accordance with the Customer Care, Credit Control and Debt Collection Policy.

The group impairment percentage is determined taking into account the average collection rate based on a three year trend by class of financial asset.

5.1.4 Credit quality of trading service and customer service debtors

The municipality deems outstanding debt less than 90 days to be receivables that are not considered for impairment, on the following basis:

Figures in Rand	2025	2024

5. Trade and other receivables from exchange transactions (continued)

1. The municipality has a stringent Customer Care, Credit Control and Debt Collection Policy which is actively implemented by the municipality.

2. This includes monitoring of debtors accounts, implementation of physical disconnections where necessary, as well as incentive payment programmes.

3. Therefore the municipality views debt outstanding for less than 90 days being a fair reflection of the credit quality.

5.1.5 Statutory receivables included in receivables from exchange transactions are as follows, on a gross basis:

VAT Control (Receivable)	2 773 983	2 806 036

Statutory Receivables – Value-Added Tax (VAT) Receivable

The municipality recognises receivables due from the South African Revenue Service (SARS) in respect of VAT as statutory receivables in accordance with GRAP 108: Statutory Receivables. These receivables arise directly from legislation, namely the Value-Added Tax Act, 1991 (Act No. 89 of 1991), and are recognised when claims for VAT refunds become due.

Transactions arising from statute

The receivable originates from transactions legislated under the VAT Act, including input tax claims on goods and services acquired by the municipality for municipal purposes. Refunds due are determined based on VAT returns submitted to SARS, reflecting input VAT claimed in excess of output VAT declared.

Determination of transaction amount

The transaction amount is determined from VAT returns prepared on a cash basis, in line with municipal VAT registration status. The receivable balance represents amounts refundable by SARS to the municipality based on the difference between input tax paid and output tax collected in the applicable VAT reporting period.

Interest and other charges levied

No interest or penalties are levied by SARS on VAT receivables. Interest and penalties are only applicable on VAT payable balances and do not arise on refund claims.

Basis used to test for impairment

The municipality assesses the VAT receivable for impairment by considering historical experience with SARS refunds, correspondence from SARS regarding disputes or audits, and the legal enforceability of the claim. An impairment loss is recognised where evidence exists that all or part of the receivable may not be recovered.

Discount rate applied to estimated future cash flows

No discounting of future cash flows has been applied in determining the carrying amount of the receivable, as the timing of settlement is not expected to be materially delayed beyond the normal operating cycle.

VAT Receivable due to/from SARS

VAT Receivable due to/from SARS which are less than 3 months past due are not considered to be impaired. There is no amount that is past due for consideration as at year end.

Renegotiation of debt for financial assets

No financial assets existed for the year under review that would otherwise be past due or impaired where terms have been renegotiated.

Figures in Rand		2025	2024

6. Receivables from non-exchange transactions

Customer service debtors	6.1	249 402 418	236 932 036
Other receivables	6.2	6 327 277	5 372 079
Total		**255 729 695**	**242 304 115**

Statutory receivables are accounted for as follows:

Transactions arises from statute

Traffic fines are issued to offenders in terms of the Administrative of Criminal Procedure Act 51 of 1977 in terms of the National Road Traffic Act 93 of 1996, by the way of notices to offenders which specify the value of the fine that must be paid.

Property rates is charged in terms of the Municipal Property Rates Act.

Availability Charges are statutory in nature arising from municipal tariffs approved by Council in terms of the Municipal Systems Act and the MFMA. These charges are levied regardless of consumption, based on the availabilty of municipal infrastructure.

Tampered Fines are penalties imposed in terms of municipal bylaws for tampering with or unauthorised use of municipal services. These fines are statutory in nature.

Determination of transaction amount:

Traffic Fines:

Trafffic fines are administrated in terms of Criminal Procedure Act no 51 of 1977 for charge codes and descriptions, penalties and their discounts, and demerit points interest or other charges levied/charged.

No interest is charged on outstanding fines and any additional charges are further applied by the court is paid by the offender to the municipality and then paid to the court.

Property rates:
Interest is raised on overdue accounts at 10.25% per annum in accordance with the National Credit Act, in respect of arrears arising after 1 November 2016. Arrear accounts arising before 31 October 2016 is charged interest at a rate of 9% per annum

Availability charges:
The transaction amount for availability charges is determined annually through Council’s tariff approval process. The approved tariffs prescribe a fixed charge per property or service point where municipal infrastructure is available, regardless of whether the service is consumed. The amount billed to the consumer represents the approved tariff multiplied by the applicable number of units or service points.

Tampered Fines:
The transaction amount is determined in terms of penalties prescribed in the municipality’s by-laws. These penalties are set at a fixed tariff approved by Council to recover costs and deter unauthorised consumption or tampering with municipal infrastructure. The amount recognised as revenue reflects the penalty imposed, together with any related reconnection or administrative fees.

Basis used to access and test whether a statutory receivable is impaired:

Property rates, availability charges and tampered meters:

- The estimates were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.
- Management considered receivables individually that may be impaired as well as groups of similar receivables that may beimpaired.
- The total debts were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

6. Receivables from non-exchange transactions (continued)

- The impairment calculations are based on the individual assessment criteria as well as group collection rate in accordance with customer care, credit control and debt collection policy.
- The group impairment percentage is determined taking into account the average collection rate based on a three year trend by class of financial asset.

Traffic fines:

- The municipality accounts for traffic fines impairment in accordance with iGRAP 1.
- Management considered receivables individually that may be impaired as well as groups of similar receivables that may be impaired.
- The municipality assesses the average collection rate in the determination of the group impairment percentage to be considered.

6.1 Customer service debtors

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	17 269 471	(13 990 970)	**3 278 501**	13 730 133	(10 977 052)	**2 753 081**
Property rates by usage	814 071 491	(567 947 574)	**246 123 917**	695 849 636	(461 670 681)	**234 178 955**
Total	**831 340 962**	**(581 938 544)**	**249 402 418**	**709 579 769**	**(472 647 733)**	**236 932 036**

Statutory receivables

	2025			2024		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	17 269 471	(13 990 970)	**3 278 501**	13 730 133	(10 977 052)	**2 753 081**
Property rates by usage	814 071 491	(567 947 574)	**246 123 917**	695 849 636	(461 670 681)	**234 178 955**
Total	**831 340 962**	**(581 938 544)**	**249 402 418**	**709 579 769**	**(472 647 733)**	**236 932 036**

6.1.1 Ageing of customer service debtors

2025

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	**17 269 471**	854 823	318 888	313 658	309 280	15 472 822
Property rates by usage	**814 071 491**	45 090 200	18 451 310	16 748 876	16 484 702	717 296 403
Total	**831 340 962**	**45 945 023**	**18 770 198**	**17 062 534**	**16 793 982**	**732 769 225**

2024

	Past due					
	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	**13 730 133**	181 088	401 609	433 290	354 692	12 359 454
Property rates by usage	**695 849 636**	4 735 262	19 658 830	16 555 110	16 566 907	638 333 527
Total	**709 579 769**	**4 916 350**	**20 060 439**	**16 988 400**	**16 921 599**	**650 692 981**

6. Receivables from non-exchange transactions (continued)

6.1.2 Customer service debtors past due not impaired

2025

	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	**349 431**	-	-	-	52 378	297 053
Property rates by usage	**165 835 081**	-	-	-	8 055 389	157 779 692
Total	**166 184 512**	**-**	**-**	**-**	**8 107 767**	**158 076 745**

As of 30 June 2025, the above statutory receivables were considered to be past due and not impaired. This was determined by taking into account the debt that is outstanding for a period of more than 90 days which have not been subjected to impairment.

2024

	Total	30 days	60 days	90 days	120 days	120+ days
Electricity	**747 092**	-	-	-	50 982	696 110
Property rates by usage	**223 974 307**	-	-	-	8 265 072	215 709 235
Total	**224 721 399**	**-**	**-**	**-**	**8 316 054**	**216 405 345**

As of 30 June 2024, the above statutory receivables were considered to be past due and not impaired. This was determined by taking into account the debt that is outstanding for a period of more than 90 days which have not been subjected to impairment

6.1.3 Credit quality of customer service debtors

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

6.2 Other receivables

	2025			2024		
	Gross	**Impairment**	**Total**	**Gross**	**Impairment**	**Total**
Traffic Fines	18 651 584	(18 489 711)	**161 873**	20 440 491	(18 580 398)	**1 860 093**
Tampered Fines	6 908 722	(743 318)	**6 165 404**	4 323 814	(811 828)	**3 511 986**
Total	**25 560 306**	**(19 233 029)**	**6 327 277**	**24 764 305**	**(19 392 226)**	**5 372 079**

Statutory receivables

	2025			2024		
	Gross	**Impairment**	**Total**	**Gross**	**Impairment**	**Total**
Traffic Fines	18 651 584	(18 489 711)	**161 873**	20 440 491	(18 580 398)	**1 860 093**
Tampered Fines	6 908 722	(743 318)	**6 165 404**	4 323 814	(811 828)	**3 511 986**
Total	**25 560 306**	**(19 233 029)**	**6 327 277**	**24 764 305**	**(19 392 226)**	**5 372 079**

6. Receivables from non-exchange transactions (continued)

6.2.1 Ageing of other receivables

2025

	Past due					
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Traffic Fines	**18 651 584**	1 519 449	1 087 550	730 200	-	15 314 385
Tampered Fines	**6 908 722**	553 186	182 217	765 593	470 075	4 937 651
Total	**25 560 306**	**2 072 635**	**1 269 767**	**1 495 793**	**470 075**	**20 252 036**

2024

	Past due					
	Total	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Traffic Fines	**20 440 491**	512 550	541 200	647 900	939 150	17 799 691
Tampered Fines	**4 323 814**	576 516	269 577	612 708	138 945	2 726 068
Total	**24 764 305**	**1 089 066**	**810 777**	**1 260 608**	**1 078 095**	**20 525 759**

6. Receivables from non-exchange transactions (continued)

6.2.2 Other receivables past due not impaired

2025

	Total	30 days	60 days	90 days	120 days	120+ days
Tampered Fines	**4 075 472**	-	-	-	18 064	4 057 408
Traffic Fines	**839 700**	-	-	-	-	839 700
Total	**4 915 172**	**-**	**-**	**-**	**18 064**	**4 897 108**

2024

	Total	30 days	60 days	90 days	120 days	120+ days
Tampered Fines	**186 388**	-	-	-	111 661	74 727
Traffic Fines	**395 921**	-	-	-	-	395 921
Total	**582 309**	**-**	**-**	**-**	**111 661**	**470 648**

7. Inventory

	2025	2024
Consumables	39 856 264	37 451 778
Unsold properties held for resale	43 451 133	44 291 069
Finished goods	1 425 412	1 427 358
Total Inventories	**84 732 809**	**83 170 205**

Land derecognised where the municipality transfers control without legal ownership

The municipality has previously derecognised land in prior financial years due to the control no longer resting with the municipality, in accordance with iGRAP 18.

iGRAP 18, Recognition and Derecognition of Land, indicates that a municipality should assess whether it controls land. Control is evidenced by the rights and obligations arising from a binding arrangement. A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights and can be evidenced in several ways:

(a) a contract concluded between the parties;
(b) legislation, supporting regulations or similar means including, but not limited to laws, regulation, policies, decisions concluded by authorities such as cabinet,executive committees, boards, municipal councils and ministerial orders (referred to as legislation or similar means for purposes of this Interpretation); or
(c) through the operation of law, including common law.

A binding arrangement is often, but not always, in writing, in the form of a contract or documented discussions between the parties.

The municipality has previously assessed and derecognised land in the name of the municipality that relates to housing implementation projects, taking into account existence of a binding arrangement and applying the following key judgements made and assumptions applied to conclude that it does not control such land:

- The right to direct access to land, and to restrict or deny the access of others to land
- The use of the land in any other way to generate future economic benefits or service potential
- The ability to direct the use of the land’s future economic benefits or service potential to provide services to beneficiaries
- The ability of the municipality to exchange, dispose of, or transfer the land.

The municiplity reviews this assessment on an annual basis, and has identified no change in the assessment that requires the re-recognition of this land.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Investment property

8.1 Reconciliation of carrying value

	2025	2024
Opening carrying value		
Cost	421 137 122	400 169 700
Fair Value Adjustments	23 035 844	20 967 421
Closing carrying value	**444 172 966**	**421 137 121**

Investment property in the process of being constructed or developed

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

No maintenance has been incurred in the current and prior year.

Investment properties have been valued in accordance with the municipal valuation roll and have been adjusted to take into account current market conditions, and other special assumptions depending on the categories of property. The last effective date of the fair value adjustment was June 2025. The valuations were performed by a Professional Valuer.

The valuation was based on the estimated amount for which an asset should exchange on the date of evaluation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The municipal valuer has extensive experience in the location and category for investment property valued with the necessary qualifications. The fair value adjustment for 2025 was done at year end.

9. Property, plant and equipment

9.1 Reconciliation summary

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	115 862 360	-	**115 862 360**	115 862 360	-	**115 862 360**
Transport Assets	104 634 745	(63 701 739)	**40 933 006**	100 992 014	(61 239 720)	**39 752 294**
Electrical Infrastructure	466 485 931	(189 089 667)	**277 396 264**	448 773 051	(181 672 530)	**267 100 521**
Solid Waste Infrastructure	78 924 239	(44 146 650)	**34 777 589**	79 256 961	(40 546 689)	**38 710 272**
Machinery and Equipment	93 760 130	(22 347 230)	**71 412 900**	72 105 562	(18 487 468)	**53 618 094**
Furniture and Office Equipment	21 542 981	(15 594 757)	**5 948 224**	20 946 105	(14 346 984)	**6 599 121**
Computer Equipment	26 326 094	(15 351 060)	**10 975 034**	23 407 643	(13 592 589)	**9 815 054**
Roads Infrastructure	1 976 576 892	(1 351 417 085)	**625 159 807**	1 919 745 696	(1 317 020 003)	**602 725 693**
Storm water Infrastructure	263 745 319	(76 687 915)	**187 057 404**	255 244 126	(73 612 317)	**181 631 809**
Community Assets	644 977 867	(312 855 297)	**332 122 570**	619 725 142	(302 052 764)	**317 672 378**
Other assets						
Operational Buildings	123 184 751	(74 233 940)	**48 950 811**	120 410 296	(72 916 075)	**47 494 221**
Total	**3 916 021 309**	**(2 165 425 340)**	**1 750 595 969**	**3 776 468 956**	**(2 095 487 139)**	**1 680 981 817**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Construction work-in-progress

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Transport Assets	-	-	**-**	3 078 261	-	**3 078 261**
Electrical Infrastructure	6 095 545	(1 254 000)	**4 841 545**	11 578 144	(1 254 000)	**10 324 144**
Solid Waste Infrastructure	-	-	**-**	424 982	-	**424 982**
Roads Infrastructure	15 809 890	-	**15 809 890**	3 528 630	(1 783 461)	**1 745 169**
Storm water Infrastructure	902 527	-	**902 527**	6 006 599	-	**6 006 599**
Community Assets	90 360 496	(4 913 952)	**85 446 544**	69 343 462	(4 913 952)	**64 429 510**
Total	**113 168 458**	**(6 167 952)**	**107 000 506**	**93 960 078**	**(7 951 413)**	**86 008 665**

Pledge as security

The municipality have no assets pledged as security

9. Property, plant and equipment (continued)

9.2 Reconciliation of carrying value

2025

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Decommisioning and restoration for environmental rehabilitation	Depreciation	Impairment loss/ reversal	Total
Land	115 862 360	-	-	-	-	-	-	-	**115 862 360**
Transport Assets	39 752 293	4 498 952	(102 264)	3 078 261	(3 078 261)	-	(3 215 975)	-	**40 933 006**
Electrical Infrastructure	267 100 523	18 590 751	(245 854)	22 771 799	(22 771 799)	-	(8 049 156)	-	**277 396 264**
Solid Waste Infrastructure	38 710 272	-	(54 673)	424 982	(424 981)	(274 522)	(3 603 489)	-	**34 777 589**
Machinery and Equipment	53 659 250	22 352 891	(64 173)	-	-	-	(4 528 320)	(6 748)	**71 412 900**
Furniture and Office Equipment	6 557 961	760 145	(19 081)	-	-	-	(1 312 382)	(38 419)	**5 948 224**
Computer Equipment	9 815 055	3 260 458	(42 836)	-	-	-	(2 036 955)	(20 688)	**10 975 034**
Roads Infrastructure	602 725 696	57 065 269	(11 892)	44 750 592	(44 750 592)	-	(36 402 727)	1 783 461	**625 159 807**
Storm water Infrastructure	181 631 807	8 501 195	-	13 605 265	(13 605 265)	-	(3 075 598)	-	**187 057 404**
Community Assets	317 672 377	28 297 670	(559 891)	7 280 636	(7 280 636)	-	(13 287 586)	-	**332 122 570**
Other assets									
Operational Buildings	47 494 221	2 774 455	-	-	-	-	(1 317 865)	-	**48 950 811**
Total	**1 680 981 815**	**146 101 786**	**(1 100 664)**	**91 911 535**	**(91 911 534)**	**(274 522)**	**(76 830 053)**	**1 717 606**	**1 750 595 969**

Construction work-in-progress

9. Property, plant and equipment (continued)

	Opening balance	Capital expenditure	Impairment of assets	Transfers made	Total
Transport Assets	3 078 261	-	-	(3 078 261)	**-**
Electrical Infrastructure	10 324 145	17 289 199	-	(22 771 799)	**4 841 545**
Solid Waste Infrastructure	424 981	-	-	(424 981)	**-**
Roads Infrastructure	1 745 169	57 031 852	1 783 461	(44 750 592)	**15 809 890**
Storm water Infrastructure	6 006 597	8 501 195	-	(13 605 265)	**902 527**
Community Assets	64 429 510	28 297 670	-	(7 280 636)	**85 446 544**
Total	**86 008 663**	**111 119 916**	**1 783 461**	**(91 911 534)**	**107 000 506**

2024

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Decommisioning and restoration for environmental rehabilitation	Depreciation	Impairment loss/ reversal	Total
Land	116 038 871	-	(176 511)	-	-	-	-	-	**115 862 360**
Transport Assets	40 553 344	3 078 261	(466 295)	-	-	-	(3 413 016)	-	**39 752 294**
Electrical Infrastructure	252 511 278	23 988 450	(1 363 682)	43 351 958	(43 351 958)	-	(8 035 525)	-	**267 100 521**
Solid Waste Infrastructure	38 948 810	-	-	-	-	3 345 482	(3 584 020)	-	**38 710 272**
Machinery and Equipment	31 340 100	25 656 591	(76 623)	-	-	-	(3 301 974)	-	**53 618 094**
Furniture and Office Equipment	6 931 722	991 509	(123 084)	-	-	-	(1 201 026)	-	**6 599 121**
Computer Equipment	11 497 324	796 024	(341 032)	-	-	-	(2 137 262)	-	**9 815 054**
Roads Infrastructure	631 808 115	16 203 461	(25 531)	14 622 926	(14 622 926)	-	(45 260 352)	-	**602 725 693**
Storm water Infrastructure	171 453 347	15 721 101	(2 832 393)	12 393 666	(12 393 666)	-	(2 733 949)	23 703	**181 631 809**
Community Assets	283 695 867	48 500 584	(62 862)	2 083 312	(2 083 312)	-	(14 461 211)	-	**317 672 378**
Other assets									
Operational Buildings	48 491 973	148 422	-	448 310	(448 310)	-	(1 146 172)	-	**47 494 223**
Total	**1 633 270 751**	**135 084 403**	**(5 468 013)**	**72 900 172**	**(72 900 172)**	**3 345 482**	**(85 274 507)**	**23 703**	**1 680 981 819**

9. Property, plant and equipment (continued)

Construction work-in-progress

	Opening balance	Capital expenditure	Transfers made	Total
Transport Assets	-	3 078 261	-	**3 078 261**
Electrical Infrastructure	36 232 743	17 443 359	(43 351 958)	**10 324 144**
Solid Waste Infrastructure	424 982	-	-	**424 982**
Roads Infrastructure	233 969	16 134 126	(14 622 926)	**1 745 169**
Storm water Infrastructure	2 679 164	15 721 101	(12 393 666)	**6 006 599**
Community Assets	18 012 238	48 500 584	(2 083 312)	**64 429 510**
Other assets				
Operational Buildings	299 888	148 422	(448 310)	**-**
Total	**57 882 984**	**101 025 853**	**(72 900 172)**	**86 008 665**

9. Property, plant and equipment (continued)

Capital projects that have been significantly delayed

Construction work in progress has been included in the above mentioned property, plant and equipment, based on the nature of the project being constructed.The following projects have been identified as significantly delayed:

Construction of Ezakheni Sports Complex:

Due to the poor performance of the various appointed contractors, this project has incurred delays. The last appointed contractor went into liquidation and as such there were ongoing court proceedings. The municipality then took a calculated decision to withdraw itself from the liquidation proceedings.Currently, the municipality is looking at alternate avenues to fund the project.This will be done in phases as and when the budget is made available.The carrying amount of the project is R11 786 926.

Emnambithi Indoor Sports Complex:

This is a multi year project.The municipality is implementing this project in phases.The planning and study phase of this project has been completed.To date, phases one (1), two (2) and three (3) of the project have been completed. An expert was appointed to assess the impairment of the asset.There was no impairment detected in the 2024/2025 Financial Year.The carrying amount is R 5 115 727.

Athletics Track:

Due to the poor performance of the appointed contractor, the project had incurred delays.The carrying amount of the project is R554 161.The municipality is looking at alternate funding sources to complete the project.

Construction of Burford Sports field (Ward 14):

The sportfield was vandalised by the community. The municipality will consider funding to complete the project during the next budgetary cycle and is exploring the funding stream to complete the project.The carrying amount after is R297 891.

9. Property, plant and equipment (continued)

Carrying Amount as at 30 June 2025,subsequent to impairment		
Construction of Ezakheni Sport Complex	11 786 926	11 786 926
Emnambithi Indoor Sport Complex	5 115 727	5 115 727
Ladysmith airport upgrade	-	233 969
Waste recycling plant	-	426 866
Athletics Track	554 161	554 161
Construction of Burford Sports field (Ward 14)	297 891	297 891
	17 754 705	**18 415 540**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Property, plant and equipment	1 643 595 463	1 594 973 152
Construction work-in-progress	107 000 507	86 008 667
Total	**1 750 595 970**	**1 680 981 819**

9. Property, plant and equipment (continued)

9.3 Donations

The municipality has received fixed assets in the financial year as donations amounting to R 243 743. This relates to the donation of computer equipment from Department of Sports, Arts and Culture.

	2025	2024
Donation		
Computer equipment	243 743	-

9.4 Change in estimate

Useful life of property, plant and equipment

A review of the useful lives and residual values of items of property, plant and equipment has been performed. The change in the estimated useful lives and residual values of various assets of the municipality has resulted in a decrease in depreciation of R - 13 816 554(2024: R1 737 198).

Depreciation	Depreciation before change in estimate	Less: Depreciation after change in estimate	Change in depreciation per annum
Intangible assets	613 782	(406 211)	207 571
Community assets	14 617 296	(13 287 586)	1 329 710
Computer equipment	2 183 006	(2 036 955)	146 051
Furniture and office equipment	1 268 068	(1 313 417)	(45 349)
Machinery and equipment	4 615 645	(3 291 459)	1 324 186
Buildings	1 192 025	(1 317 866)	(125 841)
Infrastructure - Electricity	8 456 411	(8 049 159)	407 252
Infrastructure - Roads	46 668 300	(36 402 742)	10 265 558
Infrastructure - Solid Waste	3 089 579	(3 094 810)	(5 231)
Transport Assets	3 529 077	(3 216 430)	312 647
	86 233 189	**(72 416 635)**	**13 816 554**

9.5 Maintenance of property, plant and equipment

	2025	2024
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Employee related costs (amount paid to employees)	7 018 807	9 533 905
Contracted services (amount paid to suppliers)	36 474 900	40 246 504
Inventory consumed (materials utilised)	31 534 904	26 442 636
Operational expenditure (Fuel and oil costs incurred)	839 539	821 159
	75 868 150	**77 044 204**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Heritage assets

10.1 Reconciliation of carrying value

2025

	Land and buildings	Art Collections, Antiques and Exhibits	Total
Opening carrying value as at 01 July 2024			
Cost	11 122 600	4 991 426	16 114 026
Accumulated impairment losses	(5 500)	(152 000)	(157 500)
Disposals	(589 000)	-	(589 000)
Closing carrying value as at 30 June 2025	**10 528 100**	**4 839 426**	**15 367 526**
Cost	10 533 600	4 991 426	15 525 026
Accumulated impairment losses	(5 500)	(152 000)	(157 500)
Closing carrying value as at 30 June 2025	**10 528 100**	**4 839 426**	**15 367 526**

2024

	Land and buildings	Art Collections, Antiques and Exhibits	Total
Opening carrying value as at 01 July 2023			
Cost	11 122 600	4 991 426	16 114 026
Accumulated impairment losses	(5 500)	(152 000)	(157 500)
Closing carrying value as at 30 June 2024	**11 117 100**	**4 839 426**	**15 956 526**
Cost	11 122 600	4 991 426	16 114 026
Accumulated impairment losses	(5 500)	(152 000)	(157 500)
Closing carrying value as at 30 June 2024	**11 117 100**	**4 839 426**	**15 956 526**

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

11. Intangible assets

11.1 Reconciliation of carrying value

2025

		Computer software	Other assets	Total
Opening carrying value as at 01 July 2024				
Cost		3 944 402	-	3 944 402
Accumulated depreciation and impairment		(3 074 793)	(715)	(3 075 508)
		869 609	**(715)**	**868 894**
Additions from acquisitions		435 778	-	435 778
Amortisation	40	(406 211)	-	(406 211)
		29 567	**-**	**29 567**
Carrying value of disposals / transfers				
Cost		(144 592)	-	(144 592)
Accumulated depreciation and impairment		142 667	-	142 667
		(1 925)	**-**	**(1 925)**
Closing carrying value as at 30 June 2025		**897 251**	**(715)**	**896 536**

2024

		Computer software	Total
Opening carrying value as at 01 July 2023			
Cost		3 905 249	3 905 249
Accumulated depreciation and impairment		(2 677 668)	(2 677 668)
		1 227 581	**1 227 581**
Additions from acquisitions		236 035	236 035
Disposal		63 217	63 217
Amortisation	40	(609 886)	(609 886)
		(310 634)	**(310 634)**
Carrying value of disposals / transfers			
Cost		(260 099)	(260 099)
Accumulated depreciation and impairment		212 761	212 761
		(47 338)	**(47 338)**
Closing carrying value as at 30 June 2024		**869 609**	**869 609**

12. Eskom Deposits

	2025	2024
Eskom Deposits	3 885 690	3 299 830

The deposits relates to street lighting, highmast lights and supply of electricity to the radio transmission tower held with Eskom.

Figures in Rand		2025	2024

13. Financial liabilities

ABSA		445 868	1 066 170
Development bank of South Africa (DBSA)		1 152 622	1 446 988
Sub-total		**1 598 490**	**2 513 158**
Less: Transferred to current liabilities		(751 326)	(914 667)
Total non-current liabilities		**847 164**	**1 598 491**

ABSA bank loan bears an interest of 9.10% and redeemed monthly with interest bearing ending ending February 2026.

DBSA bank loan bears an interest of 5% and is redeemed bi-annually with the interest ending September 2028.

14. Consumer deposits

Electricity		14 273 856	14 168 634
Posters		-	10 220
Refuse		6 579 945	3 840 236
Rental properties		3 838 146	3 729 386
Street closure		4 982	3 680
Total		**24 696 929**	**21 752 156**

Guarantees held in lieu of electricity totals R8 871 366 as at 30 June 2025 (2024: R8 875 566).

15. Trade and other payables from exchange transactions

Bulk purchases	15.1	65 236 619	55 966 942
Retentions	15.2	23 981 443	19 427 597
Control and clearing accounts	15.3	871 367	908 617
Employee benefits	15.4	37 577 749	38 082 681
Other payables	15.5	104 968 623	91 271 894
VAT Payable	15.6	14 216 743	4 469 049
Total		**246 852 544**	**210 126 780**

15.1 Bulk purchases

Bulk electricity		65 236 619	55 966 942

15.2 Retentions

Retentions		23 981 443	19 427 597

15.3 Control and clearing accounts

Disposal clearing		(16 241)	(15 108)
Salary Control - Employee Related Costs		887 608	922 035
Travel control		-	1 690
Total		**871 367**	**908 617**

15.4 Employee benefits

Bonus		7 340 154	7 420 214
Leave accrual		30 237 595	30 662 467
Total		**37 577 749**	**38 082 681**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Trade and other payables from exchange transactions (continued)

15.5 Other payables

Payables and accruals	55 148 421	38 733 670
Unallocated deposits	7 275 843	8 638 467
Accrued interest - borrowings	77 863	45 807
Advance payments	42 466 496	43 853 950
Total	**104 968 623**	**91 271 894**

15.6 VAT Payable

Output Tax Accrual	28 121 361	31 414 600
Output Tax Accrual: debt impairment	(13 904 618)	(26 945 551)
Total	**14 216 743**	**4 469 049**

16. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent

		2025					2024				
		Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**
Capital											
Monetary Allocations	16.1	2 119 284	142 618 225	(110 982 685)	(478 883)	**33 275 941**	2 416 744	90 541 158	(90 585 618)	(253 000)	**2 119 284**
Operational											
Monetary Allocations	16.2	49 191 321	30 842 937	(35 562 403)	(532 293)	**43 939 562**	62 335 343	37 668 482	(50 812 504)	-	**49 191 321**
Total		**51 310 605**	**173 461 162**	**(146 545 088)**	**(1 011 176)**	**77 215 503**	**64 752 087**	**128 209 640**	**(141 398 122)**	**(253 000)**	**51 310 605**

16. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

16.1 Unspent capital monetary allocations

	2025					2024				
	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance	Opening balance	Funds received	Transfer to revenue	Repayment unspent grants	Closing balance
National Government										
Infrastructure Skills Development Grant	-	107 985	(107 985)	-	**-**	-	121 135	(121 135)	-	**-**
Local Government Financial Management Grant	-	44 043	(44 043)	-	**-**	-	291 725	(291 725)	-	**-**
Municipal Disaster Recovery Grant	-	50 740 000	(18 301 158)	-	**32 438 842**	-	4 760 957	(4 760 957)	-	**-**
Municipal Disaster Response Grant	1 318 765	-	(1 318 765)	-	**-**	-	4 870 765	(3 552 000)	-	**1 318 765**
Municipal Infrastructure Grant	478 882	78 024 703	(77 704 868)	(478 883)	**319 834**	447 819	61 872 764	(61 588 701)	(253 000)	**478 882**
Total	**1 797 647**	**128 916 731**	**(97 476 819)**	**(478 883)**	**32 758 676**	**447 819**	**71 917 346**	**(70 314 518)**	**(253 000)**	**1 797 647**
Provincial Government										
KwaZulu-Natal	321 637	13 701 494	(13 505 866)	-	**517 265**	1 968 925	18 623 812	(20 271 100)	-	**321 637**
Total unspent capital monetary allocations	**2 119 284**	**142 618 225**	**(110 982 685)**	**(478 883)**	**33 275 941**	**2 416 744**	**90 541 158**	**(90 585 618)**	**(253 000)**	**2 119 284**

16. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

16.2 Unspent operational monetary allocations

	2025					2024			
	Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Closing balance**
Departmental Agencies and Accounts									
National departmental agencies: LGSETA	317 166	1 328 136	(1 501 662)	-	**143 640**	117 839	1 053 010	(853 683)	**317 166**
District Municipalities									
KwaZulu-Natal: Job evaluation	265 623	250 000	(260 603)	-	**255 020**	66 121	327 174	(127 672)	**265 623**
National Government									
Expanded Public Works Programme Integrated Grant	-	2 471 000	(2 471 000)	-	**-**	-	2 808 000	(2 808 000)	**-**
Infrastructure Skills Development Grant	-	3 892 015	(3 892 014)	-	**-**	-	4 328 865	(4 328 865)	**-**
Local Government Financial Management Grant	-	1 955 957	(1 955 957)	-	**-**	-	1 808 275	(1 808 275)	**-**
Municipal Disaster Recovery Grant	-	-	-	-	**-**	13 038 679	-	(13 038 679)	**-**
Municipal Disaster Response Grant	3 908 700	-	(3 376 403)	(532 293)	**-**	5 183 249	2 143 278	(3 417 827)	**3 908 700**
Municipal Infrastructure Grant	-	4 390 297	(4 390 297)	-	**-**	284 061	1 740 236	(2 024 297)	**-**
Neighbourhood Development Partnership Grant	-	2 000 000	(2 000 000)	-	**-**	-	-	-	**-**
Total	**3 908 700**	**14 709 269**	**(18 085 671)**	**(532 293)**	**-**	**18 505 989**	**12 828 654**	**(27 425 943)**	**3 908 700**
Provincial Government									
KwaZulu-Natal	44 699 832	14 555 532	(15 714 467)	-	**43 540 897**	43 645 394	23 459 644	(22 405 206)	**44 699 832**

16. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

Total unspent operational monetary allocations	**49 191 321**	**30 842 937**	**(35 562 403)**	**(532 293)**	**43 939 557**	**62 335 343**	**37 668 482**	**(50 812 504)**	**49 191 321**

17. Provisions

Environmental rehabilitation	17.1	100 354 455	91 066 947
Dispute with Uthukela District Munipality	17.2	36 141 716	27 214 208
Pension fund	17.3	2 328 317	2 328 317
Employee benefits	17.4	26 066 552	25 146 287
Total		**164 891 040**	**145 755 759**

Split between current and non-current

Current	46 202 571	38 025 510
Non-current	118 688 469	107 730 249
Total	**164 891 040**	**145 755 759**

17.1 Environmental rehabilitation

Opening Balance	91 066 947	79 385 941
Additional provisions raised	9 287 508	11 681 006
Closing balance	**100 354 455**	**91 066 947**

Split between current and non-current

Non-current	100 354 455	91 066 947

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17. Provisions (continued)

Environmental rehabilitation provision

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate the landfill site used for waste disposal.

The municipality has two environmental landfill sites, being Ladysmith Waste Disposal Site and Indaka Waste Disposal Site.

The municipality will incur R86 115 135 to rehabilitate Ladysmith Waste Disposal Site, calculated as at 30 June 2025 (2024: R78 213 916) to restore the site at the end of the respective useful life.

The municipality will incur R14 239 320 to rehabiliatate Indaka Waste Disposal Site, calculated as at 30 June 2025 (2024: R12 853 031) to restore the site at the end of the respective useful life.

The valuation as at 30 June 2025 was performed by Abazingeli Civils (PTY)LTD. Abazingeli Civils (PTY)LTD is not affiliated to the municipality.

Key assumptions used:

Discounted rate of 10.5% was used.
Escalation rate applied is 10.5%

Remaining useful lives:

As at 30 June 2025, Ladysmith Waste Disposal Site has a remaining useful life of 12 years.

As at 30 June 2025, Indaka Waste Disposal Site has a remaining useful life of 8 years.

17.2 Dispute with Uthukela District Munipality

Opening Balance	27 214 208	-
Additional provisions raised	8 927 508	27 214 208
Closing balance	**36 141 716**	**27 214 208**

A provision has been raised in respect of water accounts under dispute with uThukela District Municipality for the financial years 2022/23, 2023/24 and 2024/25. These amounts represent charges raised by uThukela District Municipality against the Municipality, which are currently in dispute due to inaccuracies. Although the Municipality continues to contest the accuracy and validity of the amounts charged, management has determined that a present obligation exists as at the reporting date, and that it is probable that an outflow of resources embodying economic benefits or service potential may be required to settle the obligation.

17.3 Pension fund

Opening Balance	2 328 317	-
Additional provisions raised	-	2 328 317
Closing balance	**2 328 317**	**2 328 317**

Split between current and non-current

Current	2 328 317	2 328 317

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17. Provisions (continued)

Pension Fund

It has been brought to the attention of the municipality that the three (3) councillors need to be re-instated into the fund after previously exiting the fund and outstanding amounts are owed to the Fund. Further engagements were held between the municipality, the councillors and the Municipal Councillors Pension Fund during the 2024/2025 financial year. A provison for the Municipal Councillors Pension Fund has been disclosed in respect of the 2024/2025 financial year, and this matter is still in the process of being finalised.

17.4 Employee benefits

Performance Bonus	17.4.1	1 380 555	2 286 287
Long-service awards	17.4.2	24 685 997	22 860 000
Total		**26 066 552**	**25 146 287**

Split between current and non-current

Current	7 732 538	8 482 985
Non-current	18 334 014	16 663 302
Total	**26 066 552**	**25 146 287**

17.4.1 Performance Bonus

Opening Balance	2 286 287	2 040 196
Additional provisions raised	622 397	1 089 565
Reductions (Payment)	(1 528 129)	(843 474)
Total	**1 380 555**	**2 286 287**

Split between current and non-current

Current	1 380 555	2 286 287

Performance bonuses

The provision for performance bonuses relates to the constructive obligation on payment of performance bonus for section 57 employees in previous years.

The municipality has been paying a performance bonus from 5-13% of the total remuneration and it was calculated at an average of 11%.

Performance bonuses are paid to the Section 57 employees after an evaluation by the Council.

17.4.2 Long-service awards

Opening Balance	22 860 000	21 786 000
Additional provisions raised	4 905 983	3 938 698
Reductions (Payments)	(3 079 986)	(2 864 698)
Total	**24 685 997**	**22 860 000**

Figures in Rand	2025	2024

17. Provisions (continued)

Split between current and non-current

Current	6 351 983	6 196 698
Non-current	18 334 014	16 663 302
Total	**24 685 997**	**22 860 000**

Net expense recognised in the statement of financial performance are as follows:		
Service cost	2 158 000	1 923 000
Net interest on the net defined benefit liability (Asset)	2 398 000	2 304 000
Remeasurements on employee benefits	349 983	(348 302)
	4 905 983	**3 878 698**

Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	349 983	(348 302)

Key Assumptions used		
Discount rates used	10 %	11 %
Expected rate of return on asset	4 %	5 %
expected rate of return on reimbursement rights	5 %	6 %
Net discount rate	5 %	5 %
Average retirement age	62	
Mortality during employment	SA 85-90	
Termination of service	See Table A3.2	
Active members	792	

Assumption		**Value**		
Average		62		
Mortality during employment		SA 85 - 90		
	Age	Female		Male
	20		9 %	9 %
Termination of service	30		6 %	6 %
(resignation and retrenchment	40		5 %	5 %
rates per annum)	50		3 %	3 %
	55		- %	- %

The independent valuers carried out a statutory valuation on the Long Services Awards benefits as at 30 June 2025.

17. Provisions (continued)

Sensitivity analysis on the Defined Benefit Obligation (DBO)	Change	Defined Benefit Obligation	% Change
Central assumptions		24 686 000	
General earnings inflation rate	+ 1 %	26 145 000	6%
	- 1 %	23 357 000	-5%
Discount rate	+1%	23 314 000	-6%
	-1%	26 217 000	6%
Average retirement age	+2 yrs	26 050 000	6%
	- 2 yrs	23 250 000	-6%
Rates of termination service	x 2	21 400 000	-13%
	x0.5	26 859 000	9%

Sensitivity analysis on current service cost and interest	Change	Current service cost	Interest cost	Total	% Change
Central assumptions		2 158 000	2 389 000	4 547 000	- %
General earnings inflation rate	+1%	2 319 000	2 551 000	4 870 000	7 %
	-1%	2 013 000	2 259 000	4 272 000	(6)%
Discount rate	+1%	2 028 000	2 454 000	4 482 000	(2)%
	-1%	2 304 000	2 331 000	4 635 000	2 %
Average retirement age	+2yrs	2 266 000	2 550 000	4 816 000	6 %
	-2yrs	2 038 000	2 233 000	4 271 000	(6)%
Rates of termination of service	x2	1 730 000	2 033 000	3 763 000	(17)%
	x0.5	2 456 000	2 641 000	5 097 000	12 %

18. Defined benefit obligations

18.1 Defined benefit obligations

Post-employment medical benefits liability			
Present value of defined benefit obligation	18.1.1	60 907 999	66 228 000

18.1.1 Reconciliation of present value of the defined benefit obligations

	Post-employment medical benefits	Total
Defined benefit obligation at 01 July 2023		
Opening balance	54 715 999	**54 715 999**
Interest cost	6 605 000	**6 605 000**
Current service cost	1 691 000	**1 691 000**
Remeasurements: Actuarial (Gains) / Losses	1 212 603	**1 212 603**
Benefits paid	(3 316 603)	**(3 316 603)**
Defined benefit obligation at 30 June 2024	**60 907 999**	**60 907 999**
Opening balance	60 908 000	**60 908 000**
Interest cost	7 197 000	**7 197 000**
Current service cost	1 873 000	**1 873 000**
Remeasurements: Actuarial (Gains) / Losses	(313 176)	**(313 176)**
Benefits paid	(3 436 824)	**(3 436 824)**
Defined benefit obligation at 30 June 2025	**66 228 000**	**66 228 000**

Figures in Rand	2025	2024

18. Defined benefit obligations (continued)

Current	3 718 000	3 747 000
Non-current	62 510 000	57 160 999
Total	**66 228 000**	**60 907 999**

Defined benefit plan

Post retirement medical aid plan

The municipality offers employees and continuation members the opportunity of belonging to one of several accredited medical schemes. Upon retirement, an employee may continue membership of an accredited medical scheme. Upon a member's death in service,or death in retirement, the surviving dependants may continue membership of the medical scheme.

Eligible employees will receive a post employment subsidy additional of 60% of the contribution payable should they be a member of a medical scheme, subject to the following conditions:

- The total service of at least ten years at retirement.
- Membership of a municipality accredited medical aid scheme for the majority of their total services (i.e more than half of their services by retirement).
- Continuation members and their eligible dependents receive either a 50%, 60% or 66.7% subsidy.

The most recent actuarial valuations of planned asset and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2025 by an independent valuer

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

The characteristics of the plan and associated risks

The characteristics of the defined benefits plan is that the eligible employees will receive a post-employmeny subsidy of 60% of
the contribution payable should they be a member of a medical scheme at retirement, subject to the following conditions:

- Total service of at least ten years at retirement.
- Membership of a Municipality-accredited medical aid scheme for the majority of their total service (i.e. more than half of their services at retirement). Management confirmed that the earliest dates of uninterrupted medical aid. memebership are used to apply this condition in practice.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- **Longevity:** The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- **Volatility of open-ended, long-term DBO:** The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

18.1.2 Multi-employer plans

Superannuation funds

The latest statutory valuation of the Superannuation Fund (defined benefit) as at 31 March 2024 concluded that:

- The fund's liabilities for service to the valuation date was 108.9% (2023:107.6%) funded on the discounted cash flow method at the valuation date.

18. Defined benefit obligations (continued)

- The fund is funded on the "best estimate" funding basis as at the valuation date, and is also fully funded on the financial soundness" basis incorporating the full solvency reserve. At the valuation report, the fund was in a sound financial position.
- There was no deficit in respect of active members, A surcharge of 9.5% of pensionable salaries is payable.

Retirement funds

The latest statutory valuation of the Retirement Fund (defined benefits) as at 31 March 2024 reflected:

- The funding level of the Pensions Memorandum Account was consistent over the valuation period at between 124.5% and 124.7%. This was mainly due to the release of the Solvency Reserve.
- Based on the valuation assumption applied in 2024, the fund was fully funded.

The statutory actuarial valuation carried out on the retirement fund as at 31 March 2024 reflected:

- The fund is 106.4% (2023:106.8%) funded as at the valuation date at the overall level. A recomendation was that, an additional increase is required in respect of pensioners who retired during certain months over the valuation period
- The actual increase due to a pensioner depends on the date of retirement. We recommend that those pensions be increased as required by the Act, backdated to 1 July 2022.
- At the valuation report, the fund was in a sound financial position.

Pension Funds

The statutory valuation of the Provident Fund was performed as at 31 March 2024:

- Assets exceeded the liabilities and reserves at the valuation date. Unallocated assets amounted to 0.6% of the assets after the release from the Risk and Expense Reserve and the Investment Reserve was 7.0% of Member Shares at the valuation date.
- Members can elect a rate of contribution of 5%, 7.5% or 9.25% of pensionable salaries.
- The default rate of contribution is set at 9.25% (the highest rate). This rate apply to each new employee unless he/she actively chooses to contribute at a lower rate.
- The fund is 101.7% (2023:100.6%) funded as at the valuation date.
- At the valuation report, the fund was in a sound financial position.

18. Defined benefit obligations (continued)

18.1.3 Net benefit expense

	Post-employment medical benefits	Total
For the year ended 30 June 2024		
Current service costs	1 691 000	**1 691 000**
Net interest on the net defined benefit liability (asset)	6 605 000	**6 605 000**
Remeasurements of the net defined benefit liability (asset)	1 212 603	**1 212 603**
Total expense recognised in the statement of financial performance	**9 508 603**	**9 508 603**
For the year ended 30 June 2025		
Current service costs	1 873 000	**1 873 000**
Net interest on the net defined benefit liability (asset).	7 197 000	**7 197 000**
Remeasurements of the net defined benefit liability (asset)	(331 258)	**(331 258)**
Total expense recognised in the statement of financial performance	**8 738 742**	**8 738 742**

Calculation of actuarial gains and losses		
Actuarial (gains) losses - Obligation	(331 258)	1 212 603

18.1.4 Key actuarial assumptions

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for the post-employment medical benefits include:

Figures in Rand	2025	2024

18. Defined benefit obligations (continued)

	2025	2024
Discount rate	11.10 %	12.20 %
CPI inflation rate	5.00 %	6.20 %
Medical aid contribution inflation rate	6.80 %	7.70 %
Net discount rate (medical aid contribution)	4.00 %	4.20 %
Maximum subsidy inflation rate	4.50 %	5.40 %
Net discount rate - maximum subsidy inflation	6.30 %	6.40 %
Average retirement age	62	
Mortality during employement	SA 85 90	
Mortality post employment	PA(90) - 1 with a 1% mortality improvement p. a from 2010	
Termination of service	See Table A4.2	
Proportion with a spouse depandant at retirement	60%	
Continuation of membership at retirement	75%	
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	15%	
20 - 24	9.00 %	9.00 %
25 - 29	8.00 %	8.00 %
30 - 39	6.00 %	6.00 %
40 - 44	5.00 %	5.00 %
45 - 49	5.00 %	5.00 %
50 - 54	4.00 %	4.00 %
55+	0.00 %	0.00 %
	-	-
Inservice members	332	322
Continuation members	69	71
Inservice non members	451	491

18.1.5 Sensitivity analysis

Sensitivity Analysis on Current Service and Interest Costs

2025

	Change	Current Service Cost	Interest Cost	Total Cost	% Change
Central assumptions		1 873 000	7 197 000	9 070 000	- %
Health care inflation rate	+1%	2 072 000	7 648 000	9 720 000	7 %
	-1%	1 618 000	6 640 000	8 258 000	(9)%
Discount rate	+1%	1 560 000	6 956 000	8 516 000	(6)%
	-1%	2 276 000	7 468 000	9 744 000	7 %
Post-employment mortality	+1 Year	1 833 000	7 000 000	8 833 000	(3)%
	-1 Year	1 912 000	7 391 000	9 303 000	3 %
Average retirement age	-1 Year	2 036 000	7 462 000	9 498 000	5 %
Membership contributions	-10%	1 639 000	6 785 000	8 424 000	(7)%

Sensitivity Analysis on the Defined Benefit Obligation

2025

18. Defined benefit obligations (continued)

	Change	Eligible Employees	Continuation members	Total Defined Benefit Obligation	% Change
Central assumptions		29 725 000	36 503 000	66 228 000	- %
Medical aid contributions	+1%	32 366 000	37 728 000	70 094 000	6 %
Inflation rate	-1%	26 387 000	35 020 000	61 407 000	(7)%
Discount rate	+1%	25 202 000	33 927 000	59 129 000	(11)%
Discount rate	-1%	35 475 000	39 470 000	74 945 000	13 %
Post-employment mortality	+1 Year	29 093 000	35 396 000	64 489 000	(3)%
Post-employment mortality	-1 Year	30 339 000	37 602 000	67 941 000	3 %
Average retirement age	-1 Year	32 333 000	36 503 000	68 836 000	4 %
Membership contribution	-10%	25 923 000	36 503 000	62 426 000	(6)%

18.1.6Past and future changes in the net Defined Benefit Liability

	Year ending 30 June 2025	Year ending 30 June 2026	Year ending 30 June 2027
Opening BDO	60 908 000	66 228 000	71 539 000
Current service cost	1 873 000	2 094 000	2 326 000
Interest cost	7 197 000	7 139 000	7 704 000
Subsidy (benefit) payments	(3 418 742)	(3 922 000)	(4 378 000)
Actuarial loss / (gain)	(331 258)	-	-
	66 228 000	**71 539 000**	**77 191 000**

	Year ending 30 June 2025	Year ending 30 June 2026	Year ending 30 June 2027
Current portion (due in next 12 months)	3 718 000	4 150 000	4 401 000
Non-current portion	62 510 000	67 389 000	72 790 000
	66 228 000	**71 539 000**	**77 191 000**

19. Accumulated surplus / (deficit)

	2025	2024
Opening Balance	2 587 803 231	2 858 203 687
Correction of Prior Period Error	-	(334 203 296)
Transfers to/from operating revenue and expenditure	118 714 880	62 497 904
Transfers to/from Reserves	1 405 654	1 304 936
Total	**2 707 923 765**	**2 587 803 231**

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

Self-insurance reserve

Figures in Rand	2025	2024

19. Accumulated surplus / (deficit) (continued)

Ring-fenced internal funds and reserves within accumulated surplus		
Opening Balance	16 764 329	15 459 392
Interest recognised	1 405 654	1 371 228
Utilisation of reserves	-	(66 291)
	18 169 983	**16 764 329**

The municipality has a Self Insurance Fund to set aside amounts to offset potential losses or claims, which fall under a stop loss determined and calculated by Council's insurance broker based on the insurance risk carried by the municipality.

The funds are kept in a separate call account and invested on short-term fixed deposits, and the interest earned is credited to the fund.

20. Housing development fund

Realising housing proceeds		
Opening balance	53 022 365	47 445 537
Interest recognised for the Housing Development Fund	6 777 775	7 429 761
Utilisation of Housing Development Fund	(19 048 047)	(1 852 933)
Closing balance	**40 752 093**	**53 022 365**

The Housing Development Fund is represented by the following assets:		
Bank and cash	46 662 527	53 022 365
Total	**(5 910 434)**	**-**

An amount of R 5 910 434 shall be transferred from the primary bank account to the housing operating account to ensure that the funds invested are aligned with the account balances.

21. Services charges

Electricity		
Basic and consumption – Electricity	547 744 871	512 063 916
Waste management		
Basic and consumption – Waste management	35 231 689	33 171 074
Total	**582 976 560**	**545 234 990**

Figures in Rand		2025	2024

22. Sales of goods and rendering of services

	2025	2024
Advertisements	60 877	257 041
Building Plan Approval	372 020	331 303
Cemetery and Burial	193 409	176 039
Cleaning and Removal	11 582	18 088
Clearance Certificates	287 831	307 485
Entrance Fees	292 821	258 334
Fire Services	60 447	228 256
Parking Fees	69 004	44 129
Photo copies, Faxes and Telephone charges	264 173	164 210
Sale of Goods	801	-
Town Planning and Servitudes	702	696
Traffic Control	12 445	10 706
Valuation Services	22 374	39 292
Total	**1 648 486**	**1 835 579**

23. Agency services

	2025	2024
Provincial	3 612 152	3 594 996

The Alfred Duma Local Municipality entered into an agreement with the KZN Department of Transport, to collect process and
collect driver licenses on behalf of the Department. The municipality act as an agent to this transaction in accordance with GRAP 109, Principal agent arrangements.

A fee of 10% of the total revenue collected is payable to the Municipality by deducting the fee amount from the funds collected on a daily basis. R79 is paid over for every drivers licence card manufactured.

24. Interest earned from receivables

		2025	2024
Exchange receivables	24.1	16 323 536	11 832 358
Non-exchange receivables	24.2	51 990 066	44 600 263
Total		**68 313 602**	**56 432 621**

24.1 Interest earned from exchange receivables

	2025	2024
Consumer receivables		
Electricity	4 774 452	2 531 235
Waste management	9 882 975	9 300 809
	14 657 427	**11 832 044**
Other receivables		
Housing	1 666 109	314
Total	**16 323 536**	**11 832 358**

24.2 Interest earned from non-exchange receivables

	2025	2024
Consumer receivables		
Property rates	50 940 445	43 588 342
Electricity	1 049 621	1 011 921
Total	**51 990 066**	**44 600 263**

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25. Interest on investments and bank accounts

Bank accounts	24 958 608	30 791 935
Short-term investments and call accounts	20 078 725	11 754 964
Total	**45 037 333**	**42 546 899**

26. Rental from fixed assets

Market related	2 940 886	2 860 502
Non-market related	367 821	336 952
Total	**3 308 707**	**3 197 454**

26.1 Rental by asset class

Market related		
Property, plant and equipment	2 940 886	2 860 502
Non-market related		
Property, plant and equipment	367 821	336 952
Total	**3 308 707**	**3 197 454**

26.2 Rental by type

Market related		
Property, plant and equipment		
Land and buildings		
• Ad-hoc rentals	1 858	556
Community assets		
• Ad-hoc rentals	768 732	640 475
Other assets		
• Straight-lined operating	2 170 296	2 219 471
Total property, plant and equipment	**2 940 886**	**2 860 502**
Non-market related		
Property, plant and equipment		
Other assets		
• Straight-lined operating	367 821	336 952
Total non-market related	**367 821**	**336 952**
Total	**3 308 707**	**3 197 454**

Figures in Rand	2025	2024

27. Operational revenue

Exchange revenue		
Administrative Handling Fees	283 421	-
Collection Charges	630 443	63 543
Commission	8 209	4 485
Incidental Cash Surpluses	804	1 698
Insurance Refund	406 906	614 537
Merchandising, Jobbing and Contracts	3 963 477	4 018 798
Registration fees	266 848	188 123
Sale of Property	1 362 387	326 828
Staff and Councillors Recoveries	-	5 064
Total	**6 922 495**	**5 223 076**

The sale of property decreased due to less proceeds from sale of assets as compared to previous year.

Registration fees relates to the collection of issuing of flammable certificates.

Merchandising, jobbing and contract revenue relates to activities and adhoc services provided to departments and customers.

28. Fair Value Adjustments

Fair Value Adjustments	23 035 844	20 967 421

29. Construction contract revenue

Construction contract revenue	9 565 217	1 080 996
Construction contract expenditure	(9 565 217)	(1 080 996)
Total	**-**	**-**

In accordance with National Treasury guidance issued in August 2023,the Integrated National Electrification Progamme Grant and its associated expenditure was recorded as construction contract revenue and expenditure.

This is due to the Municipality implementing projects within the Eskom area and the assets being transferred to Eskom.

On receipt of the grant, the amount is recorded as an advance payment. Revenue is recognised as construction contract revenue in accordance with expenditure being incurred.

30. Service charges - Availability charges

Electricity		
Availability charges	3 138 891	2 839 285

31. Property rates by usage

Agricultural property	6 251 174	9 264 327
Business and commercial properties	80 743 738	73 665 107
Industrial properties	5 104 012	4 437 575
Public service purposes properties	96 935 199	49 505 671
Residential properties	107 392 697	136 621 494
Vacant land	28 164 268	24 186 096
Total	**324 591 088**	**297 680 270**

The following property allocation factors (rate) are applied to the various categories of property to determine assessment rates less the impermissible valuation allowed.

31. Property rates by usage (continued)

	2025	2024
	R'000	**R'000**
Market values for the below mentioned categories:		
Residential	14 435 013	14 412 113
Commercial/Business	3 582 952	3 528 015
Industrial	358 958	333 459
Agricultural	2 161 237	2 162 673
Public Service Infrastructure	45 929	31 772
Vacant Land	537 737	564 600
Municipal Land	652 873	624 809
State	3 160 872	3 142 000
Non Profit Organisations	91 721	19 670
Place of Worship/Religious	446 557	426 933
Municipal Vacant Land	219 280	130 260
Public Vacant Land	5 366	4 302
Unregistered/Other/Undefined	8 352	1
	25 706 847	**25 380 607**

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2023.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Supplementary valuation rolls have been received for the 2024/2025 financial year.

Impermissible rebates are applied to residential properties valued less than or equal to R150 000 on market values.

Rates are levied on an annual basis with the final date for payment being 30 June 2025. Interest is raised on overdue accounts at 10.25% per annum in accordance with the National Credit Act, in respect of arrears account arising after 1 November 2016.

Arrear accounts arising before 31 October 2016 are charged interest at a rate of 9% per annum.

The following property allocation factors (rate) are applied to the various categories of property to determine assessment rates
less the impermissible valuation allowed:

	2025	2024
Valuation Roll Randages		
Residential	0.01208	0.01130
Business and Commercial	0.02249	0.02102
Industrial	0.01447	0.01352
Agricultural	0.00294	0.00274
Vacant land	0.05174	0.04836
State	0.03081	0.02880

32. Fines, penalties and forfeits

	Note	2025	2024
Fines	32.1	12 418 176	9 804 362
Penalties	32.2	21 786	39 468
Forfeits	32.3	3 563 204	-
Total		**16 003 166**	**9 843 830**

32.1 Fines

	2025	2024
Traffic fines		
Municipal fines	9 155 799	6 738 263

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

32. Fines, penalties and forfeits (continued)

Other fines			
Building fines		45 652	-
Illegal connections		3 190 150	3 008 126
Law enforcement		-	42 766
Overdue books		7 403	5 299
Pound fees		19 172	9 908
		3 262 377	**3 066 099**
Total		**12 418 176**	**9 804 362**

32.2 Penalties

Motor vehicle licence		21 786	39 468

32.3 Forfeits

Unclaimed money		3 563 204	-

33. Licence and permits

Exchange revenue	33.1	4 026 004	3 727 566

33.1 Licenses and permits – Exchange revenue

Road and transport		3 462 395	3 429 231
Trading		563 609	298 335
Total		**4 026 004**	**3 727 566**

34. Transfers and subsidies

Operational			
Monetary allocations	34.1	356 619 014	345 027 676
Capital			
Allocations in-kind	34.2	243 743	-
Monetary allocations	34.3	111 378 563	90 585 619
Total transfers and subsidies: Capital		**111 622 306**	**90 585 619**
Total		**468 241 320**	**435 613 295**

34.1 Monetary allocations: Operational

Departmental agencies and accounts: LGSETA		1 501 662	853 683
District municipalities :Job Evaluation		522 945	127 672
National government		17 825 005	27 425 943
National revenue fund: Equitable Share		325 368 176	307 255 000
Provincial government		11 401 226	9 365 378
Total		**356 619 014**	**345 027 676**

34.2 Allocations in-kind: Capital

Provincial government - Donations received		243 743	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Transfers and subsidies (continued)

34.3 Monetary allocations: Capital

National government	97 737 485	70 314 518
Provincial government	13 641 078	20 271 101
Total	**111 378 563**	**90 585 619**

35. Employee related cost

Salaries and allowances		
Basic salary	310 640 351	274 542 685
Bonuses	622 397	1 089 564
Allowances:		
Cellular and Telephone	11 847	23 410
Housing Benefits	1 058 163	1 006 499
Travel or Motor Vehicle	23 099 618	21 858 910
Accommodation, Travel and Incidental	670 754	725 610
Service related benefits:		
Overtime	7 626 466	4 285 637
Acting and Post Related Allowances	2 312 517	1 722 125
Bonus	19 455 665	18 568 949
Standby Allowance	3 176 689	4 383 395
Tools Allowance	4 360	4 885
Uniform/Special/Protective Clothing	207 411	229 111
	368 886 238	**328 440 780**
Social contributions		
Group life insurance	64 641	86 162
Medical	12 601 957	11 483 248
Pension	40 539 738	37 197 936
Unemployment Insurance	2 414 592	2 155 344
Bargaining Council	167 614	132 167
	55 788 542	**51 054 857**
Contributions to provision		
Medical	1 873 000	1 691 000
Leave Gratuity	4 522 305	4 413 336
Long Term Service Awards	2 158 000	1 983 000
	8 553 305	**8 087 336**
Total	**433 228 085**	**387 582 973**

Figures in Rand		2025	2024

35. Employee related cost (continued)

Senior management	35.1	10 669 543	10 943 149
Municipal staff	35.2	422 558 542	376 639 824
Total		**433 228 085**	**387 582 973**

35.1 Senior management costs

Salaries and allowances		
Basic salary	8 723 340	8 477 376
Bonuses	622 397	1 089 564
Allowances		
Travel or Motor Vehicle	1 216 703	1 306 944
Service related benefits		
Acting and Post Related Allowances	95 061	54 565
	10 657 501	**10 928 449**
Social contributions		
Unemployment Insurance	12 042	14 700
Total	**10 669 543**	**10 943 149**

Renumeration of Section 57 employees

Remuneration of Municipal Manager - Ms. SS Ngiba

Salaries and allowances		
Basic salary	1 924 124	1 410 886
Bonuses	100 156	155 652
Allowance:		
Travel or Motor Vehicle	240 000	240 000
Service related benefits		
Acting and Post Related Allowances	22 789	-
	2 287 069	**1 806 538**
Social contributions		
Unemployment Insurance	2 125	2 125
Total	**2 289 194**	**1 808 663**

Remuneration of Chief Financial Officer

Salaries and allowances		
Basic Salary - Mr MT Nkosi	-	1 025 626
Bonuses - Mr MT Nkosi	-	155 652
Allowance:		
Travel or Motor Vehicle - Mr MT Nkosi	-	132 000
Service related benefits:		
Acting and Post Related Allowances - Ms I Gajadhur	13 591	-
Acting and Post Related Allowances - Mr RA Jhetam	58 681	54 565
	72 272	**1 367 843**
Social contributions		
Unemployment Insurance	-	1 948
Total	**72 272**	**1 369 791**

On the 28th November 2024, as per LC 20/11/2024, Council resolved to appoint **Mr R.A. Jhetam**, serving as the current Deputy Chief Financial Officer, to the position of Chief Financial Officer of the Municipality with effect from 01 December 2024.

Figures in Rand	2025	2024

35. Employee related cost (continued)

The Municipality has applied for a waiver approval from the Minister of Co-Operative Governance and Traditional Affairs (COGTA) to allow the remuneration package for the position to exceed the prescribed upper limits. This approval was outstanding at the reporting date. Pending the Minister’s decision, Mr Jhetam continues to be remunerated at the level of the Deputy Chief Financial Officer until his formal acceptance of the position. This is subject to the waiver being granted by the Minister of Co-Operative Governance and Traditional Affairs (COGTA).

Remuneration of Executive Director: Corporate Services - Mrs EC Molefe & Mrs SNV Mavimbela

Salaries and allowances		
Basic Salary - Mrs EC Molefe	1 188 885	1 214 723
Basic Salary - Mrs SNV Mavimbela	128 266	-
Bonuses - Mrs EC Molefe	58 203	155 652
Allowance:		
Travel or Motor Vehicle - Mrs EC Molefe	96 000	144 000
Travel or Motor Vehicle - Mrs SNV Mavimbela	61 285	-
	1 532 639	**1 514 375**
Social contributions		
Unemployment Insurance - Mrs EC Molefe	1 417	2 125
Unemployment Insurance - Mrs SNV Mavimbela	354	-
	1 771	**2 125**
Total	**1 534 410**	**1 516 500**

Remuneration of Executive Director: Technical and Infrastructure Services - Mr RH Mazibuko

Salaries and allowances		
Basic Salary	1 060 333	1 416 580
Bonuses	73 581	155 652
Allowance:		
Travel or Motor Vehicle	144 000	144 000
	1 277 914	**1 716 232**
Social contributions		
Unemployment Insurance	2 125	2 126
Total	**1 280 039**	**1 718 358**

Remuneration of Executive Director: Community and Social Services - Mr SN Kunene & Ms N Nguse

Salaries and allowances		
Basic Salary - Mr SN Kunene	591 441	1 380 915
Basic Salary - Ms N Nguse	423 878	-
Bonuses - Mr SN Kunene	244 938	155 652
Allowance:		
Travel or Motor Vehicle - Mr SN Kunene	50 000	120 000
Travel or Motor Vehicle - Ms N Nguse	50 000	-
	1 360 257	**1 656 567**
Social contributions		
Unemployment Insurance - Mr SN Kunene	886	2 125
Unemployment Insurance - Ms N Nguse	885	-
	1 771	**2 125**
Total	**1 362 028**	**1 658 692**

Remuneration of Executive Director: Public Safety and Emergency Services - Mr PB Simelane

Figures in Rand	2025	2024

35. Employee related cost (continued)

Salaries and allowances		
Basic Salary	1 861 032	978 923
Bonuses	75 347	155 652
Allowance:		
Travel or Motor Vehicle	266 418	217 944
	2 202 797	**1 352 519**
Social contributions		
Unemployment Insurance	2 125	2 126
Total	**2 204 922**	**1 354 645**

Remuneration of Executive Director : Department of Planning and Human Settlements - Mr MZ Kunene

Salaries and allowances		
Basic Salary	1 545 381	1 049 723
Bonuses	70 172	155 652
Allowance:		
Travel or Motor Vehicle	309 000	309 000
	1 924 553	**1 514 375**
Social contributions		
Unemployment Insurance	2 125	2 125
Total	**1 926 678**	**1 516 500**

In-Kind Benefits (Provision of Security Services

The Municipal Manager had two (2) bodyguards, one (1) driver. The expenditure amounted to R 894 966.84 for the 2024/2025 financial year and the expenditure amounted to R 1 738 593 for the 2023/2024 financial year

The Municipal Manager and Executive Directors are remunerated in terms of the Upper Limites of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, issued in terms of the Local Government: Municipal Systems Act 32 of 2000.

35.2 Municipal staff costs

Salaries and allowances		
Basic Salary	301 917 011	266 065 309
Allowances	23 623 679	22 307 485
Service related benefits	32 688 047	29 139 537
	358 228 737	**317 512 331**
Social contributions		
Group life insurance	64 641	86 162
Medical	12 601 957	11 483 248
Pension	40 539 738	37 197 936
Unemployment insurance	2 402 550	2 140 644
Bargaining council	167 614	132 167
	55 776 500	**51 040 157**
Contributions to provision		
Medical	1 873 000	1 691 000
Leave Gratuity	4 522 305	4 413 336
Long Term Service Awards	2 158 000	1 983 000
	8 553 305	**8 087 336**
Total	**422 558 542**	**376 639 824**

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

36. Remuneration of councillors

Allowances and service related benefits			
Travelling allowance		2 405 017	2 185 169
Basic salary		22 705 815	21 520 672
Cell phone allowance		3 416 143	3 372 115
		28 526 975	**27 077 956**
Social contributions			
Pension Fund		1 485 625	3 707 219
Total		**30 012 600**	**30 785 175**

Mayor - Cllr ZJ Sibisi	36.1	1 059 993	1 005 693
Chief Whip - Cllr S Sithole	36.2	689 115	449 888
Speaker - Cllr BP Sithole	36.3	857 394	814 560
Deputy Mayor - Cllr S Simelane	36.4	853 156	814 560
Executive committee	36.5	3 766 189	3 444 120
Section 79 committee chairperson - Cllr MR Suddaby & Cllr SA Buys	36.6	769 313	745 755
All other Councillors	36.7	22 017 440	23 510 599
Total		**30 012 600**	**30 785 175**

All Other Councillors are remunerated with basic salary of R24 147 (2024:R23 978, cellphone and data allowance of R3 917 (2024:R3 700) per month.

All other allowances such as pension, medical and travell allowance are at the descretion of each Councillor within the existing prescribed limits.

A complete listing of all Councillors is reflected in the annual report.

36.1 Mayor - Cllr ZJ Sibisi

Allowances and service related benefits		
Basic salary	1 012 989	959 123
Cell phone allowance	47 004	46 570
	1 059 993	**1 005 693**

36.2 Chief Whip - Cllr S Sithole

Allowances and service related benefits		
Basic salary	448 090	281 305
Cell phone allowance	47 004	46 570
Travelling allowance	160 414	99 352
	655 508	**427 227**
Social contributions		
Pension fund contributions	33 607	22 661
Total	**689 115**	**449 888**

36.3 Speaker - Cllr BP Sithole

Allowances and service related benefits		
Basic salary	753 851	712 024
Cell phone allowance	47 004	46 570
	800 855	**758 594**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Remuneration of councillors (continued)

Social contributions		
Pension fund contributions	56 539	55 966
Total	**857 394**	**814 560**

36.4 Deputy Mayor - Cllr S Simelane

Allowances and service related benefits		
Basic salary	701 002	734 750
Cell phone allowance	47 004	46 570
	748 006	**781 320**
Social contributions		
Pension fund contributions	105 150	33 240
Total	**853 156**	**814 560**

36.5 Executive committee

Allowances and service related benefits		
Basic salary	2 475 658	2 260 077
Cell phone allowance	376 032	354 975
Travelling allowance	635 387	552 951
	3 487 077	**3 168 003**
Social contributions		
Pension fund contributions	279 112	276 117
Total	**3 766 189**	**3 444 120**

36.6 Section 79 committee chairperson - Cllr MR Suddaby & Cllr SA Buys

Allowances and service related benefits		
Basic salary - Cllr MR Suddaby	75 621	453 536
Basic salary - Cllr SA Buys	527 267	-
Cell phone allowance - Cllr MR Suddaby	7 834	46 570
Cell phone allowance - Cllr SA Buys	39 170	-
Travelling allowance - Cllr MR Suddaby	28 988	172 867
	678 880	**672 973**
Social contributions		
Pension fund contributions - Cllr MR Suddaby	11 343	72 782
Pension fund contributions - Cllr SA Buys	79 090	-
	90 433	**72 782**
Total	**769 313**	**745 755**

Figures in Rand	2025	2024

36. Remuneration of councillors (continued)

36.7 All other Councillors

Allowances and service related benefits		
Basic salary	16 711 337	16 119 857
Cell phone allowance	2 805 091	2 784 290
Travelling allowance	1 580 228	1 359 999
	21 096 656	**20 264 146**
Social contributions		
Pension fund contributions	920 784	3 246 453
Total	**22 017 440**	**23 510 599**

In kind benefits (Provision of the security services)

The Mayor, Deputy Mayor, Speaker, Chief Whip and MPAC Chairperson are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Mayor, Deputy Mayor, Speaker and Chief Whip have access to Council owned vehicles for ceremonial and official functions.

The Mayor had four (4) full time bodyguards, three (3) drivers and three (3) security guards and the use of an outsourced vehicles. The expenditure amounted to R 3 717 398 for the 2024/2025 financial year. The expenditure amounted to R 2 790 788 for the 2023/2024 financial year.

The Deputy Mayor had two (2) full time bodyguards and one (1) driver and use of an outsourced vehicle. The expenditure amounted to R 1 381 382 for the 2024/2025 financial year. The expenditure amounted to R 3 372 410 for the 2023/2024 financial year.

The Speaker had two (2) full time bodyguards and one (1) driver. The expenditure amounted to R 895 132 for the 2024/2025 financial year. The expenditure amounted to R 851 226 for the 2023/2024 financial year.

The Chief Whip had five (5) full time bodyguards, three (3) drivers and three (3) security guards and use of an outsourced vehicle. The expenditure amounted to R 3 808 025 for the 2022/2023 financial year. The expenditure amounted to R 2 821 543 for the 2023/2024 financial year.

Cllr ASD Warasally had two (2) bodyguards and one (1) driver. The expenditure amounted to R 916 802 for the 2024/2025 FY. The expenditure amounted to R 851 226 for the 2023/2024 financial year.

Cllr Biyela had two (2) bodyguards and one (1) driver. The expenditure amounted to R 1 115 999 for the 2024/2025 financial year. The expenditure amounted to R 929 999 for the 2023/2024 financial year.

37. Bulk purchases

Electricity: Eskom	458 210 807	418 958 457

Figures in Rand		2025	2024

37. Bulk purchases (continued)

37.1 Electricity losses

	2025	2024
	KHW	**Amount**
Units purchased (Kilowatt hours)	257 175 722	267 799 035
Units sold (Kilowatt hours)	(214 808 758)	(225 142 839)
Total loss	**42 366 964**	**42 656 196**

Comprising of:		
Technical losses (Monetary Amount)	18 621 689	17 005 239
Non-technical losses (Monetary Amount)	42 732 813	37 168 131
Total	**61 354 502**	**54 173 370**

Percentage loss:		
Technical losses	5.00 %	5.00 %
Non-technical losses	11.47 %	11.00 %
Total	**16.47 %**	**16.00 %**

38. Inventory consumed

Consumables	1 245 747	1 246 477
Land	839 937	1 142 510
Materials and supplies	35 044 416	29 232 151
Total	**37 130 100**	**31 621 138**

39. Debt impairment (reversal)

Trade and other receivables from exchange transactions	(32 272 748)	34 194 371
Property Rates	106 276 893	126 162 443
Non Specific Accounts	2 814 043	(939 851)
Total	**76 818 188**	**159 416 963**

40. Depreciation and Amortisation

Amortisation			
Intangible assets	11.1	406 211	609 886
Depreciation			
Property, plant and equipment		76 832 212	83 118 593
Total		**77 238 423**	**83 728 479**

41. Impairment losses / (reversal) of impairment on cash and non- cash generating assets

Impairment loss / Reversal of impairment			
Intangible assets	11.1	715	-
Property, plant and equipment		(1 717 606)	(23 703)
Total		**(1 716 891)**	**(23 703)**

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

42. Finance Cost

42.1 Finance Cost

Borrowings			
• Annuity loans		168 008	122 366
Finance leases		-	103 962
Interest costs on landfill site provision	17	9 562 029	8 335 524
Actuarial interest on long service awards and post retirement medical aid		9 595 000	8 909 000
Total		**19 325 037**	**17 470 852**

43. Lease rentals on operating leases

Furniture and Office Equipment	1 404 530	1 439 233
Other Assets	39 839	35 487
Total	**1 444 369**	**1 474 720**

Operating leases (as a lessee)

Within one year	1 078 309	1 768 902
In second to fifth year inclusive	135 168	4 827 674
Total	**1 213 477**	**6 596 576**

The municipality entered into a lease agreement with ITECH to lease the photocopier machines. The commencement of the lease was 01 February 2023 and expires in 01 February 2026.

The municipality has entered into another lease agreement with ITECH for a period of thirty-six (36) months from 1 May 2025 and expires in 30 April 2028.

44. Contracted services

Consultants and professional services	44.1	14 380 129	12 688 126
Contractors	44.2	41 759 078	45 844 609
Outsourced services	44.3	24 782 837	37 077 034
Total		**80 922 044**	**95 609 769**

44.1 Consultants and professional services

Business advisory services		
Audit committee	208 567	217 227
Business and financial management	2 636 233	3 009 396
Commissions and committees	12 000	706 269
Credit rating agencies	-	120 337
Forensic investigators	1 027 849	1 026 243
Human resources	74 366	195 618
Medical examinations	24 789	109 509
Project management	466	499 534
Qualification verification	70 783	2 671
Valuer and assessors	503 020	357 092
Total business advisory services	**4 558 073**	**6 243 896**

Legal services		
Collection	684 863	1 196 417
Legal advice and litigation	3 725 068	2 555 453
Total legal services	**4 409 931**	**3 751 870**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
44. Contracted services (continued)		
Engineering services		
Civil engineering	652 620	425 860
Electrical engineering	957 150	-
Total engineering services	**1 609 770**	**425 860**
Infrastructure and planning services		
Ecological infrastructure and planning	1 205 000	1 410 000
Town planner infrastructure and planning	2 597 355	856 500
Total infrastructure and planning services	**3 802 355**	**2 266 500**
Total consultants and professional services	**14 380 129**	**12 688 126**

44.2 Contractors

	2025	2024
General services		
Catering services	972 450	1 553 304
Event promoters	4 658 831	4 344 332
Pest control and fumigation	42 009	31 212
Traffic and street lights	1 560	3 174
Transportation	455 500	793 389
Total general services	**6 130 350**	**6 725 411**
Maintenance services		
Maintenance of buildings and facilities	579 059	177 280
Maintenance of equipment	851 234	681 069
Maintenance of unspecified assets	34 198 435	38 260 849
Total maintenance service	**35 628 728**	**39 119 198**
Total contractor	**41 759 078**	**45 844 609**

44.3 Outsourced services

	2025	2024
Business and advisory services		
Project Management	-	15 430
General services		
Administrative and support staff	-	945 452
Animal Care	153 543	193 467
Burial Services	-	4 870
Catering Services	314 768	18 500
Meter Management	4 235 700	2 466 430
Professional Staff	83 327	16 579
Total general services	**4 787 338**	**3 645 298**
Trading services		
Connection/Dis-connection: Electricity	1 348 750	840 000
Security Services	18 646 749	32 576 306
Total trading services	**19 995 499**	**33 416 306**
Total outsourced services	**24 782 837**	**37 077 034**

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

45. Transfers and subsidies

Operational			
Monetary allocations	45.1	4 513 176	4 514 869

45.1 Monetary allocations: Operational

Households	4 513 176	4 514 869

46. Irrecoverable debts written off

Electricity	6 659 014	1 103 520
Housing and sundry debtors	4 869 931	1 241 246
Waste management	68 287 006	5 768 950
Traffic fines	7 557 350	6 220 950
Property rates	12 866 852	5 256 466
Total	**100 240 153**	**19 591 132**

Split between exchange and non-exchange

Exchange	79 815 951	7 010 197
Non-exchange	20 424 202	12 580 935
Total	**100 240 153**	**19 591 132**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Operational cost

Advertising, Publicity and Marketing	716 361	674 552
Assets less than the Capitalisation Threshold	759 621	290 498
Bank Charges, Facility and Card Fees	375 856	438 977
Bursaries (Employees)	677 357	257 542
Cash Discount	4 010 023	2 547 001
Cleaning Services	220	1 060
Commission	3 414 725	3 175 269
Communication	5 814 114	6 142 964
Deeds	109 956	43 822
Drivers Licences and Permits	1 370	1 170
Entertainment	23 789	29 644
External Audit Fees	5 616 918	5 466 257
External Computer Service	11 375 004	8 337 059
Hire Charges	966 178	541 020
Insurance Underwriting	3 142 715	6 463 052
Learnerships and Internships	1 135 573	1 201 915
Licences	1 138 939	1 071 691
Municipal Services	30 562 639	32 961 129
Printing, Publications and Books	2 054 714	1 925 477
Professional Bodies, Membership and Subscription	4 771 388	4 527 792
Registration Fees	162 027	645 254
Remuneration to Ward Committees	6 436 500	5 412 229
Seating Allowance for Traditional Leaders	18 750	-
Skills Development Fund Levy	3 424 784	3 009 260
Toll Gate Fees	51 458	37 206
Travel and Subsistence	2 695 303	2 323 533
Uniform and Protective Clothing	5 208 818	3 643 500
Vehicle Tracking	823 081	846 340
Wet Fuel	14 782 721	14 906 044
Workmen's Compensation Fund	2 914 623	2 526 859
Total	**113 185 525**	**109 448 116**

48. Loss on disposal of fixed and intangible assets

Intangible Assets	789	22 065
Property ,plant and equipment	962 562	5 174 072
Heritage assets	589 000	-
Total	**1 552 351**	**5 196 137**

49. Loss on remeasurement of employee benefits

Loss on remeasurement of employee benefits	36 807	864 301

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. Net cash from/(used) operating activities

Surplus for the year	118 714 874	62 497 904
Adjustments for:		
Depreciation and Amortisation	77 238 423	83 728 479
(Gains) / Losses on Disposal of Assets	1 552 351	5 196 137
Donations received in kind	(243 743)	-
Actual gains / (losses)	36 807	864 301
Fair Value adjustment	(23 035 844)	(20 967 421)
Impairment on cash and non-cash generating assets	(1 716 891)	(23 703)
Debt impairment	76 818 188	159 416 963
Bad debts written off	100 240 153	19 591 132
Councillors provision included in remuneration for Councillors	-	2 328 317
Contribution to performance bonus	622 397	1 089 565
Contribution to annual bonus payable	(80 060)	(102 756)
Interest on landfill site provision	9 562 029	8 335 524
Actuarial interest on long service awards and post retirement medical aid	9 595 000	8 909 000
Contribution to post retirement medical and long service awards included in employee cost	4 031 000	3 674 000
Contribution to staff leave	4 522 305	4 895 930
Finance cost for cash item disclosed under investing activities	153 816	226 328
Contribution to provision for Uthukela District Municipality	7 763 050	12 632 357
Cash discount	4 010 023	2 547 001
Finance Cost for accrued interest on borrowings	14 191	-
Forfeited deposits recognised to revenue	(3 563 204)	-
Movement in working capital		
(Increase) / Decrease in Inventory	(1 562 604)	(4 478 941)
(Increase) / Decrease in Receivables from exchange transactions	(63 912 994)	(72 060 691)
(Increase) / Decrease in Receivables from non-exchange transactions	(146 993 542)	(124 264 413)
(Increase) / Decrease in Employee Benefit Payables	(4 947 177)	(6 180 780)
(Increase) / Decrease in Control clearing - salaries payables	(37 250)	(1 716 462)
(Increase) / Decrease in Output Tax Accrual	(3 293 239)	8 040 752
(Increase) / Decrease in Input VAT Accrual	(4 407 507)	(3 098 402)
(Increase) / Decrease in VAT Control Receivables	1 204 263	29 248 343
Increase / (Decrease) in Payables from exchange transactions	25 566 147	3 701 331
Increase / (Decrease) in Provisions	(4 608 114)	(3 688 173)
Increase / (Decrease) in Unspent Conditional Grants and Receipts	25 904 898	(13 441 481)
Increase / (Decrease) in Consumer Deposits	2 944 773	(307 237)
Increase / (Decrease) in unallocated deposits payable	2 200 580	251 552
Increase / (Decrease) Income received in advance	(1 329 588)	(2 837 392)
Increase / (Decrease) in Defined Benefit Obligation	(3 436 823)	(3 336 604)
Increase / (Decrease) in Housing Development Fund	(12 270 272)	5 576 828
Increase / (Decrease) in Self Insurance Reserve	1 405 658	1 304 935
Net cash flows from operating activities	**198 662 075**	**167 552 223**

Figures in Rand	2025	2024

51. Contingent liabilities

The Municipality is defending a case for damages for allegations of unlawful arrest and defamation. The State Attorney's is dealing with this matter. Case No 11653/2015	500 000	500 000
The Municipality was defending a case for damages involving a minor falling into a trench. The claim and the matter has not been set down for trial as yet. Case No.9222/2010. Case has been closed in the 2024/25 financial year. The plaintiff has failed to set the matter down for trial.	-	985 000
The Municipality was defending a case for an outstanding payment to a service provider. The Municipality is defending the claim and the case is at discovery stage and awaiting trial. Case No. 6040/2015. Case has been closed in the 2024/25 financial year as the matter has remained dormant for a long period of time.	-	1 900 000
The Municipality is defending a case for an outstanding payment relating to the release of retention. The matter is still pending as the original summons needs to be located and inserted into the court file. Case No. 491/2018.	219 450	219 450
The Municipality was defending a case for damages for allegations of unlawful arrest. The Municipality is defending the matter and the matter is on the pleading stage.Case No.60/2021. Case closed.	-	200 000
The municipality is defending a case for an outstanding payment due and payable to a service provider. Defendent has filed a pre-trial Notice. Case No. 87872020/P	1 406 030	1 406 030
The Municipality was defending a case for an alleged service that was rendered to the former Indaka Local Municipality which was not paid for. The matter is awaiting trial date. Case No. 13232/17P. Case closed in the 2024/25 financial year as the matter has remained dormant for a long period of time.	-	763 780
The Municipality was defending a case for damages incurred by a municipal driver who reversed into a third party's vehicle. The municipality was internally defending the case which has subsequently been closed as it was finalised by the Internal Legal Service.	-	28 000
The Municipality is defending the matter in respect of alleged claims made by the plaintiff for services rendered. The case number is 4288/24P KZN/LC/RC 143/202.	12 450 652	12 450 652
The Municipality is defending the matter in respect of claims regarding a minor who was electrocuted after coming into contact with a live wire on a water tanker.Case number 15479/23. The matter is at pre-trial stage.	2 040 000	2 040 000
The Municipality was defending the matter in respect of a motor vehicle collision that occurred as a result of a pothole. Case Number 335/2022 has subsequently been closed as it was finalised by the Internal Legal Service.	-	92 777
The Municipality was defending the matter in respect of a motor vehicle collision that occurred as a result of a pothole. Case number 174/2021 has subsequently been closed as it was finalised by the Internal Legal Service.	-	20 126
The Municipality was defending the matter in respect of a claim against the municipality for damages in respect of a wrongful arrest by the Department: Public Safety and Emergency Services. Case number 819/2021 has subsequently been closed.	-	200 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Contingent liabilities (continued)

The Municipality is disputing the amounts charged on the water accounts with uThukela District Municipality. The debt in question is older than three years and is currently under investigation. The Municipality disputes the validity and accuracy of the charges raised by uThukela District Municipality and is engaging with the relevant parties to resolve the matter.	7 596 030	-
	24 212 162	**20 805 815**

52. Related party disclosures

Key Management Personnel and Councillors Remuneration

Remuneration of Key Management Personnel and Councillors is included in Note 35 & 36 to the Annual Financial Statements.

Apart from remuneration of Councillors and Senior Managers, as disclosed in the above notes to the Annual Financial Statements, the Municipality did not enter into any other related party transactions during the reporting period.

53. Adjusting and Non-adjusting events after the reporting date

Adjusting Events

Subsequent to year end, Council as per its meeting that was held on 21 August 2025 resolved as per Council Resolution LC 05/08/2025 to wite off all missing, damaged, demolished,vandalised and stolen assets with effect from 30 June 2025. The Municipality has subsequently adjusted the Annual Financial Statements to reflect the impact of this write off.	1 478 012	-

There has not been any non - adjusting events identified to date after the reporting period, 30 June 2025.

54. Principal-agent arrangements

54.1 Municipality acting as the agent

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

Housing Development Project

The municipality is a party to a principal-agent arrangement in terms of the Housing Development Project. The municipality is considered to be an agent in accordance with GRAP 109, with the Provincial Department of Human Settlements being the principal in this arrangement.

Details of the arrangement is as follows:

The purpose of the arrangement is to construct low-cost houses for the identified beneficiaries. The funding is provided by the Provincial Department of Human Settlements.

Significant terms and conditions of the arrangement are as follows:
- The municipality to manage and procure the implementation of the project.
- Design the product in consultation with all stakeholders.
- Investigate building systems and designs that are acceptable with the community, the municipality and the Department.
- Construct the project in accordance with the drawings and specifications within the period of the agreement.

Significant risks have been identified as follows:
- Delays in land acquisitions, and funding approval.
- Social unrest, Inadequate funding to meet the requirements, and environmental risks.

Mitigation strategies and benefits associated with the relationship are as follows:
- Negotiating with land owners prior to the construction.
- Ensuring compliance with the agreements to ensure speedy release of the funding.
- Constant communication with the community and ensuring public participation.
- Be pro-active in the feasibilty study to be aware of the environmental pre-conditions.

Entity as agent

Remittance of resources

The remittance of resources during the period are:
- The Municipality received funds totalling R 4 431 808 in addition to the unspent opening balance of R41 092 034 and amount spent total to R 3 915 688. The unspent funds at end of the financial year is R 41 608 154. See note 16.

Revenue recognised

The Municipality does not receive compensation for the transactions carried out on behalf of the principal, in terms of the arrangement, and hence no revenue has been recognised in the current and prior financial year.

Liabilities and corresponding rights of reimbursement recognised as assets

No liabilities have been incurred on behalf of Human Settlements have been recognised by the municipality

55. Changes in accounting policy

No change in accounting policies occurred during the year under review.

56. Prior year adjustments

The following restatements and adjustments occurred which are set out below:

Statement of Financial Performance

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

56. Prior year adjustments (continued)

	As previously reported	Prior period errors restating the 2023/24 movements	Re-classification	Restated	Reason for diff. (Ref. note)
Revenue					
Exchange revenue					
Services charges – Electricity	518 574 970	(6 511 054)	-	**512 063 916**	56.1
Services charges – Waste management	33 241 087	(70 013)	-	**33 171 074**	56.2
Sales of goods and rendering of services	1 835 579	-	-	**1 835 579**	
Agency services	3 594 996	-	-	**3 594 996**	
Interest earned from receivables	11 832 358	-	-	**11 832 358**	
Interest on investments and bank accounts	42 546 899	-	-	**42 546 899**	
Licence and permits	3 727 566	-	-	**3 727 566**	
Rental from fixed assets	3 197 454	-	-	**3 197 454**	
Operational revenue	5 219 491	3 585	-	**5 223 076**	56.3
Fair Value Adjustments	139 259 855	(118 292 434)	-	**20 967 421**	56.4
Construction contract revenue	1 080 884	112	-	**1 080 996**	
	764 111 139	**(124 869 804)**	**-**	**639 241 335**	
Non-exchange revenue					
Availability charges – Electricity	2 854 026	(14 741)	-	**2 839 285**	56.5
Property rates by usage	298 194 293	(514 023)	-	**297 680 270**	56.6
Fines, penalties and forfeits	9 598 464	245 366	-	**9 843 830**	56.7
Transfers and subsidies – Operational	345 027 676	-	-	**345 027 676**	
Transfers and subsidies – Capital	90 585 619	-	-	**90 585 619**	
Interest earned from receivables	-	(246 014)	44 846 277	**44 600 263**	56.8
Interest earned on availability charges	1 011 921	-	(1 011 921)	**-**	
Property rates - Penalties imposed	43 834 356	-	(43 834 356)	**-**	
	791 106 355	**(529 412)**	**-**	**790 576 943**	
Total revenue	**1 555 217 494**	**(125 399 216)**	**-**	**1 429 818 278**	
Expenditure					
Employee related cost	393 357 487	(362 285)	(5 412 229)	**387 582 973**	56.9
Remuneration of councillors	30 831 588	(46 413)	-	**30 785 175**	56.10
Bulk purchases	418 958 457	-	-	**418 958 457**	
Inventory consumed	31 682 656	(61 518)	-	**31 621 138**	56.11
Debt impairment (reversal)	88 588 315	70 828 648	-	**159 416 963**	56.12
Depreciation and Amortisation	82 970 435	758 044	-	**83 728 479**	56.13
Impairment losses / (reversal) of impairment on cash and non- cash generating assets	(23 703)	-	-	**(23 703)**	
Finance Cost	17 470 852	-	-	**17 470 852**	
Contracted services	95 633 594	(23 825)	-	**95 609 769**	56.14
Transfers and subsidies	4 516 738	(1 869)	-	**4 514 869**	56.15
Irrecoverable debts written off	19 591 132	-	-	**19 591 132**	
Lease rentals on operating leases	1 358 991	115 729	-	**1 474 720**	56.16
Operational cost	99 063 594	4 972 293	5 412 229	**109 448 116**	56.18
Loss on disposal of fixed and intangible assets	5 661 362	(465 225)	-	**5 196 137**	56.17
Loss on remeasurement of employee benefits	864 301	-	-	**864 301**	
Construction contract expenditure	1 080 996	-	-	**1 080 996**	
Total expenditure	**1 291 606 795**	**75 713 579**	**-**	**1 367 320 374**	
Deficit for the year	**263 610 699**	**(201 112 795)**	**-**	**62 497 904**	

56.1 Service charges - electricity

56. Prior year adjustments (continued)

During the current financial year, it was identified that the municipality had been incorrectly raising service charges related to electricity on municipal-owned properties in the prior reporting period. These charges did not meet the recognition criteria in terms of GRAP 9: Revenue from Exchange Transactions, as municipal-owned properties are not subject to service charges in the same manner as consumer accounts. The incorrect recognition resulted in an overstatement of revenue in the affected period.

56.2 Services Charges - Waste management

During the current financial year, it was identified that the municipality had been incorrectly raising service charges related to waste management on municipal-owned properties in the prior reporting period. These charges did not meet the recognition criteria in terms of GRAP 9: Revenue from Exchange Transactions, as municipal-owned properties are not subject to service charges in the same manner as consumer accounts. The incorrect recognition resulted in an overstatement of revenue in the affected period.

56.3 Operational revenue

During the current financial year, it was identified that commission relating to staff deductions had not been recognised in prior reporting periods. The municipality facilitates certain payroll deductions on behalf of third parties (such as medical aid, insurance, or other service providers) and earns a commission or administration fee for rendering this service.

In accordance with GRAP 9: Revenue from Exchange Transactions, such commission income should be recognised when the related service is rendered, on an accrual basis. The omission of this commission income resulted in an understatement of revenue in the affected periods.

The error has since been corrected, and commission on staff deductions is now properly recognised.

56.4 Fair value adjustment

During the current financial year, errors were identified in the fair valuation of investment properties. These arose due to challenges that were experienced in the capturing of valuation adjustments on the asset management system. The incorrect processing of adjustments led to misstatements in the valuation of certain properties.

In addition, a subsequent review of asset classifications revealed that certain properties had been incorrectly categorized. The reclassification of these assets was necessary to align with the requirements of GRAP 16: Investment Property, GRAP 17: Property, Plant and Equipment, GRAP 12: Inventory and iGRAP 18: Recognition and Derecognition of Land. The amendments to the asset classifications also impacted on the fair value adjustments that were previously recorded, as properties had to be valued in accordance with the appropriate accounting treatment based on their correct classification.

The municipality has corrected these errors in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected fair values and proper classification of the affected properties.

56.5 Availabilty charges - electricity

During the current financial year, it was identified that the municipality had been incorrectly raising availability charges for electricity on municipal-owned properties in the prior reporting periods. Municipal-owned properties are not subject to availability charges in the same manner as consumer accounts, and therefore these charges did not meet the recognition criteria in terms of GRAP 23: Revenue from Non-Exchange Transactions.

The incorrect recognition of such availability charges resulted in an overstatement of revenue in the affected periods. An exercise was undertaken to identify the affected properties and the related transactions. These charges were subsequently reversed to ensure that revenue is fairly stated.

56.6 Property rates by usage

56. Prior year adjustments (continued)

During the current financial year, it was identified that the municipality had been incorrectly raising property rates on municipal-owned properties in the prior reporting periods. Municipal-owned properties are not subject to property rates in the same manner as consumer accounts, and therefore these charges did not meet the recognition criteria in terms of GRAP 23: Revenue from Non-Exchange Transactions.

The incorrect recognition of such property rates resulted in an overstatement of revenue in the affected period. An exercise was undertaken to identify the affected properties and the related transactions. These charges were subsequently reversed to ensure that revenue is fairly stated.

56.7 Fines,penalties and forfeits

During the financial year it was identified that the traffic fine entries were updated in the prior year, resulting in a change to the opening balances for traffic fines on the audit dump. These transactions were subsequently updated on the financial system to ensure the traffic fine report and the financial system are in balance.

56.8 Interest earned from receivables

It was identified during the current financial year that interest charges relating to municipal-owned property billing had been incorrectly raised in prior reporting periods. Municipal-owned properties are not subject to interest charges on outstanding balances, as these do not represent external receivables in terms of the applicable legislation and accounting standards. An exercise was undertaken to identify the affected transactions, and all interest previously raised on municipal-owned property billing has been reversed.

In addition to the reversal of incorrectly raised interest on municipal-owned properties, a reclassification was made between revenue categories. Amounts previously recognised under 'Property Rates – Penalties Imposed' were reclassified to 'Interest Earned from Receivables.' This adjustment was necessary to ensure proper presentation in accordance with GRAP 9: Revenue from Exchange Transactions, as these amounts represent interest income on overdue receivable balances rather than penalties on property rates

56.9 Employee related cost

During the current financial year, it was identified that ward committee expenditure had been incorrectly classified in the prior reporting period as employee-related costs. In terms of GRAP 25: Employee Benefits and guidance from National Treasury in terms of the mSCOA Chart and AFS Specimen, payments to ward committee members do not meet the definition of employee costs, as ward committee members are not employees of the municipality. Such expenditure is instead regarded as general operating expenditure. Accordingly, ward committee expenditure has been reclassified from employee-related costs to general expenditure. This reclassification has been processed in line with GRAP 1: Presentation of Financial Statements, to ensure the fair presentation and consistency of classification.

During the current financial year, incorrect postings were identified in the course of undertaking the salary control account reconciliation. These postings resulted in misstatements between employee-related costs and the associated control accounts in the prior period. The errors arose from incorrect allocations during the processing of payroll transactions, which led to imbalances in the salary control account.

The municipality has subsequently corrected these errors to ensure that the salary control account properly reconciles to the payroll records and the general ledger. The correction has been accounted for in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56.10 Remuneration of Councillors

During the current financial year, incorrect postings were identified in the course of undertaking the salary control account reconciliation. These postings resulted in misstatements between the remuneration of Councillor costs and the associated control accounts in the prior period. The errors arose from incorrect allocations during the processing of payroll transactions, which led to imbalances in the salary control account.

The municipality has subsequently corrected these errors to ensure that the salary control account properly reconciles to the payroll records and the general ledger. The correction has been accounted for in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56.11 Inventory consumed

56. Prior year adjustments (continued)

A subsequent review of asset classifications revealed that certain properties had been incorrectly categorised in prior reporting periods. The reclassification of these assets was required to ensure alignment with the requirements of GRAP 16: Investment Property, GRAP 17: Property, Plant and Equipment, GRAP 12: Inventories, and iGRAP 18: Recognition and Derecognition of Land. This reclassification also impacted on the recognition of inventory consumed as expenditure. Properties that had previously been treated as inventory for sale were incorrectly expensed through ‘inventory consumed expenditure’ when they should have been recognised as either investment property or property, plant and equipment. The correction required the reversal of the previously recognised inventory consumed expenditure and the correct classification of such properties in accordance with their nature and intended use.

56.12 Debt impairment

An error was identified in the calculation of debt impairment in the prior reporting period, which has subsequently been corrected. The error arose from the incorrect application of the impairment calculation to certain categories of receivables, resulting in misstatements in the provision for debt impairment.

In addition, the reversal of debt previously billed to municipal-owned properties required a reassessment of the debt impairment provision. Since municipal-owned properties are not valid debtors, the related receivables did not qualify for impairment testing. The correction resulted in the removal of the incorrectly recognised impairment on these balances, ensuring that the debt impairment provision reflects only valid external receivables

56.13 Depreciation and amortisation

During the current financial year, it was identified that certain assets with zero carrying values had remained in the asset register without being reassessed for useful life in prior reporting periods. In terms of GRAP 17: Property, Plant and Equipment, entities are required to review the useful lives, residual values, and depreciation methods of assets at least at each reporting date.

The omission of this reassessment resulted in assets remaining recorded in the register at a nil value, even though they continued to be in use and provided service potential to the municipality.

The municipality has since corrected this error by reassessing the useful lives of the affected assets and recognizing adjustments where appropriate.

56.14 Contracted services

During the current financial year, errors were identified in the processing of invoices during the undertaking of the creditor’s reconciliation. Certain invoices had been incorrectly accounted for in the prior reporting period, which resulted in misstatements in the trade and other payables balance and corresponding expenditure.

The municipality has corrected these errors to ensure that all invoices are accurately reflected in the creditor’s reconciliation and are properly recorded in the general ledger. The correction has been processed in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56.15 Transfers and subsidies

During the current financial year, errors were identified in the processing of invoices during the undertaking of the creditor’s reconciliation. Certain invoices had been incorrectly accounted for in the prior reporting period, which resulted in misstatements in the trade and other payables balance and corresponding expenditure.

The municipality has corrected these errors to ensure that all invoices are accurately reflected in the creditors reconciliation and are properly recorded in the general ledger. The correction has been processed in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56.16 Lease rental on operating leases

During the current financial year, it was identified that accruals relating to June 2024 rental expenditure had not been processed in the prior financial year. In terms of GRAP 19: Provisions, Contingent Liabilities and Contingent Assets, and GRAP 1: Presentation of Financial Statements, expenditure must be recognised in the period in which the related goods or services are consumed, regardless of when payment is made. The error has since been corrected in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56. Prior year adjustments (continued)

56.17 Loss on disposal of fixed and intangible assets

During the current financial year, it was identified that losses on the disposal of assets had not been correctly recorded in prior reporting periods. This was specifically linked to land adjustments arising from the reclassification of properties between Property, Plant and Equipment (PPE), Investment Property, and Inventory.

On review, certain properties were incorrectly categorised and, in some cases, remained in the asset register even though they no longer met the recognition criteria in terms of GRAP 17: Property, Plant and Equipment, GRAP 16: Investment Property, GRAP 12: Inventories, and iGRAP 18: Recognition and Derecognition of Land. The disposals and derecognitions required the restatement of the associated losses to ensure that they were fairly presented in the Statement of Financial Performance.

56.18 Operational Cost

During the current financial year, it was identified that ward committee expenditure had been incorrectly classified in the prior reporting period as employee-related costs. In terms of GRAP 25: Employee Benefits and guidance from National Treasury in terms of the mSCOA Chart and AFS Specimen, payments to ward committee members do not meet the definition of employee costs, as ward committee members are not employees of the municipality. Such expenditure is instead regarded as general operating expenditure. Accordingly, ward committee expenditure has been reclassified from employee-related costs to general expenditure. This reclassification has been processed in line with GRAP 1: Presentation of Financial Statements, to ensure fair presentation and consistency of classification.

Statement of Financial Position

	As previously reported	Prior period error that occurred prior to 01 July 2023	Prior period errors restating the 2023/24 movements	Re-classification	Restated	Reason for diff. (Ref. note)
Assets						
Current assets						
Cash and cash equivalents	560 534 966	-	378 294	-	**560 913 260**	56.19
Trade and other receivables from exchange transactions	134 206 979	1 556 171	(11 203 594)	-	**124 559 556**	56.20
Receivables from non-exchange transactions	305 904 337	(3 748 120)	(59 852 102)	-	**242 304 115**	56.21
Inventory	58 511 247	24 658 958	-	-	**83 170 205**	56.22
	1 059 157 529	**22 467 009**	**(70 677 402)**	**-**	**1 010 947 136**	
Non-current assets						
Investment property	915 602 790	(376 184 679)	(118 280 990)	-	**421 137 121**	56.23
Property, plant and equipment	1 644 471 312	37 255 882	(745 375)	-	**1 680 981 819**	56.24
Intangible assets	844 336	37 945	(12 672)	-	**869 609**	56.25
Heritage assets	21 400 526	(5 444 000)	-	-	**15 956 526**	56.31
Eskom Deposits	3 299 830	-	-	-	**3 299 830**	
	2 585 618 794	**(344 334 852)**	**(119 039 037)**	**-**	**2 122 244 905**	
Total assets	**3 644 776 323**	**(321 867 843)**	**(189 716 439)**	**-**	**3 133 192 041**	
Liabilities						
Current liabilities						
Financial liabilities	914 667	-	-	-	**914 667**	
Consumer deposits	21 752 156	-	-	-	**21 752 156**	
Trade and other payables from exchange transactions	213 609 190	(427 440)	(3 054 968)	-	**210 126 782**	56.26
Trade and other payables from non-exchange transactions	51 310 605	-	-	-	**51 310 605**	
Defined benefit obligations	-	-	-	3 747 000	**3 747 000**	56.28

56. Prior year adjustments (continued)

Employee benefit obligations	7 079 000	-	-	(7 079 000)	**-**	56.30
Provisions	4 614 604	15 551 695	14 527 211	3 332 000	**38 025 510**	56.27
	299 280 222	**15 124 255**	**11 472 243**	**-**	**325 876 720**	
Non-current liabilities						
Financial liabilities	1 598 491	-	-	-	**1 598 491**	
Provisions	91 066 947	(2 864 698)	-	19 528 000	**107 730 249**	56.27
Defined benefit obligations	76 688 999	-	-	(19 528 000)	**57 160 999**	56.28
	169 354 437	**(2 864 698)**	**-**	**-**	**166 489 739**	
Total liabilities	**468 634 659**	**12 259 557**	**11 472 243**	**-**	**492 366 459**	
Community Wealth / Equity						
Housing development fund	53 022 365	-	-	-	**53 022 365**	
Accumulated surplus	3 123 119 318	(334 203 295)	(201 112 792)	-	**2 587 803 231**	56.29
Total Community Wealth / Equity	**3 176 141 683**	**(334 203 295)**	**(201 112 792)**	**-**	**2 640 825 596**	

56.19 Cash and cash equivalent

During the current financial year, it was identified that a payment had been processed in the municipality’s cash book for release. However, the transaction was not authorised on the bank as the service provider had not completed the contracted work. As a result, the transaction was incorrectly recorded as an expense and creditor settlement in the prior period, even though no actual outflow of resources had occurred.

The correction has been accounted for in terms of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated to remove the incorrect expense and reinstate the creditor balance.

56.20 Trade and other receivables from exchange transactions

During the current financial year, it was identified that the municipality had been incorrectly raising service charges on municipal-owned properties in prior reporting periods. These charges did not meet the recognition criteria in terms of GRAP 9: Revenue from Exchange Transactions, as municipal-owned properties are not subject to service charges in the same manner as consumer accounts.

The incorrect recognition of these charges resulted in an overstatement of revenue as well as overstatement of trade and other receivables from exchange transactions in the affected periods. An exercise was undertaken to identify the affected municipal-owned properties, and the related transactions were subsequently reversed.

The correction has been processed in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected balances.

The Municipality had incorrectly impaired debt as a group impairment calculation. this has now been adjusted and the debt is individually impaired in line with the methodology that was used.

56.21 Receivables from non-exhange transactions

During the current financial year, it was identified that the municipality had been incorrectly raising property rates on municipal-owned properties in prior reporting periods. Municipal-owned properties are not subject to property rates in the same manner as consumer accounts, and therefore these transactions did not meet the recognition criteria in terms of GRAP 23: Revenue from Non-Exchange Transactions.

The incorrect recognition of such property rates resulted in an overstatement of revenue from Non-Exchange Transactions and a corresponding overstatement of receivables from Non-Exchange Transactions in the affected periods. An exercise was undertaken to identify the affected municipal-owned properties and the related transactions. These amounts were subsequently reversed to ensure that both receivables and revenue are fairly stated.

56. Prior year adjustments (continued)

The correction has been accounted for in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected balances.

56.22 Inventory

A subsequent review of asset classifications revealed that certain properties had been incorrectly categorised in prior reporting periods. The reclassification of these assets was required to ensure alignment with the requirements of GRAP 16: Investment Property, GRAP 17: Property, Plant and Equipment, GRAP 12: Inventories, and iGRAP 18: Recognition and Derecognition of Land.

This review impacted the recognition of inventory and related expenditure. Properties that had previously been treated as inventory for sale were incorrectly expensed through ‘inventory consumed expenditure,’ when in fact they should have been recognised as either Investment Property or Property, Plant and Equipment, depending on their nature and intended use. The correction required the reversal of the previously recognised Inventory Consumed expenditure and the Restatement of Assets under the appropriate categories.

In addition, the review identified properties that no longer met the recognition criteria in terms of iGRAP 18. These properties were disposed of or derecognised, as the municipality no longer controlled them, or they did not meet the definition of an asset. The disposals and derecognition were accounted for by removing the affected properties from the asset register and recognising the adjustment through accumulated surplus.

These corrections and disposals have been accounted for in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected balances for inventory, expenditure, and property classifications.

56.23 Investment property

During the current financial year, errors were identified in the fair valuation of Investment Properties. These arose due to challenges that were experienced in capturing valuation adjustments on the asset management system. The incorrect processing of these adjustments led to misstatements in the valuation of certain properties.

In addition, a subsequent review of asset classifications revealed that certain properties had been incorrectly categorised in prior reporting periods. The reclassification of these assets was necessary to ensure alignment with the requirements of GRAP 16: Investment Property, GRAP 17: Property, Plant and Equipment, GRAP 12: Inventories, and iGRAP 18: Recognition and Derecognition of Land. The amendments to the asset classifications also impacted previously recorded fair value adjustments, as properties had to be valued in accordance with the appropriate accounting treatment based on their correct classification.

The municipality has corrected these errors in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected fair values and proper classification of the affected properties.

56.24 Property, plant and equipment

During the current financial year, errors were identified in the accounting for Property, Plant and Equipment (PPE). As part of the asset verification process, assets that had previously not been recorded in the asset register were identified and taken on, resulting in an increase to the PPE balance.

In addition, a subsequent review of asset classifications revealed that certain land parcels had been incorrectly categorised in prior reporting periods. The reclassification of this land was required to ensure alignment with the requirements of GRAP 17: Property, Plant and Equipment, GRAP 16: Investment Property, GRAP 12: Inventories, and iGRAP 18: Recognition and Derecognition of Land. This reclassification impacted both the PPE and investment property balances, as properties had to be recognised in accordance with their correct classification and appropriate accounting treatment.

The municipality has corrected these errors in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected balances.

56.25 Intangible Asset

56. Prior year adjustments (continued)

During the current financial year, Intangible Assets that had not previously been recorded were identified during the verification process. These assets included software licences and other identifiable non-monetary assets without physical substance that met the recognition criteria of GRAP 31: Intangible Assets.

The omission of these assets in prior reporting periods resulted in an understatement of Intangible Assets and accumulated surplus. The assets have now been recognised at their appropriate carrying amounts, in line with GRAP 31 measurement requirements.

The correction has been accounted for in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the inclusion of these Intangible Assets.

56.26 Trade and other payables from exchange transactions

During the current financial year, errors were identified in the accounting for Trade and Other Payables from Exchange Transactions. These arose from incorrect processing of invoices and omissions identified during the creditor’s reconciliation in prior reporting periods. Certain invoices had either been incorrectly recorded or not accounted for at all, resulting in misstatements of expenditure and liabilities.

The municipality has subsequently corrected these errors to ensure that payables are accurately recorded and reconciled to underlying supporting documentation. The correction has been processed in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated where necessary to reflect the corrected balances.

56.27 Provision

During the current financial year, it was identified that the municipality had classified the Long Service Awards obligation as Employee Benefit obligations in prior reporting periods. In terms of GRAP 25: Employee Benefits, Long Service Awards fall under the category of Other Long-Term Employee benefits. In addition, the mSCOA specimen issued by National Treasury aligns the Long Service Awards to be classified under Provisions in the Statement of Financial Position.

The classification was amended to align with the mSCOA specimen, which separates Defined Benefit Obligations and Provisions in the prior year Annual Financial Statements. The municipality has corrected this error in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

Additionally, a provision has been retrospectively raised in respect of water accounts under dispute with the uThukela District Municipality for the financial years 2022/23, 2023/24 and 2024/25. These amounts represent charges raised by the uThukela District Municipality against the Municipality, which are currently in dispute due to billing inaccuracies. Although the Municipality continues to contest the accuracy and validity of the amounts charged, management has determined that a present obligation exists as at the reporting date, and that it is probable that an outflow of resources embodying economic benefits or service potential may be required to settle the obligation.

56.28 Defined benefit obligation

During the current financial year, it was identified that the municipality had classified Defined Benefit Obligation as post-retirement medical aid in employee benefit obligations in prior reporting periods. In terms of GRAP 25: Employee Benefits, long service awards fall under the category of Other Long-Term Employee Benefits. In addition, the mSCOA specimen issued by National Treasury aligns the Long Service Awards to be classified under Provisions in the Statement of Financial Position.

The classification was amended to align with the mSCOA specimen, which separates Defined Benefit Obligations and Provisions in the prior year Annual Financial Statements. The municipality has corrected this error in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

56.29 Accumulated surplus

56. Prior year adjustments (continued)

During the current financial year, several errors relating to prior reporting periods were identified and corrected in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. These corrections affected revenue, receivables, payables, property, plant and equipment, and accumulated surplus. Comparative figures have been restated where necessary to reflect the corrected balances.

It was identified that service charges had been incorrectly raised on municipal-owned properties, which resulted in an overstatement of revenue and Receivables from Exchange Transactions. These charges were subsequently reversed to align with the requirements of GRAP 9. Similarly, property rates had been incorrectly billed to municipal-owned properties, which led to an overstatement of revenue from Non-Exchange Transactions and Receivables from Non-Exchange Transactions. These transactions were also reversed to ensure compliance with GRAP 23.

In addition to revenue-related corrections, errors were identified in the accounting for Property, Plant and Equipment. Assets that had not previously been recorded were identified during the verification process and added to the asset register. Furthermore, a review of asset classifications revealed that certain land parcels had been incorrectly categorised in Prior Reporting periods. The reclassification of these assets was necessary to ensure alignment with the requirements of GRAP 17, GRAP 16, GRAP 12, and iGRAP 18. These adjustments impacted both PPE, investment property, inventory and heritage assets balances.

Errors were also identified in the processing of invoices and omissions during the creditors reconciliation, which resulted in misstated expenditure and liabilities. These have been corrected to ensure that Trade and Other Payables are accurately recorded and reconciled to supporting documentation. The cumulative effect of these corrections impacted Accumulated Surplus.

56.30 Employee benefit obligations

Previously, the municipality classified both the Defined Benefit Obligation for Post-Retirement Medical Aid and the provision for Long Service Awards under a single disclosure note for Employee Benefit Obligations. On reassessment, it was identified that this treatment was not in line with GRAP 25: Employee Benefits and the mSCOA specimen issued by National Treasury.

In terms of GRAP 25, Post-Retirement Medical Aid qualifies as a Defined Benefit Obligation and must be disclosed under employee benefit obligations. Long service awards, however, fall under Other Long-Term Employee Benefits and, in accordance with the mSCOA specimen, are required to be classified and disclosed under Provisions.

The municipality has therefore re-classified the combined note by splitting the disclosure into two separate notes: one for Defined Benefit Obligations (Post-Retirement Medical Aid) and another for Provisions (Long Service Awards). The correction has been processed in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Comparative figures have been restated as required.

56.31 Heritage

During the current financial year, it was identified that certain Heritage Assets had been incorrectly classified in prior reporting periods. On further assessment, these assets did not meet the definition of Heritage Assets in terms of GRAP 103: Heritage Assets, as they are used for service delivery purposes rather than being held for cultural, environmental, or historical significance.

Accordingly, the affected properties were reclassified to land within Property, Plant and Equipment (PPE) to ensure alignment with the requirements of GRAP 17: Property, Plant and Equipment. This reclassification resulted in an adjustment to the balances previously reported under heritage assets and PPE.

The municipality has corrected this error in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

57. Unauthorised, irregular, fruitless and wasteful expenditure

57.1 Unauthorised expenditure

	2025	2024
Opening balance as previously reported	11 862 870	7 200 898
Add: Unauthorised expenditure – current	118 242 488	11 862 870
Less: Amounts written-off – current	-	(7 200 898)
Less: Amounts written-off – prior period	(11 862 870)	-
Closing balance	**118 242 488**	**11 862 870**

	2025	2024
Analysed as follows: non-cash		
Unwinding interest on landfill site rehabilitation provision	-	4 823 135
Irrecoverable Debt Write Off	1 680 743	-
Debt Impairment	116 561 745	-
	118 242 488	**4 823 135**

	2025	2024
Analysed as follows: cash		
Contracted services - security expenditure	-	7 039 736

57. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

2024/2025 Incidents

Debt Impairment: The Municipality in terms of its Impairment methodology specifically excluded Government Debt categories from impairment as the Municipality deemed government debt low risk and was actively engaging with government organizations and stakeholders to recover outstanding debt. However, it was found that there was long outstanding Government debt which created doubt on the recovery of these accounts. The municipality had to then re-assess Government debt and impair accordingly.

The Municipality had incorrectly impaired debt as a group impairment calculation. This has now been adjusted and the debt is individually impaired in line with the methodology.

Irrecoverable Debt Write Off: The Municipality when assessing its debtors for write-off had written-off a high value of prescribed service (Refuse) debt which is under the Department of Community services, which was more than estimated.

2023/2024 Incidents

The municipality incurred unauthorised expenditure of R11 862 870 for the 2023/2024 financial year in respect of security costs.The unauthorised expenditure of R11 862 870 for the 2023/2024 financial year was referred for investigation in accordance with Section 32 of the MFMA and was written off by Council on the 26th February 2025.

An amount of R4 823 135 was due to unwinding of interest on landfill site provision which is non-cash in nature of which is only finalised during the preparation of the Annual Financial statement when the expect report is received.

An amount of R 7 039 736 which was cash in nature was due to security expenditure due to the following:

1. Vandalism at recently renovated municipal facilities, electrical switch houses and sub-stations, including damage or theft of municipal assets, has led to the assignment of security personnel to protect these assets.

2. Provision of Close Protection to Councillors and Officials whilst awaiting the Threat Assessments from the Provincial Commissioner's Office of the South African Police Services (SAPS) in terms of the Council approved Municipal Councillors/Officials Office Bearer Policy.

3. Delays in receiving SAPS Security Threat Assessment reports have resulted in interim security being allocated for Councillors or Officials to ensure their safety, as such imminent and life-threatening threats cannot be confirmed or dismissed without official SAPS reports.

Cost Cutting Measures

1. Additional Security Measures (CCTV Surveillance Cameras) were installed at the sub-stations and the quantity of securityguarding these sites was reduced due to municipal Security Budget constraints being experienced with the agreement that services would still be required on an as-and-when-required basis.

2. The Department of Public Safety and Emergency Services has sought help from the Department of Co-Operative Governance and Traditional Affairs to address overdue reports and improve the timeliness of future reports. The issue was also raised with the National Commissioner of Police. Due to insufficient responses, our Honourable Mayor has now written a letter to the Office of the KZN Premier for further assistance.

3. Internal Security Access Control Officers were appointed at various municipal sites effective from July 2024 in order to reduce Contracted Security Services costs.

The amount of R11 862 870 has already been referred by the Accounting Officer to Internal Audit for investigation in terms of Section 32 of the Municipal Finance Management Act.

The amount of R30 811 for fruitless and wasteful expenditure will also be investigated in terms of Section 32 of the Municipal Finance Management Act.

An amount of R7 200 898 was incurred as a result of non-cash and cash items being processed in the finalisation of the Annual Financial Statements for the 2022/2023 financial year. This was reffered for investigation in accordance with section 32 of the MFMA and has been written of by Council during the 2023/2024 financial year.

Figures in Rand	2025	2024

57. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

57.2 Irregular expenditure

	2025	2024
Opening balance as previously reported	2 313 611	1 493 247
Add: Irregular expenditure - current	861 291	2 313 611
Less: Amounts written-off – current	(861 291)	(1 493 247)
Less: Amounts written-off – prior period	(2 313 611)	-
Closing balance	**-**	**2 313 611**

2024/2025

An amount of R861 291 was identified to be irregular expenditure in the current financial year. The amount of R582 161.09 was a finding that was raised by the Auditor- General in the 2023/2024 Financial Year. This was as a result of non-compliance with the Supply Chain Management Regulations. Points were incorrectly awarded in terms of service providers who were registered/ not registered for VAT. Based on the definition of "price", amounts should include all applicable taxes, including VAT.

The amount of R582 161.09 was investigated and an item was submitted to Council in May 2025 to write off this expenditure (LC20/05/2025).

An amount of R91 002.02 was paid to Ilanga Newspaper for an advertisement placed in the Ilanga Newspaper without following the Supply Chain Management processes.

The amount of R91 002.02 was investigated and an item was submitted to Council in February 2025 to write off this expenditure (LC16/02/2025).

An amount of R188 128.01 was paid to Justin Heunis Attorney on behalf of Dave's Panel beaters for services rendered pursuant to an unlawful tender process.

The amount of R188 128.01 was investigated and an item was submitted to Council in May 2025 to write of this expenditure (LC20/05/2025).

The amount of R2 313 611 was investigated and an item was submitted to Council in May 2025 to write off this expenditure (LC20/05/2025).

2023/2024

An amount of R2 313 611 was identified to be irregular expenditure during the audit process of the 2023/2024 financial year. It must be highlighted that there was a financial gain and not a financial loss to the Municipality by awarding service providers who are registered vendors for Value Added Tax (VAT) as the Municipality can always claim the VAT back from the South African

Revenue Services. Should the Municipality have awarded the non-registered VAT vendors, it will result in an outflow of cash resources noting that the VAT cannot be claimed from SARS.

The amount of R1 493 246.88 was investigated and an item was submitted to Council in May 2024 to write off this expenditure.

Figures in Rand	2025	2024

57. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

57.3 Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	13 162	899 250
Add: Fruitless and wasteful expenditure – current	574 744	30 811
Less: Amount recoverable – current	(40)	(21 762)
Less: Amounts written-off – current	-	(892 791)
Less: Amounts written-off – prior period	-	(2 346)
Closing balance	**587 866**	**13 162**

2024/2025 Incidents

Interest and penalties was incurred due to late payments that were made to SARS. This is currently being investigated in terms of section 32 of the MFMA

An amount of R69 178 was incurred as the employee was not removed on the payroll system after the contract terminated. This is currently being investigated in terms of section 32 of the MFMA.

2023/2024 Incidents

Interest was incurred due to late payments that were made. This is currently being investigated in terms of section 32 of the MFMA.

The fruitless and wasteful expenditure in the amount of R892 791 {Winwater (Pty) LTD} was written off by Council in July 2024 (LC 18/07/2024) .

58. Deviations from SCM regulations - SCM Regulation 36

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

	2025	2024
Quotations	-	12 075

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

59. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Alfred Duma Local Municipality

Supplier name	Employee name	Relationship	Department	2025	2024
Harvey World Travel	Mr TC Madikane	Spouse	Construction Education & Training Authority (CETA)	245 102	195 665
Mivusa Trading (Pty) Ltd	Waseela Asmal	Spouse	Alfred Duma Local Municipality	3 042 840	2 577 666
One Stop Computers	Waseela Asmal	Spouse	Alfred Duma Local Municipality	6 440 561	4 764 495
Nsizi Global Industries	Nerusha Naidoo	Spouse	Alfred Duma Local Municipality	1 157 410	660 840
Dulis Funeral Parlour	Patience Phindile Nduline	Spouse	South African Police Services	-	44 000
Niphile Consulting	Mrs Nokubonga Khoza	Spouse	Department of Social Development	-	49 617 243
Kulungwane Distribution	Duduzile Mgidi	Spouse	City of Tshwane	-	500 359
				10 885 913	**58 360 268**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

60. Change in Accounting Estimate

In prior financial years, the Municipality's approved impairment methodology applied impairment to all consumer categories except Government debt. Government debt was excluded from the impairment assessment on the basis that Government institutions were regarded as low-risk debtors and that recovery was being actively managed through inter-governmental engagement.

During the 2024/2025 financial year, management reassessed the recoverability of Government debt due to the prolonged ageing of outstanding balances and delays in settlement. The reassessment indicated that the credit risk associated with Government debt had significantly increased.

As a result, the impairment approach was amended to include Government debt within the impairment calculation for the first time. Government debt was impaired at a rate of 48% in the 2024/2025 financial year, determined based on the average historical collection rate over the previous five financial years.

The effect of the change in the rate for impairment is as follows:

	Old Basis (No Impairment)	**New Basis (48% Impairment)**
Government Debt	-	84 059 741

61. Additional disclosure in terms of Municipal Finance Management Act

SALGA Contributions

	2025	2024
Current year subscription / fee	4 746 728	4 527 792
Amount paid - current year	(4 746 728)	(4 527 792)
Amount approved by the director and noted by council	-	-

Audit fees

	2025	2024
Current year subscription / fee	6 459 455	6 286 196
Amount paid - current year	(6 459 455)	(6 286 196)
Amount approved by the director and noted by council	-	-

PAYE, UIF and SDL

	2025	2024
Current year subscription / fee	66 741 250	56 752 223
Amount paid - current year	(66 741 250)	(56 752 223)
Amount approved by the director and noted by council	-	-

Pension and Medical deductions

	2025	2024
Current year subscription / fee	53 969 302	48 607 035
Amount paid - current year	(53 969 302)	(48 607 035)
Amount approved by the director and noted by council	-	-

Value Added Tax

	2025	2024
VAT receivable	23 739 619	20 536 375
VAT payable	14 216 743	4 469 049
Total	**37 956 362**	**25 005 424**

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

Councillors' arrear consumer accounts

	2025			2024		
	Outstanding less than 90 days	**Outstanding more than 90 days**	**Total**	**Outstanding less than 90 days**	**Outstanding more than 90 days**	**Total**
Cllr. LBM Kubheka	305	7 131	**7 436**	782	8 348	**9 130**
Cllr. S Makhathini	18	-	**18**	916	2 556	**3 472**
Total	**323**	**7 131**	**7 454**	**1 698**	**10 904**	**12 602**

62. Capital commitments

Commitments in respect of capital expenditure:

	2025	2024
Approved and contracted for:		
Property, plant and equipment	24 328 197	14 444 430

All capital commitments include VAT.

	2025	2024
Already contracted for but provided for		
Municipal Infrastructure Grant	-	1 995 933
Municipal Disaster Response Grant	-	7 496 527
Internal Funding	1 770 691	4 951 971
Municipal Disaster Recovery Grant	22 557 506	-
	24 328 197	**14 444 431**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

63. Going concern

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the municipality and that the Annual Financial Statements will remain in force for so long as it takes to maintain the solvency of the municipality and sound financial management.

Based on the above, the Annual Financial Statements have been prepared on a going concern as sufficient measures are in place to curb the impact of pandemic.

Repayment of long term debt - The municipality has not defaulted in meeting its obligations to repay its long-term debt, and currently has the same two (2) existing loans.

Grant funding in terms of DoRA - Capital projects as well as operational expenditure are partially funded through gazetted transfers to the municipality to ensure continued operations in terms of budgeted expenditure expenditure for the 2024/2025.

Revenue Enhancement Strategy - The municipality has implemented a Revenue Enhancement Strategy to ensure all money that is due is collected. It must also be noted that the municipality has ongoing incentive drives for ratepayers and consumers to improve revenue collection. Furthermore, the municipality is continuing with the implementation of Credit Control and Legal action to reduce the outstanding debt. The municipality has also adequately budgeted for the provision for bad debts in the 2024/2025 financial year.

Payment Creditors within 30 (thirty) days - The municipality has not defaulted in making creditor payments timeously, except where there are delays in receiving the necessary documents to process payments and delays are experienced with Service Providers who are not adhering to disclosing the correct and required information on invoices submitted.

Payment of Bulk Services - The municipality has not defaulted in paying Eskom for bulk services supplied. All payments are made before the due date.

Cash Flow Monitoring - The municipality prepares monthly cash flow reports to monitor the cash resources in terms of revenue collection and payments. These reports are distributed to key managers to monitor the cash flow of the municipality on an ongoing basis.

Contingent liabilities - The municipality has no significant contingent liabilities that would affect the going concern assumption.

Loss of key management without replacement. No problems were identified in terms of loss of key management.

Changes in legislation. None were identified that would affect the going concern status negatively.

All Unspent Grants funded are **100%** cash-backed.

Cash and Cash Equivalent is sitting at **R617 603 67**4.

The current ratio is **1: 2.79** which shows the municipality can be able to honour its obligations.

64. Financial instruments

64.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

64. Financial instruments (continued)

		2025		2024	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets					
Amortised cost					
Trade and other receivables from exchange transactions	5	155 629 892	155 629 892	121 785 573	121 785 573
Cash and cash equivalents	4	617 603 674	617 603 674	560 913 260	560 913 260
Total financial assets		**773 233 566**	**773 233 566**	**682 698 833**	**682 698 833**
Financial liabilities					
Amortised cost					
Unsecured bank facilities:					
Financial liabilities	13	847 164	847 164	1 598 491	1 598 491
Trade and other payables:					
Financial liabilities	13	751 326	751 326	914 667	914 667
Consumer deposits	14	24 696 929	24 696 929	21 752 156	21 752 156
Trade and other payables from exchange transactions	15	246 852 544	246 852 544	210 126 780	210 126 780
		-	-	-	-
Total financial liabilities		**273 147 963**	**273 147 963**	**234 392 094**	**234 392 094**
Total financial instruments		**500 085 603**	**500 085 603**	**448 306 739**	**448 306 739**

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

64.2 Liquidity risk

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

Cash flow forecasts are prepared and adequite 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 undercounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Figures in Rand		2025	2024

64. Financial instruments (continued)

Liquidity risk

Financial liabilities	13	1 598 490	2 513 158
Consumer deposits	14	24 696 929	21 752 156
Trade and other payables from exchange transactions	15	246 852 544	210 126 780
		273 147 963	**234 392 094**

64.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with wellestablished financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 6 to the annual financial statements.

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

The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Bank and cash balances	4	617 603 674	560 913 260
Trade and other receivables from exchange transactions	5	155 629 892	121 785 573
Maximum credit and interest risk exposure		**773 233 566**	**682 698 833**

65. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

66. Segment reporting

Segment surplus or deficit, assets and liabilities

66. Segment reporting (continued)

By vote

2025

	Community Services	Electricity	Public Safety	Public Works and Roads	Solid Waste and Cleansing	Town Planning and LED	Total Allocated	Total Unallocated	Total
Revenue									
Exchange Revenue									
Services charges – Electricity	-	545 491 637	-	-	-	-	**545 491 637**	2 253 234	**547 744 871**
Services charges – Waste management	-	-	-	-	35 015 072	-	**35 015 072**	216 617	**35 231 689**
Sales of goods and rendering of services	484 016	-	141 896	-	-	433 598	**1 059 510**	588 976	**1 648 486**
Agency services	-	-	3 612 152	-	-	-	**3 612 152**	-	**3 612 152**
Interest earned from receivables	-	4 774 452	-	-	9 882 975	-	**14 657 427**	1 666 109	**16 323 536**
Interest on investments and bank accounts	-	-	-	-	-	-	**-**	45 037 333	**45 037 333**
Licence and permits	-	-	3 462 395	-	-	-	**3 462 395**	563 609	**4 026 004**
Rental from fixed assets	768 732	-	-	-	-	-	**768 732**	2 539 975	**3 308 707**
Operational revenue	711 521	-	266 848	-	-	-	**978 369**	5 944 126	**6 922 495**
Fair Value Adjustments	-	-	-	-	-	-	**-**	23 035 844	**23 035 844**
Construction contract revenue	-	9 565 217	-	-	-	-	**9 565 217**	-	**9 565 217**
Total segment exchange revenue	**1 964 269**	**559 831 306**	**7 483 291**	**-**	**44 898 047**	**433 598**	**614 610 511**	**81 845 823**	**696 456 334**

Notes to the Annual Financial Statements

Figures in Rand

66. Segment reporting (continued)

Non-exchange revenue									
Availability charges – Electricity	-	3 138 891	-	-	-	-	**3 138 891**	-	**3 138 891**
Property rates by usage	-	-	-	-	-	-	**-**	324 591 088	**324 591 088**
Fines, penalties and forfeits	19 172	3 190 150	9 177 585	-	-	-	**12 386 907**	3 616 259	**16 003 166**
Transfers and subsidies – Operational	500 955	18 530 058	-	12 697 424	71 620 341	466	**103 349 244**	253 269 770	**356 619 015**
Transfers and subsidies – Capital	27 903 916	19 990 563	-	61 234 103	-	-	**109 128 582**	2 493 724	**111 622 306**
Interest earned from receivables	-	1 049 621	-	-	-	-	**1 049 621**	50 940 445	**51 990 066**
Total segment non-exchange revenue	**28 424 043**	**45 899 283**	**9 177 585**	**73 931 527**	**71 620 341**	**466**	**229 053 245**	**634 911 286**	**863 964 532**
Total segment revenue	**30 388 312**	**605 730 589**	**16 660 876**	**73 931 527**	**116 518 388**	**434 064**	**843 663 756**	**716 757 109**	**1 560 420 866**

Expenditure

Notes to the Annual Financial Statements

Figures in Rand

66. Segment reporting (continued)

Employee related cost	38 046 401	42 458 109	45 186 982	46 511 672	28 336 635	13 268 105	**213 807 904**	219 420 181	**433 228 085**
Remuneration of councillors	-	-	-	-	-	-	**-**	30 012 600	**30 012 600**
Bulk purchases	-	458 210 807	-	-	-	-	**458 210 807**	-	**458 210 807**
Inventory consumed	6 214 120	12 237 202	8 913 432	6 637 181	1 104 533	129 970	**35 236 438**	1 893 662	**37 130 100**
Debt impairment (reversal)	-	(6 675 736)	-	-	(31 752 318)	-	**(38 428 054)**	115 246 242	**76 818 188**
Depreciation and Amortisation	12 824 207	7 256 945	4 240 885	44 175 619	3 834 633	35 991	**72 368 280**	4 870 143	**77 238 423**
Impairment losses / (reversal) of impairment on cash and non- cash generating assets	-	-	-	-	-	-	**-**	(1 716 891)	**(1 716 891)**
Finance Cost	-	71 696	-	-	-	-	**71 696**	19 253 341	**19 325 037**
Contracted services	343 068	9 992 797	6 226 011	25 174 135	1 118 139	2 168 592	**45 022 742**	35 899 302	**80 922 044**
Transfers and subsidies	-	-	-	-	-	3 640 190	**3 640 190**	872 986	**4 513 176**
Irrecoverable debts written off	-	6 659 014	7 557 350	-	68 287 006	-	**82 503 370**	17 736 783	**100 240 153**
Lease rentals on operating leases	89 594	44 797	89 594	89 594	-	89 594	**403 173**	1 041 196	**1 444 369**
Operational cost	4 653 835	24 768 697	17 126 640	2 985 177	573 642	601 597	**50 709 588**	62 475 929	**113 185 525**
Loss on disposal of fixed and intangible assets	-	-	-	589 000	-	-	**589 000**	963 351	**1 552 351**
Loss on remeasurement of employee benefits	-	-	-	-	-	-	**-**	36 807	**36 807**
Construction contract expenditure	-	9 565 217	-	-	-	-	**9 565 217**	-	**9 565 217**
Total segment expenditure	**62 171 225**	**564 589 545**	**89 340 894**	**126 162 378**	**71 502 270**	**19 934 039**	**933 700 351**	**508 005 632**	**1 441 705 991**
Sub-total	**(31 782 913)**	**41 141 044**	**(72 680 018)**	**(52 230 851)**	**45 016 118**	**(19 499 975)**	**(90 036 595)**	**208 751 477**	**118 714 895**
Capital expenditure									
Actual outcome	29 229 103	18 787 803	185 466	65 776 851	1 765 077	-	**115 744 299**	30 793 261	**146 537 560**
Total capital expenditure	**29 229 103**	**18 787 803**	**185 466**	**65 776 851**	**1 765 077**	**-**	**115 744 299**	**30 793 261**	**146 537 560**

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66. Segment reporting (continued)

	Community Services	Electricity	Public Safety	Public Works and Roads	Solid Waste and Cleansing	Town Plannin and LED	Total Allocated	Total Unallocated	Total
Revenue									
Exchange Revenue									
Services charges – Electricity	-	511 048 895	-	-	-	-	**511 048 895**	1 015 021	**512 063 916**
Services charges – Waste management	-	-	-	-	33 017 044	-	**33 017 044**	154 030	**33 171 074**
Sales of goods and rendering of services	439 695	-	283 091	-	-	-	**722 786**	1 112 792	**1 835 579**
Agency services	-	-	3 594 996	-	-	-	**3 594 996**	-	**3 594 996**
Interest earned from receivables	-	2 531 235	-	-	9 300 809	-	**11 832 044**	314	**11 832 358**
Interest on investments and bank accounts	-	-	-	-	-	-	**-**	42 546 899	**42 546 899**
Licence and permits	-	-	3 429 231	-	-	-	**3 429 231**	298 335	**3 727 566**
Rental from fixed assets	640 475	-	-	-	-	-	**640 475**	2 556 979	**3 197 454**
Operational revenue	111 554	2 903	188 123	-	-	-	**302 580**	4 920 496	**5 223 076**
Fair Value Adjustments	-	-	-	-	-	-	**-**	20 967 421	**20 967 421**
Construction contract revenue	-	1 080 996	-	-	-	-	**1 080 996**	-	**1 080 996**
Total segment exchange revenue	**1 191 724**	**514 664 029**	**7 495 441**	**-**	**42 317 853**	**-**	**565 669 047**	**73 572 287**	**639 241 335**

66. Segment reporting (continued)

Non-exchange revenue									
Availability charges – Electricity	-	2 839 285	-	-	-	-	**2 839 285**	-	**2 839 285**
Property rates by usage	-	-	-	-	-	-	**-**	297 680 270	**297 680 270**
Fines, penalties and forfeits	9 908	3 008 126	6 820 497	-	-	-	**9 838 531**	5 299	**9 843 830**
Transfers and subsidies – Operational	-	19 678 665	-	21 288 803	67 539 120	499 534	**109 006 122**	235 167 871	**344 173 992**
Transfers and subsidies – Capital	-	121 135	-	85 729 470	-	3 711 565	**89 562 170**	1 877 135	**91 439 301**
Interest earned from receivables	-	1 011 921	-	-	-	-	**1 011 921**	43 588 342	**44 600 263**
Total segment non-exchange revenue	**9 908**	**26 659 132**	**6 820 497**	**107 018 273**	**67 539 120**	**4 211 099**	**212 258 029**	**578 318 917**	**790 576 941**
Total segment revenue	**1 201 632**	**541 323 161**	**14 315 938**	**107 018 273**	**109 856 973**	**4 211 099**	**777 927 076**	**651 891 204**	**1 429 818 276**

Expenditure

Notes to the Annual Financial Statements

Figures in Rand

66. Segment reporting (continued)

Employee related cost	37 020 635	41 026 617	39 918 115	42 376 763	27 769 598	3 389 053	**191 500 781**	196 082 192	**387 582 973**
Remuneration of councillors	-	-	-	-	-	-	**-**	30 785 175	**30 785 175**
Bulk purchases	-	418 958 457	-	-	-	-	**418 958 457**	-	**418 958 457**
Inventory consumed	4 451 904	10 269 659	7 219 085	6 620 582	1 096 987	74 493	**29 732 710**	1 888 429	**31 621 138**
Debt impairment (reversal)	-	(7 944 360)	-	-	27 666 930	-	**19 722 570**	139 694 393	**159 416 963**
Depreciation and Amortisation	13 414 096	7 586 595	3 368 944	46 108 812	3 680 963	-	**74 159 410**	9 569 069	**83 728 479**
Impairment losses / (reversal) of impairment on cash and non- cash generating assets	-	-	-	(23 703)	-	-	**(23 703)**	-	**(23 703)**
Finance Cost	-	122 366	-	-	-	-	**122 366**	17 348 486	**17 470 852**
Contracted services	680 830	3 374 224	4 222 446	34 769 497	998 400	552 034	**44 597 431**	51 012 338	**95 609 769**
Transfers and subsidies	-	-	-	-	-	3 849 258	**3 849 258**	665 611	**4 514 869**
Irrecoverable debts written off	-	1 103 520	6 220 950	-	5 768 950	-	**13 093 420**	6 497 712	**19 591 132**
Lease rentals on operating leases	89 595	44 797	89 595	89 595	-	44 797	**358 379**	1 116 341	**1 474 720**
Operational cost	4 348 569	20 991 244	16 385 279	3 511 795	1 111 043	208 138	**46 556 068**	62 892 048	**109 448 116**
Loss on disposal of fixed and intangible assets	-	1 362 057	113 923	176 511	-	-	**1 652 491**	3 543 646	**5 196 137**
Loss on remeasurement of employee benefits	-	-	-	-	-	-	**-**	864 301	**864 301**
Construction contract expenditure	-	1 080 996	-	-	-	-	**1 080 996**	-	**1 080 996**
Total segment expenditure	**60 005 629**	**497 976 172**	**77 538 337**	**133 629 852**	**68 092 871**	**8 117 773**	**845 360 634**	**521 959 741**	**1 367 320 374**
Sub-total	**(58 803 997)**	**43 346 989**	**(63 222 399)**	**(26 611 579)**	**41 764 102**	**(3 906 674)**	**(67 433 558)**	**129 931 463**	**62 497 911**
Capital expenditure									
Actual outcome	48 575 817	24 215 892	1 654 274	32 133 152	-	160 000	**106 739 136**	28 581 300	**135 320 436**
Total capital expenditure	**48 575 817**	**24 215 892**	**1 654 274**	**32 133 152**	**-**	**160 000**	**106 739 136**	**28 581 300**	**135 320 436**