Greater Giyani Municipality
(Registration number LIM331)
Audited Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Greater Giyani Municipality
Nature of business and principal activities	Greater Giyani Municipality is a municipality performing functions set out in the Constitution (Act 108 of 1996) of service provisions. The services are referred to as basic services, including water, sanitation and refuse removal.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998)
	Municipal Finance Management Act (Act 56 of 2003)
	Local Government: Municipal Systems Act (Act 32 of 2000)
	Local Government: Municipal Structures Act (Act 117 of 1998)
	Municipal Property Rates Act (act of 6 2004)
	Division of Revenue Act (Act 1 of 2007)
Mayoral committe	
Mayor	Cllr T Zitha
Speaker	Cllr AE Mboweni
Chief Whip	Cllr T Makondo
EXCO Member	Cllr NHP Ndaba (Finance)
EXCO Member	Cllr RB Ngunyule - Mabunda (Corporate and Shared Services)
EXCO Member	Cllr TJJ Mabunda (Infrastructure Development)
EXCO Member	Cllr C Baloyi (Planning and Economic Development)
EXCO Member	Cllr GA Maluleke (Water, Sanitation and Energy)
EXCO Member	Cllr TC Manganyi (Health and Social Development)
EXCO Member	Cllr MR Mashale (Public Roads and Transport)
EXCO Member	Cllr TC Zitha (Sports, Recreation, Arts and Culture)
	Cllr RN Sekgobela (Office of the Mayor)
	Cllr M Shiviti (Chairperson of Chairperson)
	Cllr RE Makondo (MPAC Chairperson)
	Cllr RG Ngunyula (Chairperson of Finance)
	Cllr PT Mokgobi (Chairperson of Corporate and Shared Services)
	Cllr MC Chabalala (Chairperson of Infrastructure)
	Cllr TE Nkuna (Chairperson of Planning and Economic Development)
	Cllr CS Rikhotso (Chairperson of Water, Sanitation and Energy)
	Cllr JN Mashele (Chairperson of Health and Social Development)
	Cllr TN Shirinda (Chairperson of Public Roads and Transport)
	Cllr XL Ngobeni (Chairperson of Sports, Recreation, Arts and Culture)
	Cllr NR Shilowa (Chairperson of Ethics Committee)
	Cllr NP Mlambo
	Cllr NS Monyipote
	Cllr VS Makamu
	Cllr MC Machipi
	Cllr SS Mavasa
	Cllr RC Mabunda
	Cllr NN Maswanganyi
	Cllr MA Khosa
	Cllr TE Rikhotso
	Cllr MR Maluleke
	Cllr SS Mathebula
	Cllr S Sambo
	Cllr SC Mahlawule

General Information

	Cllr PH Makhuvela Cllr TA Mathonsi Cllr RE Ngoveni Cllr KO Maswanganyi Cllr P Rikhotso Cllr JP Shibambu Cllr L Nkuna Cllr RT Mabunda Cllr E Mahasha Cllr A Rabothata Cllr BA Shibambu Cllr KS Dlamini Cllr MD Hlungwani Cllr ML Chauke Cllr TN Baloyi Cllr TP Mashaba Cllr PP Mkhari Cllr MS Hlongwane Cllr DJ Hlongwane Cllr TP Mashaba Cllr SM Mhangwane Cllr MM Mathonsi Cllr SR Nkuna Cllr IN Shivambu (Resigned) Cllr KT Ngobeni Cllr S Ngobeni Cllr. MP Chaka Cllr. JS Masingi
Grading of local authority	3
Accounting Officer	
	V D Khoza
Chief Finance Officer (CFO)	Acting N Muhlari
Business address	BA 59 Civic Centre Giyani CBD 0826
Postal address	Private Bag X9559 Giyani 0826
Bankers	ABSA Giyani Branch
Auditors	Auditor General South Africa (AGSA)
Level of assurance	These audited financial statements have been prepared in line with the requirements of Generally Recognised Accounting Practices (GRAP) and all other applicable legislations.

General Information

Preparer

The audited annual financial statements were internally compiled by:
N Muhlari (Acting Chief Financial Officer)

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Abbreviations used:

AC	Audit Committee
AGSA	Auditor General of South Africa
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
COVID-19	Coronavirus 2019
CPI	Consumer Price Index
EPWP	Expanded Public Works Program
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IASB	International Accounting Standards Boards
INEG	Integrated National Electrification Grant
IT	Information Technology
LGSETA	Local Government Sector Education and Training Authority
LSA	Long Service Awards
MDRF	Municipal Disaster Relief Grant
MFMA	Municipal Finance Management Act
MSCOA	Municipal Standards Charts Of Accounts
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
PEMA	Post Employment Medical Aid
SDL	Skills Development Levy
SME	Small Medium Enterprise
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's audited annual financial statements. The audited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 9.

The audited annual financial statements set out on page 9 to 120 which have been prepared on the going concern basis, were approved on 31 August 2025 and were signed on its behalf by:

V D Khoza
Accounting Officer

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet x times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the audited annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the of the municipality during the year under review. It was however noted that…………………………… (e.g. suspense accounts were not cleared on a monthly basis).

Evaluation of audited annual financial statements

The audit committee has:

- reviewed and discussed the audited audited annual financial statements to be included in the annual report, with the Auditor-General and the ;
- reviewed the Auditor-General of South Africa's management report and management’s response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the audited annual financial statements, and are of the opinion that the audited audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Audit Committee Report

Date: ________________________________

Report of the Auditor General

To the Provincial Legislature of Greater Giyani Municipality

Auditor General South Africa (AGSA)

Partner's name
Additional description
Additional description

31 August 2025

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in Greater Giyani Municipality is a Municipality performing functions set out in the constitution (act 108 of 1996) of service provisions. The services are referred to as basic services, including water, sanitation and refuse removal and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 30 June 2025, the Municipality had an accumulated surplus (deficit) of 1 574 686 307 and that the Municipality's total assets exceed its liabilities by 1 574 686 307.

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

3. Subsequent events

Ms. Mahatlani T and Ms. Mashele B were appointed as Planning & Local Economic Development and Technical Services respectively on the 1st of July 2025.

Mr. F Nkuna has resigned as the CFO on the 31th of July 2025 and Mr. N Muhlari was appointed as the acting CFO from the 1st August 2025.

4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is.

Name	Nationality
V D Khoza	South African

5. Auditors

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

The audited annual financial statements set out on page 9 to 101, which have been prepared on the going concern basis, were approved on 31 August 2025 and were signed on its behalf by:

V D Khoza
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	9	33 374 382	33 517 017
Other financial assets	7	-	-
Receivables from exchange transactions	10	53 761 845	50 530 509
Receivables from non-exchange transactions	11	51 028 895	53 838 597
Statutory receivable	12	11 396 991	-
Other receivables from exchange transactions	13	47 640 350	53 660 251
Cash and cash equivalents	14	269 868 504	250 549 884
		467 070 967	**442 096 258**
Non-Current Assets			
Investment property	3	76 082 936	62 096 612
Property, plant and equipment	4	1 265 263 737	1 166 943 094
Intangible assets	5	1 580 591	2 065 181
Heritage assets	6	339 867	339 867
		1 343 267 131	**1 231 444 754**
Total Assets		**1 810 338 098**	**1 673 541 012**
Liabilities			
Current Liabilities			
Payables from exchange transactions	18	151 157 375	133 857 585
Employee benefit obligation	8	2 323 000	1 435 000
Unspent conditional grants and receipts	15	-	2 333
Deferred income	16	26 845 803	25 210 968
Bank overdraft	14	-	1 684 163
		180 326 178	**162 190 049**
Non-Current Liabilities			
Employee benefit obligation	8	30 625 000	27 159 000
Provisions - rehabilitation of dumping site	17	24 700 613	23 862 903
		55 325 613	**51 021 903**
Total Liabilities		**235 651 791**	**213 211 952**
Net Assets		**1 574 686 307**	**1 460 329 060**
Accumulated surplus		1 574 686 307	1 460 329 060
Total Net Assets		**1 574 686 307**	**1 460 329 060**

* See Note 64

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	12 704 039	9 321 962
Construction contracts	20	18 029 000	32 220 000
Rental of facilities and equipment	21	641 711	273 811
Interest received on overdue accounts (other services)	22	6 491 760	3 992 553
Agency services	23	508 248	557 560
Licenses and permits	24	7 520 857	7 307 730
Gains on provisions	25	25 306 457	20 494 409
Recoveries	26	29 437 490	-
Actuarial gains	27	253 000	2 882 000
Gain on assets disposal	28	-	545 223
Other income	29	3 616 353	2 859 938
Interest received - investment	30	25 852 972	25 579 179
Total revenue from exchange transactions		**130 361 887**	**106 034 365**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	85 842 591	86 839 750
Traffic fines	33	2 012 946	899 042
Interest-overdue accounts (property rates)	34	44 408 998	40 708 966
Transfer revenue			
Government grants & subsidies	32	478 398 831	471 327 104
Donations received	35	14 246 788	28 368 394
Total revenue from non-exchange transactions		**624 910 154**	**628 143 256**
Total revenue	36	**755 272 041**	**734 177 621**
Expenditure			
Employee related costs	37	(194 392 839)	(180 625 749)
Remuneration of councilors	38	(30 000 904)	(26 480 050)
Depreciation and amortisation	39	(97 512 886)	(95 106 235)
Impairments loss	40	(7 731 630)	(8 469 274)
Finance costs	41	(5 901 916)	(5 358 908)
Lease rentals on operating lease	42	(1 925 234)	(2 011 139)
Debt Impairment	43	(107 120 233)	(87 735 572)
Bad debts written off	44	(25 306 457)	-
Contracted Services	45	(52 753 028)	(92 884 874)
Transfers and Subsidies	46	(1 600 000)	(1 500 000)
Loss on assets written off and disposal	47	(2 643 111)	(2 419 156)
Damaged and Obsolete inventory written off	48	(341)	(39 553)
Repairs and maintenance	49	(8 653 501)	(11 767 328)
General Expenses	50	(105 372 714)	(80 226 012)
Total expenditure		**(640 914 794)**	**(594 623 850)**
Surplus for the year		**114 357 247**	**139 553 771**

* See Note 64

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 318 415 045	1 318 415 045
Adjustments		
Prior year adjustments 64	2 360 244	2 360 244
Balance at 01 July 2023 as restated*	**1 320 775 289**	**1 320 775 289**
Changes in net assets		
Surplus for the year	139 553 771	139 553 771
Total changes	139 553 771	139 553 771
Restated* Balance at 01 July 2024	**1 460 329 060**	**1 460 329 060**
Changes in net assets		
Surplus for the year	114 357 247	114 357 247
Total changes	114 357 247	114 357 247
Balance at 30 June 2025	**1 574 686 307**	**1 574 686 307**

Note(s)

* See Note 64

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		63 363 444	81 748 584
Grants		478 396 498	467 570 675
Interest income		25 977 767	25 481 658
Other income		34 688 678	3 278 658
		602 426 387	578 079 575
Payments			
Employee costs		(218 747 742)	(201 990 098)
Suppliers		(145 635 090)	(183 071 460)
Finance costs		(3 474 963)	(3 246 579)
Grants and subsidies		(1 600 000)	(1 500 000)
		(369 457 795)	(389 808 137)
Net cash flows from operating activities	52	**232 968 592**	**188 271 438**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(207 044 835)	(183 942 931)
Purchase of investment property	3	(773 236)	-
Purchase of other intangible assets	5	(4 147 738)	(3 906 846)
Purchase of heritage assets	6	-	(246 114)
Proceeds from sale of assets	6	-	676 715
Net cash flows from investing activities		**(211 965 809)**	**(187 419 176)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**21 002 783**	**852 262**
Cash and cash equivalents at the beginning of the year		248 865 721	248 013 459
Cash and cash equivalents at the end of the year	14	**269 868 504**	**248 865 721**

* See Note 64

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	9 183 556	3 420 444	**12 604 000**	12 704 039	**100 039**	1
Construction contracts	18 029 000	-	**18 029 000**	18 029 000	**-**	
Rental of facilities and equipment	710 000	(488 600)	**221 400**	641 711	**420 311**	A&2
Interest received (trading)	1 522 365	-	**1 522 365**	6 491 760	**4 969 395**	B
Agency services	6 000 000	(5 000 000)	**1 000 000**	508 248	**(491 752)**	C&3
Licenses and permits	8 570 000	340 000	**8 910 000**	7 520 857	**(1 389 143)**	D
Gain on provisions	-	-	**-**	25 306 457	**25 306 457**	E
Recoveries	-	28 505 325	**28 505 325**	29 437 490	**932 165**	4
Actuarial gains	-	-	**-**	253 000	**253 000**	F
Other income	4 781 895	3 444 647	**8 226 542**	3 616 353	**(4 610 189)**	G&5
Interest received - investment	27 215 640	(4 937 640)	**22 278 000**	25 852 972	**3 574 972**	H&6
Total revenue from exchange transactions	**76 012 456**	**25 284 176**	**101 296 632**	**130 361 887**	**29 065 255**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	84 316 418	-	**84 316 418**	85 842 591	**1 526 173**	
Traffic fines	355 275	(213 275)	**142 000**	2 012 946	**1 870 946**	I&7
Interest -overdue accounts (Property rates)	23 811 790	-	**23 811 790**	44 408 998	**20 597 208**	J
Transfer revenue						
Government grants & subsidies	478 079 000	230 000	**478 309 000**	478 398 831	**89 831**	
Donations	-	-	**-**	14 246 788	**14 246 788**	K
Total revenue from non-exchange transactions	**586 562 483**	**16 725**	**586 579 208**	**624 910 154**	**38 330 946**	
Total revenue	**662 574 939**	**25 300 901**	**687 875 840**	**755 272 041**	**67 396 201**	
Expenditure						
Personnel	(203 647 361)	1 106 187	**(202 541 174)**	(194 392 839)	**8 148 335**	
Employee costs - Remuneration of councilors	(25 799 710)	(3 457 573)	**(29 257 283)**	(30 000 904)	**(743 621)**	8
Depreciation and amortisation	(104 000 000)	-	**(104 000 000)**	(97 512 886)	**6 487 114**	
Impairment loss/ Reversal of impairments	-	-	**-**	(7 731 630)	**(7 731 630)**	L
Finance costs	-	-	**-**	(5 901 916)	**(5 901 916)**	M
Lease rentals on operating lease	(2 400 000)	-	**(2 400 000)**	(1 925 234)	**474 766**	N
Debt Impairment	(125 000 000)	-	**(125 000 000)**	(107 120 233)	**17 879 767**	O
Bad debts written off	-	-	**-**	(25 306 457)	**(25 306 457)**	P
Contracted Services	(77 635 500)	9 707 422	**(67 928 078)**	(52 753 028)	**15 175 050**	Q&9
Transfers and Subsidies	(1 600 000)	-	**(1 600 000)**	(1 600 000)	**-**	
Repairs and maintenance	(76 030 000)	(39 905 325)	**(115 935 325)**	(8 653 501)	**107 281 824**	R&10
General Expenses	(94 957 682)	(1 344 670)	**(96 302 352)**	(105 372 714)	**(9 070 362)**	
Loss on assets written off	-	-	**-**	(2 643 111)	**(2 643 111)**	S

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Damaged and obsolete inventory written off	-	-	-	(341)	**(341)**	**T**
Total expenditure	**(711 070 253)**	**(33 893 959)**	**(744 964 212)**	**(640 914 794)**	**104 049 418**	
Surplus before taxation	**(48 495 314)**	**(8 593 058)**	**(57 088 372)**	**114 357 247**	**171 445 619**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(48 495 314)**	**(8 593 058)**	**(57 088 372)**	**114 357 247**	**171 445 619**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	33 593 000	(75 982)	**33 517 018**	33 374 382	**(142 636)**	
Receivables from exchange transactions	117 177 853	112 949 487	**230 127 340**	53 761 845	**(176 365 495)**	**U&11**
Receivables from non-exchange transactions	554 017 289	323 473 982	**877 491 271**	51 028 895	**(826 462 376)**	**V&12**
VAT receivable	62 376 423	42 178 483	**104 554 906**	-	**(104 554 906)**	**W&13**
Other receivable from exchange transactions	-	-	**-**	59 067 401	**59 067 401**	**X**
Cash and cash equivalents	167 118 828	85 840 934	**252 959 762**	269 868 504	**16 908 742**	**14**
	934 283 393	**564 366 904**	**1 498 650 297**	**467 101 027**	**(1 031 549 270)**	
Non-Current Assets						
Investment property	4 322 546	39 884 611	**44 207 157**	76 082 936	**31 875 779**	**Y&15**
Property, plant and equipment	1 345 258 229	(106 078 868)	**1 239 179 361**	1 265 263 737	**26 084 376**	
Intangible assets	11 583 077	(8 367 896)	**3 215 181**	1 580 591	**(1 634 590)**	**16**
Heritage assets	-	339 867	**339 867**	339 867	**-**	**Z&17**
	1 361 163 852	**(74 222 286)**	**1 286 941 566**	**1 343 267 131**	**56 325 565**	
Total Assets	**2 295 447 245**	**490 144 618**	**2 785 591 863**	**1 810 368 158**	**(975 223 705)**	
Liabilities						
Current Liabilities						
VAT payable	(3 044 318)	22 811 666	**19 767 348**	-	**(19 767 348)**	**AA&18**
Payables from exchange transactions	184 113 577	(49 698 313)	**134 415 264**	151 157 377	**16 742 113**	**AB&19**
Employee benefit obligation	-	-	**-**	2 323 000	**2 323 000**	**AC**
Unspent conditional grants and receipts	-	2 333	**2 333**	-	**(2 333)**	**AD&20**
Provisions - rehabilitation of dumping site	-	56 323 176	**56 323 176**	-	**(56 323 176)**	**AE&21**
Deferred income	-	-	**-**	26 845 803	**26 845 803**	**AF**
	181 069 259	**29 438 862**	**210 508 121**	**180 326 180**	**(30 181 941)**	
Non-Current Liabilities						
Employee benefit obligation	1 091 000	-	**1 091 000**	30 625 000	**29 534 000**	
Provisions - rehabilitation of dumping site	-	-	**-**	24 700 613	**24 700 613**	
	1 091 000	**-**	**1 091 000**	**55 325 613**	**54 234 613**	
Total Liabilities	**182 160 259**	**29 438 862**	**211 599 121**	**235 651 793**	**24 052 672**	
Net Assets	**2 113 286 986**	**460 705 756**	**2 573 992 742**	**1 574 716 365**	**(999 276 377)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 113 286 986	460 705 756	**2 573 992 742**	1 574 686 307	**(999 306 435)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash Receipts from customers	46 974 976	2 526 236	**49 501 212**	45 231 213	**(4 269 999)**	
Grants	496 108 000	230 000	**496 338 000**	496 430 164	**92 164**	**AG**
Interest income	27 215 640	(4 937 640)	**22 278 000**	25 852 972	**3 574 972**	
Other income	16 880 385	28 027 882	**44 908 267**	34 688 678	**(10 219 589)**	**AH**
	587 179 001	**25 846 478**	**613 025 479**	**602 203 027**	**(10 822 452)**	
Payments						
Employee costs	(229 447 071)	(2 351 386)	**(231 798 457)**	(219 625 032)	**12 173 425**	
Suppliers	(284 257 902)	(36 760 095)	**(321 017 997)**	(131 930 259)	**189 087 738**	**AI**
Finance costs	-	-	**-**	(3 474 963)	**(3 474 963)**	**AJ**
Transfers and subsidies	(1 600 000)	-	**(1 600 000)**	(1 600 000)	**-**	
	(515 304 973)	**(39 111 481)**	**(554 416 454)**	**(356 630 254)**	**197 786 200**	
Net cash flows from operating activities	**71 874 028**	**(13 265 003)**	**58 609 025**	**245 572 773**	**186 963 748**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(222 552 982)	24 854 605	**(197 698 377)**	(221 283 851)	**(23 585 474)**	**AK**
Purchase of intangible assets	-	-	**-**	(4 147 738)	**(4 147 738)**	**AL**
Proceeds from sale of investment property	-	-	**-**	(773 236)	**(773 236)**	**AM**
Net cash flows from investing activities	**(222 552 982)**	**24 854 605**	**(197 698 377)**	**(226 204 825)**	**(28 506 448)**	
Cash flows from financing activities						
Deferred income receipts	-	-	**-**	1 634 835	**1 634 835**	
Net increase/(decrease) in cash and cash equivalents	(150 678 954)	11 589 602	**(139 089 352)**	21 002 783	**160 092 135**	
Cash and cash equivalents at the beginning of the year	317 755 282	74 278 832	**392 034 114**	248 865 721	**(143 168 393)**	
Cash and cash equivalents at the end of the year	**167 076 328**	**85 868 434**	**252 944 762**	**269 868 504**	**16 923 742**	
Reconciliation						

Referrencing:

More than 10% variance between final budget and actual amounts is referrenced alphabetically.

More than 10% variance between approved budget and final budget is referrenced numerically.

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Fair value estimation

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

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

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

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

Allowance for doubtful debts

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

Significant Accounting Policies

1.6 Investment property

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

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

Investment property is initially recognised at cost.

The useful lives of items of investment property has been assessed as follows:

Straight line method 30 years

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

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

1.7 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 Years
Graders	Straight-line	5 - 15 years
Tractors	Straight-line	5 - 15 years
Lawn mowers	Straight-line	5 -15 years
Compressors	Straight-line	5 -15 years
Radio equipment	Straight-line	5 -15 years
Tippers	Straight-line	5 - 15 years
Chairs	Straight-line	5 -10 years
Tables and desks	Straight-line	5 -10 years
Cabinets and cupboards	Straight-line	5 -10 years
Truck and light vehicles	Straight-line	5 - 15 years
Ordinary motor vehicles	Straight-line	5 - 10 years
Office machines	Straight-line	3 - 5 years
Air conditioners	Straight-line	5 - 8 years
Computer hardware	Straight-line	3 - 9 years
Cemeteries	Straight-line	25 - 30 years
Community halls (Center)	Straight-line	20 - 30 years
Libraries	Straight-line	25 -30 years
Parks	Straight-line	30 years
Sports and related stadiums	Straight-line	20 - 30 years
Tennis courts	Straight-line	25 -30 years
Golf courses	Straight-line	10 - 30 years
Outdoor sports facilities	Straight-line	10 - 30 years
Flood lighting	Straight-line	10 -30 years
Roads and road furniture	Straight-line	5 - 20 years
Other roads	Straight-line	20 years
Traffic lights	Straight-line	20 years
Traffic islands	Straight-line	20 - 25 years
Streets lights	Straight-line	20 - 25 years
Storm water drains	Straight-line	10 - 80 years
Bridges, subways and culverts	Straight-line	30 - 80 years
Car parks	Straight-line	20 years
Bus terminals	Straight-line	20 years
Bulk refuse containers (skips)	Straight-line	5 - 10 years
Household refuse bins	Straight-line	5 - 15 years
Fire horses	Straight-line	5 - 15 years
Other fire fighting equipments	Straight-line	5 - 15 years
Emergency equipment	Straight-line	5 years
Mayoral Chain		No asset life as no depreciation is charged
Mace		No asset life as no depreciation is charged
Mayoral gown		No asset life as no depreciation is charged

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

1.8 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software - Licenses	Straight-line	12 months

1.9 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. No assets lives are allocated

Significant Accounting Policies

1.9 Heritage assets (continued)

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Derecognition

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

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

1.10 Financial instruments

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

Significant Accounting Policies

1.10 Financial instruments (continued)

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassifications

The entity does not reclassify a financial instrument while it is issued or held unless it is:
combined instrument that is required to be measured at fair value; or

- a residual interest of another entity; or
- an investment in a residual interest that meets the requirements for reclassification.

Significant Accounting Policies

1.10 Financial instruments (continued)

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment on uncollectable financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.
- the entity designates at fair value at initial recognition; or
- are held for trading.

1.11 Statutory receivables

Identification

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

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

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

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

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

Significant Accounting Policies

1.11 Statutory receivables (continued)

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

Significant Accounting Policies

1.11 Statutory receivables (continued)

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

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

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

Derecognition

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

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

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

1.12 Leases

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

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

Operating leases - lessee

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

1.13 Inventories

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

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

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

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

The cost of inventories comprises of all costs of purchase.

Significant Accounting Policies

1.13 Inventories (continued)

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Construction contracts

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.

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

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 entity 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 completion of a physical proportion of the contract work.

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.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and deposits held at call with banks which are available on demand.

1.16 Impairment of cash-generating assets

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

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

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

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

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

Significant Accounting Policies

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

Significant Accounting Policies

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.18 Employee benefits

Identification

Employee benefits

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

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

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

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

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

Short-term employee benefits

Significant Accounting Policies

1.18 Employee benefits (continued)

Recognition and measurement

All short-term employee benefits

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

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

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

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

Insured benefits

The entity may pay insurance premiums to fund a post-employment benefit plan. The entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation either to:

(a) pay the employee benefits directly when they fall due; or

(b) pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods. If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

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

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity 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.

Statement of financial position

Significant Accounting Policies

1.18 Employee benefits (continued)

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity 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.

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

Actuarial valuation method

The entity 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 entity 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 entity 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.

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

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 entity 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

Significant Accounting Policies

1.18 Employee benefits (continued)

(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 entity 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 entity 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 entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity 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

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 entity 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 entity 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

Significant Accounting Policies

1.18 Employee benefits (continued)

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

Current service cost

The entity determines current service cost using actuarial assumptions 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, 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 entity 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 entity 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 entity 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 entity 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); and

(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 entity 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.

Current/non-current distinction

The entity 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.

Significant Accounting Policies

1.18 Employee benefits (continued)

Components of defined benefit cost

The entity 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 entity 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).

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.19 Provisions and contingencies

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

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

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

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

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

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

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

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

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, and municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Provision for rehabilitation for dumping site

Provision for rehabilitation of landfill site is determined by the expert and it is initially and subsequently recognised at cost.

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

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

1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Rendering of services

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

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.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Deferred Income

Deferred income (also known as deferred revenue, unearned revenue, or unearned income) is, in accrual accounting, money received for goods or services which has not yet been earned.

Deferred income is recorded as a liability until delivery of goods and services is made, at which time it is converted into revenue.

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

Recognition

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

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

Measurement

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

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

Taxes

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

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

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

Transfers

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

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

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

Fines

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

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

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

Fines are recognised when traffic fines are issued or when the date to appear in court per traffic fine arrive or on cash received by municipality

Gifts and donations, including goods in-kind

1.22 Revenue from non-exchange transactions (continued)

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

Grants

Unconditional Grants

Equitable share and LGSETA allocations are recognised as revenue as and when they are received.

Conditional Grants

Conditional grants are recognized 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.

1.23 Investment income

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

1.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.25 Unauthorised expenditure

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

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

1.26 Fruitless and wasteful expenditure

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

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

1.27 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Significant Accounting Policies

1.27 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which writing off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not wrote off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the
irregular expenditure register.

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

1.28 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

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

1.29 Budget information

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

Significant Accounting Policies

1.29 Budget information (continued)

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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

Explanation of Variances

Differences between budget and actuals which are less than 10% are considered immaterial and will be accepted without further explanation.

Differences between Original Budget and Adjustment budget which are less than 10% are considered immaterial and will be accepted without further explanation.

Explanations will be provided for all variances which exceeds 10% of budget versus actuals and Original Budget versus Adjustment Budget.

Comparative information is not required.

1.30 Related parties

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

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

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

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

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

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

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

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

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

1.31 Events after reporting date

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

Significant Accounting Policies

1.31 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.32 Value Added Tax

Input VAT not yet claimed from SARS and VAT receivable from SARS are disclosed under Other receivable from exchange transactions and Output VAT is diclosed under payable from exchage transaction in the Statement of Financial Position.

The municipality is a registered VAT vendor and account for VAT on a payment basis.

The following rates are applicable:

Standard rated supplies (15%)

Zero rated supplies (0%)

Exempted supplies (-)

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

GRAP 2023 Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

GRAP1 - Presentation of Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

- Provide clarity to the terms "publicly available" and "publicly accountable".

- Remove encouraged disclosures with limited information value.

GRAP2 - Cash Flow Statements

General Improvements

Amend disclosures to read as "useful additional information that may be disclosed" as opposed to "encouraged disclosures".

GRAP3 - Accounting Policies, Changes in Accounting Estimates and Errors

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

General Improvements

Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP5 - Borrowing Costs

Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021

Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP13 - Leases

General Improvements

Remove encouraged disclosures with limited information value.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

GRAP17 - Property, Plant and Equipment

Improvements to IPSAS 2021

Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP19 - Provisions, Contingent Liabilities and Contingent Assets

General Improvements

Remove encouraged disclosures with limited information value.

GRAP20 - Related Party Disclosures

General Improvements

Update the definition of “significant influence” to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

General Improvements

Remove encouraged disclosures with limited information value.

GRAP24 - Presentation of Budget Information in Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

- Provide clarity to the terms “publicly available” and “publicly accountable”.

- Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to.

- Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

GRAP27 - Agriculture

General Improvements

Remove encouraged disclosures and repackage it as “useful information” in another section of the Standard.

GRAP31 - Intangible Assets

General Improvements

- Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable.

- Remove reference to fully depreciated assets.

- Remove encouraged disclosures with limited information value.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

GRAP104 - Financial Instruments

Improvements to IPSAS 2021

- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification.

- Amendments to clarify the fees that an entity includes when it applies the “10 percent” test to derecognise a financial liability.

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

Remove encouraged disclosures with limited information value.

iGRAP20 - Accounting for Adjustments to Revenue

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

Guideline on The Application of Materiality to Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

The effective date of these improvements have not yet been set.

The municipality expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time when the minister sets the effective date of the standards.

The impact of this standard is currently being assessed.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

GRAP 103 (amended): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have “cultural significance” and defines a heritage asset as “an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations”. “Cultural significance” has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time when the minister sets the effective date of the standards.

The impact of this standard is currently being assessed.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2025 or later periods but are not relevant to its operations:

GRAP 104 (as revised): Financial Instruments

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

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

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is 01 April 2025.

It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	77 450 337	(1 367 401)	76 082 936	63 386 023	(1 289 411)	62 096 612

Reconciliation of investment property - Contigent liabilities

	Opening balance	Additions	Donations to TUT	WIP	Depreciation	Total
Investment property	62 096 612	13 996 788	(705 710)	773 236	(77 990)	76 082 936

3. Investment property (continued)

Reconciliation of investment property - 2024

	Opening balance	Additions	Prior period correction	Impairments	Depreciation	Total
Investment property	26 234 421	28 368 393	8 092 653	(507 812)	(91 043)	62 096 612

The following properties are not in the name of the Municipality:

Greater Giyani Municipality is in the process of registering these in its name. As at 30 June 2025, 4 of these had been successfully registered in the name of the Municipality and the Investment Property register updated accordingly.

ERF 655
ERF 656
ERF 662
ERF 666

Recognition of investment properties

The municipality has registered the investment properties (land and houses) in the Deeds Office and were recognised in the investment property register.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

3. Investment property (continued)

GIYANI A ERF 121	600 000	600 000
GIYANI A ERF 123	200 000	200 000
GIYANI E ERF 401	400 000	400 000
GIYANI A ERF 149	200 000	200 000
GIYANI E ERF 655	-	240 000
GIYANI E ERF 656	-	240 000
GIYANI E ERF 662	-	400 000
GIYANI E ERF 666	-	400 000
GIYANI A ERF 187	440 000	440 000
GIYANI A ERF 188	520 000	520 000
GIYANI A ERF 189	600 000	600 000
GIYANI A ERF 190	460 000	460 000
GIYANI A ERF 195	200 000	200 000
GIYANI A ERF 1989	500 000	500 000
GIYANI A ERF 236	200 000	200 000
GIYANI A ERF 518	200 000	200 000
GIYANI A ERF 561	200 000	200 000
GIYANI A ERF 562	500 000	500 000
GIYANI A ERF 736	200 000	200 000
GIYANI A ERF 741	320 000	320 000
GIYANI A ERF 741	360 000	360 000
GIYANI A ERF 744	200 000	200 000
GIYANI A ERF 86	200 000	200 000
	6 500 000	**7 780 000**

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

Notes to the Audited Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	43 416 035	-	43 416 035	43 416 035	-	43 416 035
Buildings	176 752 992	(47 099 589)	129 653 403	174 096 877	(39 233 883)	134 862 994
Plant and machinery	61 946 425	(18 593 261)	43 353 164	58 089 475	(14 225 193)	43 864 282
Furniture and fixtures	9 204 363	(4 417 773)	4 786 590	8 058 630	(3 619 027)	4 439 603
Motor vehicles	20 270 008	(9 924 010)	10 345 998	15 009 196	(8 542 618)	6 466 578
Office equipment	1 639 754	(1 096 619)	543 135	1 534 486	(956 467)	578 019
IT equipment	22 126 291	(8 881 161)	13 245 130	13 721 482	(6 083 875)	7 637 607
Infrastructure	1 362 410 477	(619 402 470)	743 008 007	1 260 114 820	(602 143 892)	657 970 928
Community	319 853 603	(44 921 582)	274 932 021	303 507 551	(38 105 212)	265 402 339
Air conditioners	4 606 556	(2 626 302)	1 980 254	4 469 192	(2 164 483)	2 304 709
Total	**2 022 226 504**	**(756 962 767)**	**1 265 263 737**	**1 882 017 744**	**(715 074 650)**	**1 166 943 094**

Notes to the Audited Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	WIP	Derecognition	Depreciation	Impairment loss	Total
Land	43 416 035	-	-	-	-	-	43 416 035
Buildings	134 862 994	1 683 659	972 456	-	(6 547 606)	(1 318 100)	129 653 403
Plant and machinery	43 864 282	3 913 822	-	(3 881)	(4 413 324)	(7 735)	43 353 164
Furniture and fixtures	4 439 603	1 199 067	-	(4 316)	(818 042)	(29 722)	4 786 590
Motor vehicles	6 466 578	5 260 812	-	-	(1 381 392)	-	10 345 998
Office equipment	578 019	124 037	-	(1 344)	(157 577)	-	543 135
IT equipment	7 637 607	8 553 348	-	(80 581)	(2 865 244)	-	13 245 130
Infrastructure	657 970 928	149 555 921	8 240 890	(2 394 941)	(69 379 860)	(984 931)	743 008 007
Community	265 402 339	28 066 814	(6 252 377)	(157 707)	(6 735 906)	(5 391 142)	274 932 021
Air conditioners	2 304 709	179 500	-	(341)	(503 614)	-	1 980 254
	1 166 943 094	**198 536 980**	**2 960 969**	**(2 643 111)**	**(92 802 565)**	**(7 731 630)**	**1 265 263 737**

Notes to the Audited Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	WIP	Derecognition	Prior period error	Depreciation	Impairment loss	Total
Land	43 416 035	-	-	-	-	-	-	-	43 416 035
Buildings	125 470 052	14 568 453	-	-	(33 656)	(38 107)	(4 343 071)	(760 677)	134 862 994
Plant and machinery	33 710 931	15 150 927	(7 505)	-	(1 315 197)	(2 674)	(3 672 200)	-	43 864 282
Furniture and fixtures	5 087 898	110 563	(7 734)	-	-	(548)	(743 852)	(6 724)	4 439 603
Motor vehicles	8 409 416	-	-	-	(625 944)	146	(1 317 040)	-	6 466 578
Office equipment	484 013	199 069	(2 413)	-	-	(276)	(102 374)	-	578 019
IT equipment	4 395 268	4 433 924	(113 840)	-	(19 430)	-	(1 041 345)	(16 970)	7 637 607
Infrastructure	621 475 028	108 201 520	-	11 397 058	(1 792 702)	-	(75 261 557)	(6 048 419)	657 970 928
Community	242 893 606	17 505 117	-	11 669 790	-	(357 276)	(5 180 229)	(1 128 669)	265 402 339
Air conditioners	2 232 111	588 000	-	-	-	94	(515 496)	-	2 304 709
	1 087 574 358	**160 757 573**	**(131 492)**	**23 066 848**	**(3 786 929)**	**(398 641)**	**(92 177 164)**	**(7 961 459)**	**1 166 943 094**

4. Property, plant and equipment (continued)

Reconciliation of assets impaired of 30 June 2025	Carrying Value	Deemed Replacement Cost	Impairment loss
Plant and machinery	26 757	(19 022)	7 735
Furniture and fittings	33 182	(3 461)	29 721
Buildings	4 804 697	(3 486 598)	1 318 099
Community Assets	930 838	(795 394)	135 444
Infrastructure	1 585 370	(600 438)	984 932
	7 380 844	**(4 904 913)**	**2 475 931**

Reconciliation of assets written off of 30 June 2025	Cost	Accumuated depreciation	Accumulated Impairment	Carrying Value
IT Equipment	148 539	(66 152)	(1 807)	80 580
Furniture and Fittings	53 334	(44 797)	(4 222)	4 315
Plant and Machinery	56 872	(52 991)	-	3 881
Office equipment	18 770	(17 426)	-	1 344
Aircons	42 136	(40 805)	(989)	342
Infrastructure	55 501 155	(50 710 766)	(2 395 447)	2 394 942
Community	212 687	(42 440)	(12 540)	157 707
	56 033 493	**(50 975 377)**	**(2 415 005)**	**2 643 111**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Restated Opening balance	40 495 439	116 720 139	-	157 215 578
Additions/capital expenditure	156 178 155	22 111 361	4 029 969	182 319 485
Transferred to completed items	(147 937 262)	(28 363 738)	(3 057 513)	(179 358 513)
Impairement	-	(5 255 699)	-	(5 255 699)
	48 736 332	**105 212 063**	**972 456**	**154 920 851**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	71 064 387	135 482 865	30 105 343	236 652 595
Additions/capital expenditure	119 598 577	29 174 907	14 358 655	163 132 139
Prior period error	(19 136 498)	(4 844 748)	-	(23 981 246)
Transferred to completed items	(131 031 027)	(43 092 885)	(44 463 998)	(218 587 910)
	40 495 439	**116 720 139**	**-**	**157 215 578**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

List of halted projects / delayed

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s), including reasons and any impairment loses recognised in relation to these assets:		
A. Access road to tribal offices	998 176	998 176
B. Access road to Xikukwane	2 976 618	2 976 618
C. Alternative access road from R81 to Giyani	5 166 673	5 166 673
D. Refurbishment of Giyani Stadium	-	1 800 823
E. Makosha- Upgrading from gravel to paving	1 688 179	1 688 179
F. Refurbishment of Sporting Facilities (Gawula)	2 997 527	4 238 167
G. Refurbishment of Arts and Cultre Centre	1 066 420	1 066 420
H. Development of Giyani waste disposal site	69 348 925	-
	84 242 518	**17 935 056**

The halted projects were assessed for impairment and no impairment was recognised, with the exception of the refurbishment Gavula Sports Centre.

Reasons for project being halted or delayed:

A. Access road to tribal offices:

A consultant was appointed to prepare preliminary designs for Blinkwater, Ngove, Nkuri, Makhuva, and Thomo at a total cost of R2 982 099. Designs valued at R998 175.66 for Makhuva remain under Work in Progress (WIP) as construction has not yet commenced. These designs are archived by the municipality for future use, remain relevant, and carry no impairment (R0).

B. Access road to Xikukwane

A consultant was appointed to prepare preliminary designs, which have not yet been implemented as the project was found to be excessively costly. The municipality is engaging with RAL to complete the project, and the available designs will be donated to RAL once funding is secured. The designs are safely archived, remain relevant, and carry no impairment (R0).

4. Property, plant and equipment (continued)

C. Alternative access road from R81 to Giyani

A consultant was appointed to prepare preliminary designs, which have not yet been utilised as the project was found to be excessively costly. The municipality is liaising with SANRAL to complete the project, and the designs will either be donated to SANRAL or used for an alternative road project once funding becomes available. The designs are safely archived by the municipality, remain relevant, and carry no impairment (R0).

D. Refurbishment of Giyani Stadium

The community has resolved to have the project reinstated and refurbish the outstanding items. Greater Giyani Municipality has put allocated budget to resume with the project, to refurbish the combi courts and ablution facilities and construction of the clear view boundary wall.

On the 16th of May 2025, Greater Giyani Municipality officially gave access to site to the contractor to continue with the refurbishments of this facility. The work performed thus far is to the satisfaction of the municipality.

E. Makosha- Upgrading from gravel to paving

The project is currently on hold due to funding constraints, as COGHSTA rejected the municipality’s funding application on the basis that the road falls under the custodianship of RAL. The municipality is engaging with the Department of Public Works and Infrastructure (DPWI) to transfer the Makosha Road (D3809) to enable the project to proceed.

F. Refurbishment of Sporting Facilities (Gawula)

The project was impacted by scope creep, resulting in over-expenditure of the allocated budget to complete the approved scope of work. Due to budget constraints, following third-quarter budget adjustments, the implementation plan was revised. The project is scheduled to resume in the 2025/26 financial year.

G. Tourism Information centre Phase 3 (Refurbishment of Arts and Culture)

The project for a second community hall/conference centre and café/restaurant is currently on hold due to funding constraints. A consultant was appointed for preliminary designs, which indicated that the project would be excessively costly. The municipality is still assessing funding options. The designs are safely archived for future use, remain relevant, and carry no impairment (R0).

H. Development of Giyani waste disposal site

The project was affected by scope creep and poor contractor performance, which contributed to delays. The municipality remains committed to completing the project and has revised the implementation plan to address the outstanding scope of work. Practical strategies include strengthening project management controls, and enforcing stricter performance measures on contractors. The project is planned to proceed to completion.

5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	21 113 821	(19 533 230)	1 580 591	16 966 083	(14 900 902)	2 065 181

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	2 065 181	4 147 738	(4 632 328)	1 580 591

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	996 253	3 906 846	(2 837 918)	2 065 181

6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets which fair values cannot be reliably measured: (Para .94)						
Council related assets	339 867	-	339 867	339 867	-	339 867

Reconciliation of heritage assets - 2025

	Opening balance	Total
Heritage assets which fair values cannot be reliably measured: (Para .94)		
Council related assets	339 867	339 867

Reconciliation of heritage assets 2024

	Opening balance	Additions	Derecognition of damaged assets	Total
Heritage assets which fair values cannot be reliably measured: (Para .94)				
Council related assets	206 303	246 114	(112 550)	339 867

Age and/or condition of heritage assets

All heritage assets have a condition grading of 3, which translate to be FAIR in terms of the municipality's generic condition assessment methodology.

Council related assets are not held for sale.

Council related assets are not held for security at year end.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
7. Other financial assets		
Designated at fair value		
Other financial assets	120 029 557	148 534 882
Residual interest at cost		
Impairments	(120 029 557)	(148 534 882)
Total other financial assets	-	-
Current assets		
Designated at fair value	120 029 557	148 534 882
Residual interest at cost	(120 029 557)	(148 534 882)
	-	-
Financial assets at fair value		
Reconciliation		
Opening Balance	148 534 882	148 534 882
Amount paid during the year	(28 505 325)	-
	120 029 557	**148 534 882**

The municipality has since recovered an amount of R 28 505 325 in the period under review from VBS.

8. Employee benefit obligations

Defined benefit plans

The effective date of the valuation is 30 June 2025 (the “Valuation Date 30 June 2025).

The valuation considers all employees, retirees and their dependents whose participation in the health care arrangements entitles them to a post-employment medical aid subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All subsidies are subject to a maximum of R 5 277.38 for the year ending 30 June 2025. The maximum subsidy amount has been assumed to increase in the future at 6.3%% of salary inflation.

Table below shows the development of the accrued liability over the current period, and projects the Municipality’s Unfunded Accrued Liability and periodic costs over the two-year period following the Valuation Date.

Past year and future projected liability	Year ending 30 June 2021	Year ending 30 June 2022	Year ending 30 June 2023	Year ending 30 June 2024	Year ending 30 June 2025
Opening accrued liability	14 421 000	16 755 000	16 968 000	16 233 000	16 585 000
Current service cost	832 000	1 164 000	1 325 000	1 226 000	1 381 000
Interest cost	1 639 000	1 798 000	2 009 000	2 044 000	2 034 000
Actuarial loss/(gain)	(137 000)	(2 749 000)	(4 069 000)	(2 918 000)	(1 072 000)
	16 755 000	**16 968 000**	**16 233 000**	**16 585 000**	**18 928 000**

Notes

- These projections assume that the Municipality’s health care arrangements and subsidy policy will remain as outlined above, and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.
- Contributions or benefits paid refer to medical scheme contributions made by the Municipality with respect to its subsidy of current continuation members.
- There are no Past Service Costs, Curtailments or Settlements to reflect.

Key Assumptions		
Discount rate	11,40 %	12,00 %
Health care cost inflation rate	5,40 %	7,00 %
Maximum subsidy inflation rate	4,80 %	5,00 %

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

8. Employee benefit obligations (continued)

Long service awards

The Municipality offers employees Long service award for every five years of service completed, from ten years of service to 45 years of service.

The salaries used in the valuation include an assumed increase on 1 July 2025 of 5.4% as per the SALGBC Circular No.: 01/2024. The next salary increase was assumed to take place on 1 July 2025.

The accrued liabilities and the plan assets for the current period and the previous four periods.

Past year and future projected liability	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Opening accrued balance	5 434 000	5 891 000	6 377 000	6 418 000	10 144 000
Current service cost	546 000	623 000	653 000	4 282 000	1 126 000
Interest cost	372 000	518 000	659 000	655 000	1 072 000
Payment made during the year	(669 000)	(623 000)	(870 000)	(1 247 000)	(1 180 000)
Actuarial loss/(gain)	208 000	(32 000)	(401 000)	36 000	819 000
	5 891 000	**6 377 000**	**6 418 000**	**10 144 000**	**11 981 000**

Non-current liabilities	(30 625 000)	(27 159 000)
Current liabilities	(2 323 000)	(1 435 000)
	(32 948 000)	**(28 594 000)**

Key Assumptions
Assumptions used at the reporting date:

Discount rate	7,80 %	12,33 %
Health care cost inflation rate	3,80 %	7,80 %
Maximum subsidy inflation rate	4,80 %	5,48 %

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,22 %	11,26 %
General earnings inflation rate	6,54 %	6,54 %
Expected increase in salaries	5,40 %	5,40 %

Employee obligations are assesed at the end of the financial period.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

9. Inventories

Consumable stores	2 289 382	2 432 017
Stands	31 085 000	31 085 000
	33 374 382	**33 517 017**

Inventory Reconciliation

Opening balance	33 517 017	33 043 090
Add: purchases for the year	6 980 739	12 055 269
Less: consumables for the year	(4 577 059)	(7 251 714)
Less: inventory on hand (Mopani District Municipality)	(2 545 973)	(2 290 075)
Less: damaged and obsolete inventory written off	(342)	(39 553)
Closing balance	**33 374 382**	**35 517 017**

There was no inventory held as collateral at year end.

In 2019/2020 financial year the municipality took a resolution to sell stands available for sale as per council resolution.

Included in the R 31 085 000 balance of the stands, there are stands which have already been sold amounting to R 26 696 152 (2025) and R 25 210 968 (2024) pending ownership transfer with Deeds Register. The amount has been disclosed under Note 16 of the Deferred income.

10. Receivables from exchange transactions

Inter Municipal Account (Mopani District Municipality)	42 191 820	39 328 586
Agency fee (Mopani District Municipality)	7 641 085	7 132 837
Sundry receivables	4 244 767	4 462 312
Prepaid expenses	1 326 282	1 098 257
Accrued interest receivables	2 009 331	2 134 126
Sundry receivables-Provision for doubtful debts	(3 685 772)	(3 685 772)
Staff receivables	4 896	60 163
Payroll debtors	29 436	-
	53 761 845	**50 530 509**

Included in sundry debtors of R 4 244 767 is (R 3 596 581) which relates to sale of stands through an auction during 2009. The balance in this attorneys trust account is unknown. Due to the dispute with the auctioneer, the outstanding amount was never paid to the Municipality and as a result, it was provided for in full based on the credit control policy and Free basic electricity debtors who benefited illegally in the prior years.

An amount of R 1 187 311.29 included in sundry debtors is under investigation since they are not in the FBE Register

Staff receivables of R 4 896 (2025): R 60 163 (2024) relate to the overpayment of salaries to the councilors and employees. The amount is supposed to be paid back to the Municipality by the councilors. This is as per the council resolution taken by the Greater Giyani Municipal Council.

Reconciliation for impairment on sundry receivables

Opening Balance	(3 685 772)	(3 685 772)

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

10. Receivables from exchange transactions (continued)

Reconciliation for Inter-municipal account MDM

Accumulated Surplus - MDM	111 950 923	90 259 727
Revenue - Water	10 830 317	10 103 256
Revenue - Sewerage	4 232 684	4 051 725
Revenue - Interest	19 420 276	14 428 293
Water and Sewerage connections	24 115	12 596
Overheads -Employee related costs	(5 770 553)	(6 078 430)
Overheads - Operational expenditure	(1 134 311)	(826 245)
Accounts Receivables - Water	(131 097 943)	(124 802 579)
Accounts Receivables - Sewerage	(32 774 486)	(31 200 645)
Account Receivable - Interest	(143 967 304)	(121 626 640)
Inventory	(2 545 969)	(2 290 076)
Provision for doubtful debts	128 640 431	128 640 431
	(42 191 820)	**(39 328 587)**

11. Receivables from non-exchange transactions

Consumer debtors-Traffic Fines	3 254 080	27 225 087
Consumer debtors- Rates	448 586 992	361 790 906
Provision for impairment- Traffic fines	(2 956 357)	(27 255 564)
Provision for impairment- Consumer debtors	(397 855 820)	(307 921 832)
	51 028 895	**53 838 597**

Municipal Council has approved the write-off's, of traffic fines amounting to R 25 306 457 for the financial 2024/2025.

The write- off was based on section 56(5) of the Criminal Procedure Act 51 of 1977, requires that all warrant of arrests with a life span of two years from the date of issue.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(335 177 397)	(263 420 703)
Provision for impairment - property rates	(89 933 987)	(70 935 694)
Provision for impairment - traffic fines	24 299 207	(821 000)
	(400 812 177)	**(335 177 397)**

Age analysis for debtors with credit balances - rates

Current (0-30 days)	(1 756 064)	(23 450)
31-60 days	(16 641)	(1 461 096)
61-90 days	(702 085)	(2 031)
91-120 days	(12 300)	(81 097)
121-365 days	(17 287)	(1 342)
>365 days	(4 506 990)	(3 461 371)
	(7 011 367)	**(5 030 387)**

Age Analysis for Rates

Current (0-30 days)	8 861 618	13 075 289
31-60 days	9 275 584	6 956 802
61-90 days	8 413 422	8 640 456
91-120 days	8 867 326	8 348 458
121-365 days	8 736 334	8 353 893
>365 days	517 200 332	334 981 314
	561 354 616	**380 356 212**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

12. Statutory Receivables

VAT receivable	11 396 991	-

13. Other receivables from exchange transactions

Gross balances		
Debtors with credit balances	1 964 999	1 871 714
Input VAT Accrual	35 491 469	40 585 330
Refuse	86 029 320	71 095 897
Housing rental	975 970	1 183 285
Cemeteries	3 403 357	2 969 795
	127 865 115	**117 706 021**
Less: Allowance for impairment		
Refuse	(76 321 786)	(60 510 927)
Housing rental	(883 892)	(1 007 554)
Cemeteries	(3 019 087)	(2 527 289)
	(80 224 765)	**(64 045 770)**
Net balance		
Debtors with credit balances	1 964 999	1 871 714
Input VAT Accrual	35 491 469	40 585 330
Refuse	9 707 534	10 584 970
Housing rental	92 078	175 731
Cemeteries	384 270	442 506
	47 640 350	**53 660 251**
Refuse		
Current (0 -30 days)	1 933 844	1 675 816
31 - 60 days	1 493 290	1 320 654
61 - 90 days	1 456 206	1 142 799
91 - 120 days	1 442 337	1 180 528
121 - 365 days	1 422 296	1 113 695
> 365 days	61 559 987	63 975 482
	69 307 960	**70 408 974**
Debtors with credit balances		
Current (0 -30 days)	(57 227)	(84 195)
31 - 60 days	(42 277)	(77 707)
61 - 90 days	(50 291)	(44 252)
91 - 120 days	(40 342)	(10 932)
121 - 365 days	(36 817)	(37 591)
> 365 days	(1 738 046)	(1 617 033)
	(1 965 000)	**(1 871 710)**
Housing rental		
Current (0 -30 days)	22 087	7 564
31 - 60 days	21 905	8 877
61 - 90 days	21 725	7 875
91 - 120 days	21 546	7 916
121 - 365 days	21 369	7 901
> 365 days	839 879	652 825
	948 511	**692 958**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

13. Other receivables from exchange transactions (continued)

Cemeteries		
Current (0 -30 days)	44 045	30 563
31 - 60 days	43 100	41 445
61 - 90 days	42 405	36 041
91 - 120 days	41 336	36 122
121 - 365 days	41 673	35 633
> 365 days	2 502 906	2 569 416
	2 715 465	**2 749 220**

Reconciliation of allowance for impairment		
Opening balance	(64 045 771)	(48 080 493)
Refuse removal	(15 810 859)	(14 797 427)
House rental	123 662	(545 556)
Cemetery	(491 798)	(622 295)
	(80 224 766)	**(64 045 771)**

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	269 868 504	250 549 884
Bank overdraft	-	(1 684 163)
	269 868 504	**248 865 721**

Current assets	269 868 504	250 549 884
Current liabilities	-	(1 684 163)
	269 868 504	**248 865 721**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA - Current Account - 4077078193 (Main Account)	26 018 038	(1 856 637)	47 163 556	26 241 601	(1 684 163)	44 841 634
ABSA - Current Account - 4077078486 (Salaries Account	9 940 965	2 321 868	1 610 849	9 940 968	2 321 871	1 610 490
ABSA - Call Deposit - 4078155655	52 791 087	49 128 988	45 535 038	52 791 088	49 128 988	45 535 038
ABSA - Current Account - 4093302071 (Traffic Account)	5 619 408	4 775 233	4 509 089	5 622 327	4 776 979	4 509 869
ABSA - Call Deposit - 4078155744	179 502 104	194 322 046	151 516 427	175 272 520	194 322 046	151 516 427
Total	**273 871 602**	**248 691 498**	**250 334 959**	**269 868 504**	**248 865 721**	**248 013 458**

Included in the balance for cash and cash equivalent, there is a balance of R 27 730 107 (2025) and R 24 455 584 (2024) collected on behalf of Mopani District Municipality for water and sanitation transactions.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Disaster Relief Grant	-	2 333

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

15. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	2 333	3 758 762
Additions during the year	99 237 666	123 003 241
Income recognition during the year	(99 239 999)	(126 759 670)
	-	**2 333**

The nature and extent of government grants recognised in the audited annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited.

See note 32 for reconciliation of grants from National/Provincial Government.

16. Deferred income

From the 2020/2021 financial year to the year under review the Municipality has sold stands/sites but the transfer of ownership of the stands to the customers has not been finalised with Deeds Registration office. As a result the income received is still deferred pending the finalising of the transfer.

Included in the balance of R 26 845 803, there is an amount of R 850 314 whose payers have not yet come to the municipality to open the sale of stand file.

Deferred income	26 845 803	25 210 968

17. Provisions - rehabilitation of dumping site

Reconciliation of provisions - rehabilitation of dumping site - Contigent liabilities

	Opening Balance	Interest costs	Change in discount factor	Closing Balances
Rehabilitation of dumping-site	23 862 903	2 426 952	(1 589 242)	24 700 613

Reconciliation of provisions - rehabilitation of dumping site - 2024

	Opening Balance	Interest costs	Change in discount factor	Closing Balance
Environmental rehabilitation	43 374 304	2 430 980	(21 942 381)	23 862 903

The dumping site rehabilitation is created for the rehabilitation of the current operational site which is evaluated at each year end to reflect the best estimate at reporting date. The site under consideration is at Giyani Section C landfill site.

The 2025 discounted value of the dumping site closure provision of R 24 700 613, compared to the provision of R 23 862 903 in the previous financial year. Composition of this change relate to changes in the CPI, discount rate and unit costs. The interest charged was R 2 426 952.69 relating to the assessment, as a result the provision increased.

The dumping site closure provision is calculated as the net present value of future cash flows based on the expected remaining life of the dumping site and based on the size of the area that had been used for waste disposal as at 30 June 2025.

Provision for dumping site is assessed at the end of financial period.

Figures in Rand	2025	2024

18. Payables from exchange transactions

Trade payables	21 341 103	14 071 568
Retentions	42 915 012	46 917 240
Accrued leave pay	23 599 837	22 345 278
Accrued 13th cheque	4 261 955	3 866 273
Payroll Creditors	776 803	497 074
Accruals	25 528 642	15 377 578
Unspecified direct deposits	3 846 990	1 880 080
Debtors with credit balances	1 964 999	1 871 714
Accrued overtime	2 401 956	3 039 925
VAT payable	24 520 078	23 990 855
	151 157 375	**133 857 585**

19. Service charges

Refuse removal	12 427 071	9 062 713
Cemeteries	276 968	259 249
	12 704 039	**9 321 962**

20. Construction contracts

Current year Receipts	18 029 000	32 220 000
Conditions met - transferred to revenue	(18 029 000)	(32 220 000)
	-	-

The allocation was used to address the electrification backlog of villages. After the completion, projects are handed over to Eskom.

Contract revenue recognised
The municipality recognised contract revenue of R18 029 000 (2023/24: R32 220 000) for the 2024/25 financial year relating to the construction of electrification work in progress funded by the Department of Mineral and Energy.

Methods used to determine contract revenue
Contract revenue is determined based on costs incurred for obtaining goods and services from suppliers and sub-contractors engaged in the construction of bulk electrification infrastructure. These costs reflect the value of work completed in accordance with the terms of the funding agreements.

Methods used to determine stage of completion
The stage of completion of contract in progress is determined using progress reports, where actual construction costs incurred to date are compared to the total contract amounts together with the technical reports prepared by the consultants.

Contracts in progress at reporting date

Aggregate costs incurred and recognised surpluses
The aggregate amount of costs incurred and recognised under surplus to date is R2 103 510.78 (2023/24: R911 205.89)

Advances received
No advances were received for the electrification projects during the period

Retentions
No retentions are withheld by the Department of Mineral and Energy in favour of the municipality

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

21. Rental of facilities and equipment

Premises		
Community facilities	199 411	106 883
Housing rental	91 212	86 988
	290 623	**193 871**
Facilities and equipment		
Rental of facilities	351 088	79 940
	641 711	**273 811**

22. Interest received on overdue accounts (other services)

Interest received (other services)	6 491 760	3 992 553

23. Agency services

Water and Sewer	508 248	557 560

24. Licenses and permits

Licenses and permits - motor vehicles	7 269 529	7 164 402
Business licenses	251 328	143 328
	7 520 857	**7 307 730**

25. Gains on provisions

Gain on provision for rehabilitation site	-	19 511 409
Gain on provision for leave	-	983 000
Debt impairment reversal	25 306 457	-
	25 306 457	**20 494 409**

26. Recoveries

VBS refund	28 505 325	-
Insurance claim	932 165	-
	29 437 490	**-**

27. Actuarial gains

Actuarial gains on PEMA and LSA	253 000	2 882 000

28. Gains on disposal of assets

Gain on disposal of assets	-	545 223

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

29. Other income

Advertisements	202 598	194 080
Application fees	196 996	116 721
Building plans	160 412	146 151
Clearance certificates	23 605	5 809
Confirmation letters	124 053	154 111
Erection of tombstones	137 661	-
Escort fees	14 513	6 910
Library fees	1 253	974
Recoveries	6 231	3 477
Sale of grave plots	221 522	151 685
Sale of property	30 812	-
Sale of refuse bins	26 053	44 879
Tender documents	553 320	1 973 874
Transfer and registration	317 785	61 267
Usage of dumping site	1 219 506	-
Sundry income	380 033	-
	3 616 353	**2 859 938**

30. Interest received - investment

Interest revenue		
Bank	8 238 431	8 912 315
Call accounts	17 614 541	16 666 864
	25 852 972	**25 579 179**

The Municipality has invested the VAT recoveries for the financial year under review in the Call account, which earned higher interest than a normal operating account.

The municipality maintained a positive bank balance in its bank accounts which earned interest

Figures in Rand	2025	2024

31. Property rates

Rates received

Residential	21 742 544	20 605 740
Commercial	27 546 895	26 602 710
State	35 315 379	37 568 037
Small holdings and farms	30 279	655 826
NPO	-	88
Industrial	1 207 494	1 407 349
	85 842 591	**86 839 750**

Valuations

Residential	2 956 484 800	2 824 421 800
Commercial	709 653 000	709 243 000
State	760 476 000	636 306 000
Institutes	32 842 000	32 842 000
Agricultural	5 230 000	5 230 000
Municipal and Public open space	161 089 000	161 019 000
Public service infrastructure	452 000	452 000
Industrial	129 746 000	129 042 000
Churches	46 611 000	43 749 000
Inconsistent with or in contravention of the permitted use of the property	2 612 000	2 612 000
	4 805 195 800	**4 544 916 800**

The valuation of land and buildings are performed every 5 years in terms of the Municipal Property Rates Act.

The municipality appointed a Municipal Valuer to compile the General Valuation Roll for implementation in the 2020-2025 financial years and to cause the Supplementary Valuation Roll in terms of section 78 of the Municipal Property Rates Act.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

32. Government grants & subsidies

Operating grants		
Equitable share	396 848 000	376 486 000
Expanded Public Works Program (EPWP)	3 648 000	3 151 000
Finance Management Grant (FMG)	2 400 000	2 400 000
Local Government Sector Education & Training Authority (LGSETA)	337 498	301 675
Municipal Disaster Relief Grant (MDRG)	2 334	7 997 432
	403 235 832	**390 336 107**
Capital grants		
Municipal Infrastructure Grant (MIG)	71 162 999	80 990 997
Energy Efficiency and Demand Side Management Grant (EEDG)	4 000 000	-
	75 162 999	**80 990 997**
	478 398 831	**471 327 104**

Government Grants and Subsidies consist of Conditional and Non conditional grants.

Non-conditional grants - No conditions are required for the municipality to meet on these category of grants. The following are non -conditional grants:

Equitable Share and EEDG

Conditional grants - Conditions are needed to be met after receiving these particular grants. The following are conditional grants:

EPWP, FMG, MDRG and MIG

Where conditions were not met, grants will remain as liabilities under Unspent conditional grants and receipts note 15.

Below are reconciliations of conditional grants:

Municipal Infrastructure Grant (MIG)

	2025	2024
Balance unspent at beginning of year	-	258 759
Not approved by National Treasury	-	(258 759)
Current-year receipts	71 163 000	80 991 000
Conditions met - transferred to revenue	(71 163 000)	(80 991 000)
	-	**-**

Expanded Public Works Program (EPWP)

	2025	2024
Current-year receipts	3 648 000	3 151 000
Conditions met - transferred to revenue	(3 648 000)	(3 151 000)
	-	**-**

Municipal Disaster Relief Grant

	2025	2024
Balance unspent at beginning of year	2 333	3 500 000
Current-year receipts	-	4 500 000
Conditions met - transferred to revenue	(2 333)	(7 997 667)
	-	**2 333**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

Finance Management Grant (FMG)

Current-year receipts	2 400 000	2 400 000
Conditions met - transferred to revenue	(2 400 000)	(2 400 000)
	-	-

Energy Efficiency and Demand Side Management Grant (EEDG)

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

33. Traffic fines

Traffic fines issued	1 635 360	899 042
Vehicle pounding	377 586	-
	2 012 946	**899 042**

34. Interest-overdue accounts (property rates)

Interest on overdue accounts (Property rates)	44 408 998	40 708 966

The culture of non-payment still persist at the municipality hence the interest on overdue accounts still increase.

35. Public contributions and donations

Department of CoGHSTA	14 246 788	28 368 394

During the year land parcels were donated and registered in the name of the municipality through donation.

36. Revenue

Service charges	12 704 039	9 321 962
Construction contracts	18 029 000	32 220 000
Rental of facilities and equipment	641 711	273 811
Interest received on overdue accounts (other services)	6 491 760	3 992 553
Agency services	508 248	557 560
Licenses and permits	7 520 857	7 307 730
Gains on provisions	25 306 457	20 494 409
Recoveries	29 437 490	-
Actuarial gains	253 000	2 882 000
Gain on assets disposal	-	545 223
Other income	3 616 353	2 859 938
Interest received - investment	25 852 972	25 579 179
Property rates	85 842 591	86 839 750
Traffic fines	2 012 946	899 042
Interest-overdue accounts (property rates)	44 408 998	40 708 966
Government grants & subsidies	478 398 831	471 327 104
Donations received	14 246 788	28 368 394
	755 272 041	**734 177 621**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

36. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	12 704 039	9 321 962
Construction contracts	18 029 000	32 220 000
Rental of facilities and equipment	641 711	273 811
Interest received on overdue accounts (other services)	6 491 760	3 992 553
Agency services	508 248	557 560
Licenses and permits	7 520 857	7 307 730
Gains on provisions	25 306 457	20 494 409
Recoveries	29 437 490	-
Actuarial gains	253 000	2 882 000
Gain on assets disposal	-	545 223
Other income	3 616 353	2 859 938
Interest received - investment	25 852 972	25 579 179
	130 361 887	**106 034 365**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	85 842 591	86 839 750
Traffic fines	2 012 946	899 042
Interest on overdue accounts (Property rates)	44 408 998	40 708 966
Transfer revenue		
Government grants & subsidies	478 398 831	471 327 104
Public contributions and donations	14 246 788	28 368 394
	624 910 154	**628 143 256**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs

Acting allowances	79 976	56 721
Bargain council	46 980	42 493
Basic	123 093 364	111 106 366
Car allowance	13 903 635	13 273 712
Cellphone Allowance	1 097 787	1 039 213
Clothing Allowance	15 000	20 000
Danger allowance	379 563	366 762
Defined contribution plans	19 872 671	18 233 117
Housing benefits and allowances	411 482	396 705
Leave and bonus provision	1 613 419	-
Leave pay	928 321	1 167 930
Long-service awards	646 788	1 744 637
Long Service Awards and Post Employee Medical Aid provision	4 433 000	6 960 000
Medical aid - company contributions	8 916 251	7 800 259
Night Shift	332 644	328 663
Overtime payments	6 296 980	6 744 729
Rural Allowance	189 025	223 877
Skills Development Levy	1 404 341	1 301 835
Unemployment Insurance Fund	738 332	703 471
Standby allowance	132 741	178 542
Compensation Commission	1 603 194	1 413 396
13th Cheques	8 257 345	7 523 321
	194 392 839	**180 625 749**

Remuneration of Accounting Officer

Annual Remuneration	1 242 143	1 077 340
Rural Allowance	41 848	41 948
Car Allowance	108 000	108 000
Contributions to UIF, Medical and Pension Funds	16 552	12 727
Subsistence and Travelling	103 948	44 446
Cellphone Allowance	24 000	24 000
Back-pay	247 047	2 897
Non-pensionable allowance	20 340	20 340
	1 803 878	**1 331 698**

Mr VD Khoza was the Accounting Officer for the year ended 30 June 2025 .

Remuneration of chief finance officer

Annual Remuneration	722 519	683 581
Rural Allowance	43 504	40 456
Car Allowance	390 000	344 334
Contributions to UIF, Medical and Pension Funds	11 331	10 948
Subsistence and Travelling	139 016	84 149
Cellphone Allowance	16 800	16 800
Back-pay	38 882	67 653
Non-pensionable allowance	20 340	20 340
	1 382 392	**1 268 261**

Mr F Nkuna was the Chief Finance Officer for the year ended 30 June 2025, until his resignation on the 31 July 2025.

Remuneration of Directors-Corporate & Shared Services

Annual Remuneration	529 102	404 034

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs (continued)

Car Allowance	250 000	110 000
Cellphone Allowance	15 000	8 400
Contributions to UIF, Medical and Pension Funds	9 706	6 727
Subsistence & Travelling	96 777	41 741
Rural Allowance	31 164	21 122
Leave pay	-	67 808
Acting Allowance	9 090	-
Backpay	163 435	78 504
Non-pensionable allowance	16 950	11 865
	1 121 224	**750 201**

Mr M.F Rapelego was appointed as the Acting Director on the position from 1 January 2024 to 31 August 2024 and subsequently appointed on a permanent basis in September 2024.

Remuneration of Director Technical Services

Annual Remuneration	161 268	811 855
Rural Allowance	7 251	41 682
Car Allowance	20 000	240 000
Contributions to UIF, Medical and Pension Funds	2 901	24 133
Cellphone Allowance	2 800	16 800
Subsistence & Travelling	10 411	63 299
Backpay	38 882	82 705
Non-pensionable allowance	3 390	20 340
Leave pay	69 607	-
Acting allowance	3 896	-
	320 406	**1 300 814**

Mr. RH Mashamba was the Director for Technical Services up to 31 August 2024. Mr NT Mahani was appointed to act from 01 September 2024 to 31 March 2025. Mr. DL Mathonsi was appointed to act from 01 of April 2025 to 30 June 2025.

Ms. B Mashele was subsequently appointed as the Director Technical Services on permanent basis from the 1st of July 2025.

Remuneration of Director Strategic Planning and LED

Annual Remuneration	420 768	710 397
Car Allowance	135 000	296 141
Rural Allowance	21 752	41 681
Contributions to UIF, Medical and Pension Funds	6 795	48 452
Cellphone Allowance	8 400	16 800
Subsistence & Travelling	55 084	129 971
Backpay	38 883	82 705
Leave pay	85 386	-
Non-pensionable allowance	10 170	20 340
Performance bonus	-	65 257
	782 238	**1 411 744**

The contract of Ms. KV Sithole ended on 31 December 2024. Mr NJ Nkuna was appointed as the Acting Director from 01 January 2025 to 30 June 2025.

Ms. T Mahatlani was appointed as the Director for Planning & Local Economic Development on permanent basis from the 1st of July 2025.

Remuneration of Director Community Services

Annual Remuneration	817 519	806 103
Car Allowance	300 000	212 000

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs (continued)

Rural Allowance	43 504	37 087
Contributions to UIF, Medical and Pension Funds	11 607	26 118
Cellphone Allowance	16 800	16 800
Non-pensionable allowance	-	1 074
Subsistence & Travelling	115 498	102 167
Backpay	38 881	137 092
	1 343 809	**1 338 441**

Ms RT Chabalala was the Director Community Services for the period under review.

38. Remuneration of councilors

Mayor	1 142 836	1 003 681
Speaker	923 665	812 867
Councilors	26 828 240	23 692 387
Chief Whip	869 544	765 165
SDL	236 619	205 950
	30 000 904	**26 480 050**

In-kind benefits

The Mayor, Speaker, Chief Whip and Three Executive Committee Members are full-time (Head of Finance, Head of Corporate and Shared Services and Head of Infrustracture Portfolios). The Mayor, Speaker and Chief Whip are provided offices and secretarial support at the cost of the Council.

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

39. Depreciation and amortisation

Property, plant and equipment	92 802 568	92 177 273
Investment property	77 990	91 044
Intangible assets	4 632 328	2 837 918
	97 512 886	**95 106 235**

40. Impairment loss

Impairments		
Property, plant and equipment	7 731 630	8 469 274

41. Finance costs

Interest on late payments	3 474 963	3 122 786
Interest on compensation commission	-	123 793
Rehabilitation of dumping site	2 426 953	2 112 329
	5 901 916	**5 358 908**

42. Lease rentals on operating lease

Equipments		
Contractual amounts	1 925 234	2 011 139

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

43. Debt impairment

Services	106 112 983	86 900 972
Traffic fines	1 007 250	834 600
	107 120 233	**87 735 572**

44. Bad debts written off

Bad debts written off	25 306 457	-

45. Contracted services

Infrastructure Services	2 907 865	6 098 891
Electrical Services	19 263 135	56 377 914
Business and advisory services	25 458 406	22 984 915
Other Contractors	5 123 622	7 423 154
	52 753 028	**92 884 874**

46. Transfer and subsidies

SMME support	1 600 000	1 500 000

47. Loss on assets written off

Loss on assets written off	2 643 111	2 419 156

48. Damaged and Obosolete inventory written off

Damaged and Obosolete inventory written off	341	39 553

49. Repairs and maintenance

Landscaping	303 305	51 500
Equipment	33 045	59 403
Cemeteries	16 000	-
Vehicles	1 101 386	1 428 649
Machinery	7 192 808	10 184 776
Free Burial Services	6 957	43 000
	8 653 501	**11 767 328**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

50. General expenses

Accommodations	9 416 434	4 622 374
Advertising	2 418 763	1 513 335
Auditors remuneration	6 043 142	5 465 477
Bank charges	326 421	347 554
Cleaning	1 437 720	1 210 611
Community development and training	9 915 668	9 114 760
Consumables	4 577 059	7 251 714
Donations	705 710	-
Electricity	4 041 640	2 078 360
Free basis electricity	11 232 336	10 879 181
Fuel and oil	9 638 963	8 488 093
Gifts	534 158	70 531
Hire	1 975 392	1 394 224
Insurance	2 848 736	2 237 086
Bursaries	708 406	867 658
IT expenses	3 213 687	2 521 754
Legal services	15 491 589	4 124 926
Mayor's tournament	-	66 180
Motor vehicle expenses	360 534	244 728
Postage and courier	1 767	2 322
Printing and stationery	734 754	563 722
Protective clothing	2 975 148	1 625 634
Seating allowance	3 913 754	3 852 697
Subscriptions and membership fees	5 108 293	3 923 862
Telephone and fax	253 231	484 902
Travel - local	6 924 637	6 426 647
Uniforms	121 328	847 680
Sports achievements awards	453 444	-
	105 372 714	**80 226 012**

51. Auditors' remuneration

Fees	6 043 142	5 465 477

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

52. Cash generated from operations

Surplus	114 357 247	139 553 771
Adjustments for:		
Depreciation and amortisation	97 512 886	95 106 235
Obsolete and damaged inventory written off	341	39 553
Loss on assets written off	2 643 111	2 419 156
Actuarial gains	(253 000)	(2 882 000)
Gain on disposal	-	(545 223)
Donations received	(14 246 788)	(28 368 394)
Donations paid	705 710	-
Gains on provision	(25 306 457)	-
Reversal of impairments	7 731 630	8 469 274
Debt impairment	107 120 233	87 735 572
Bad debts written off	25 306 457	-
Movements in retirement benefit	4 607 000	7 232 000
Movements in provisions	837 710	(19 511 401)
Changes in working capital:		
Inventories	142 976	(434 374)
Receivables from exchange transactions	(14 400 304)	(18 331 877)
Other receivables from exchange transactions	(10 159 094)	(19 604 440)
Receivables from non-exchange transactions	(90 112 515)	(63 446 797)
Payables from exchange transactions	24 848 947	4 178 092
Unspent conditional grants and receipts	(2 333)	(3 756 429)
Deferred income	1 634 835	418 720
	232 968 592	**188 271 438**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

53. Commitments

Authorised capital expenditure

Contract approved and some services have been rendered		
• Infrastructure	51 746 408	64 096 167
• Community	6 417 881	6 840 590
• Buildings	1 062 592	2 539 909
• Electricity	572 940	-
• Investment property	1 480 692	-
	61 280 513	**73 476 666**

Contract approved but where services have not been rendered		
• Infrastructure	48 361 915	-
• Electricity	-	1 185 337
• Community	2 484 383	-
• Investment property	11 071 011	-
	61 917 309	**1 185 337**

Total capital commitments		
Already contracted for but not provided for	61 280 513	73 476 666
Not yet contracted for and authorised by accounting officer	61 917 309	1 185 337
	123 197 822	**74 662 003**

Total commitments

Total commitments		
Authorised capital expenditure	123 197 822	74 662 003

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality with a minimum lease payments of R 1 017 699,24 (2025) (R 864 065.63: 2024) for photocopiers and radiophones(R 65 148) 2025 (R 69 148) (2024). Contingent rent is payable on the number of copies made for the month.

Rental expenses relating to operating leases		
Contractual payments	1 281 233	1 016 957
Contingent rents	644 001	994 922
	1 925 234	**2 011 879**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

54. Contingencies

The municipality has various claims of legal disputes with suppliers that are subject to mediation or legal process.

There is a possibility that the municipality will make some disburesment in the future, but the timing of the payments cannot be reliably estimated.

The table below indicates the details of the claims:

Case Description		
Mpongwa Hesekani Emmanuel vs GGM. The plaintiff is suing the Municipality for damages he suffered as result of rain	1 000 000	1 000 000
Dane Projects vs GGM. The municipality is being sued for outstanding invoices for work done.	-	7 140 000
Lunnick Base Khoza vs GGM. The municipality is sued for damage to a car accident owing to its failure to fix potholes	66 531	66 531
GGM vs TR construction & plant hire. The municipality is being sued for the claim of payment for the work allegedly done whilst claimant was a subcontractor.	1 863 598	1 863 598
PGN Civils (Pty) Ltd vs GGM. The municipality is being sued for outstanding invoices for work done	1 186 328	1 186 328
Rev Dr Mafrecha F Chabalala vs GGM Land dispute	-	1 600 000
SIDA Consulting & Projects (Pty) Ltd//GGM - Contractual dispute	1 658 578	1 658 578
Mashimbye Witness//GGM	400 000	400 000
Kulani Ngoveni vs GGM - Civil suit against GGM	38 757	38 757
Maselesele//GGM The matter arose as a land dispute where Plaintiff is accusing the municipality of trespassing and removing belongings	-	180 000
Moses Tembe vs GGM-The matter arose as a land dispute where plaintiff is occupying municipal land.	-	-
Mahomane Vinah. Civil claims for bodily injuries caused by an open electrical cable	2 000 000	-
Thuso Financial Consultants. Service provider disputed SLA.	923 300	-
Arocon vs GGM - The service provider is of the view that the municipality owes them money for expenses incurred by them on site without approval	2 451 027	-
Setlwana Kamogelo Remand vs GGM - civil matter, inquiry into the transfer of the deceased estate.	200 000	-
Caroline Manamela vs GGM	46 000	-
	11 834 119	**15 133 792**

Contingent assets

GGM vs Former MM. Recovery for fruitless and wasteful expenditure	2 793 037	2 793 037

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

55. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report page 9 4
Councillors	Refer to general information on page 1 to 2
Members of key personnel	Refer to note 35
Members of key management	Mr VD Khoza was the Accounting Officer during the year under review. Mr F Nkuna was the CFO during the year under review and subsequently resigned on the 31 July 2025. Mr. MF Rapelego was appointed as the Director Corporate and Shared Services from 01 September 2024 Mr RH Mashamba was the director Technical services up to 31 August 2024 when his contract expired and Mr NT Mahani was appointed as the acting director from 01 September 2024 and Mr DL Mathonsi was appointed as the acting director from 01 April 2025 to 30 June 2025. Ms K V Sithole was the Director Strategic Planning and LED up to 31 December 2024 when her contract expired and Mr. NJ Nkuna was appointed as the acting director from 01 January 2025 to 30 June 2025. Ms R T Chabalala was Director Community Services during the year under review.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

55. Related parties (continued)

Remuneration of management

Management class: Councilors

2025

Name	Basic salary	Cellphone and Data	Car Allowance	SDL	Backpay	Total
Cllr. T Zitha	722 254	47 004	240 751	8 870	132 825	1 151 704
Cllr. AE Mboweni	577 803	47 004	192 601	7 190	106 257	930 855
Cllr. T Makondo	541 857	47 004	180 619	6 776	100 064	876 320
Cllr. RB Ngunyule Mabunda	541 857	47 004	180 619	6 776	100 064	876 320
Cllr. TJ Mabunda	541 857	47 004	180 619	6 776	100 064	876 320
Cllr. NHP Ndaba	541 857	47 004	180 619	7 521	100 064	877 065
Cllr. MR Mashale	302 194	47 004	100 731	3 986	55 645	509 560
Cllr. C Baloyi	302 194	47 004	100 731	3 986	55 645	509 560
Cllr. GA Maluleke	302 194	47 004	100 731	3 986	55 555	509 470
Cllr. TC Zitha	302 194	47 004	100 731	4 400	55 555	509 884
Cllr. TC Manganyi	302 194	47 004	100 731	4 400	55 555	509 884
Cllr. RE Makondo	527 395	47 004	180 619	6 454	78 142	839 614
Cllr. RN Sekgobela	228 567	47 004	76 189	3 128	42 036	396 924
Cllr.BA Shibambu	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. RC Mabunda	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. SS Mavasa	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. NN Maswanganyi	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. SS Mathebula	228 567	47 004	76 189	3 442	42 036	397 238
Cllr. M Shiviti	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. GE Kobane	-	-	-	577	57 741	58 318
Cllr. NP Mlambo	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. XL Ngobeni	293 328	44 604	97 778	3 858	53 948	493 516
Cllr. NS Monyipote	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. VS Makamu	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. MC Machipi	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. MC Chabalala	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. RG Ngunyula	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. PT Mokgobi	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. MA Khosa	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. TE Rikhotso	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. MR Maluleke	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. TE Nkuna	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. S Sambo	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. SC Mahlawule	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. TN Shirinda	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. PH Makhuvele	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. TA Mathonsi	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. NR Shilowa	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. RE Ngoveni	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. KO Maswanganyi	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. P Rikhotso	228 567	47 004	76 189	3 128	42 036	396 924
Cllr, JP Shibambu	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. L Nkuna	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. RT Mabunda	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. E Mahasha	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. A Rabothata	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. JN Mashele	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. CS Rikhotso	293 328	47 004	97 778	3 882	53 948	495 940
Cllr. KS Dlamini	228 567	47 004	76 189	3 128	42 036	396 924

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

55. Related parties (continued)

Cllr. MD Hlungwani	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. ML Chauke	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. TN Baloyi	288 822	47 004	100 731	3 867	53 319	493 743
Cllr. S Mongwe	-	-	-	272	27 225	27 497
Cllr. TP Mashaba	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. PP Mkhari	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. MS Hlongwane	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. SM Mhangwane	228 567	47 004	76 189	3 128	42 036	396 924
Cllr MJ Nkuna	-	-	-	272	27 225	27 497
Cllr. DJ Hlongwane	228 567	47 004	76 189	3 128	42 036	396 924
Cllr. SR Nkuna	228 567	47 004	76 189	3 674	30 874	386 308
Cllr. MM Mathonsi	228 567	44 604	76 189	3 687	34 594	387 641
Cllr Ngobeni S	228 567	32 400	76 189	-	24 129	361 285
Cllr. KL Ngobeni	228 567	44 604	76 189	3 211	31 804	384 375
Cllr. IN Shivambu	54 612	11 151	18 204	1 550	74 695	160 212
Cllr. MP Chaka	226 805	47 004	76 189	3 454	10 639	364 091
Cllr. Masingi JS	173 954	35 253	57 985	2 140	3 233	272 565
Cllr Mathebula MP	-	-	-	173	17 325	17 498
Cllr. MP Hlungwani	-	-	-	272	27 264	27 536
	17 640 302	**2 891 844**	**5 889 984**	**236 604**	**3 342 170**	**30 000 904**

2024

Name	Basic salary	Cellphone and Data	Car allowance	SDL	Backpay	Total
Cllr. T Zitha	686 073	46 570	228 691	7 607	42 348	1 011 289
Cllr. AE Mboweni	548 859	46 570	182 953	6 185	34 485	819 052
Cllr. T Makondo	514 556	46 570	171 519	5 836	32 521	771 002
Cllr. RB Ngunyule Mabunda	514 556	46 570	171 519	5 829	32 521	770 995
Cllr. TJ Mabunda	514 556	46 570	171 519	5 829	32 521	770 995
Cllr. NHP Ndaba	514 556	46 570	171 519	6 537	32 521	771 703
Cllr. MR Mashale	287 060	46 570	95 687	3 483	19 486	452 286
Cllr. C Baloyi	287 060	46 570	95 687	3 471	19 486	452 274
Cllr. GA Maluleke	287 060	46 570	95 687	3 490	19 486	452 293
Cllr. TC Zitha	287 060	46 570	95 687	3 871	19 486	452 674
Cllr. TC Manganyi	287 060	46 570	95 687	3 471	19 486	452 274
Cllr. RE Makondo	504 217	46 570	171 519	5 776	31 928	760 010
Cllr. RN Sekgobela	216 492	46 570	72 372	2 776	18 919	357 129
Cllr. BA Shibambu	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. RC Mabunda	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SS Mavasa	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. NN Maswanganyi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SS Mathebula	216 492	46 570	72 372	3 040	15 478	353 952
Cllr. M Shiviti	278 633	46 570	92 882	3 387	19 003	440 475
Cllr. GE Kobane	188 305	42 653	66 304	2 432	15 478	315 172
Cllr. NP Mlambo	217 117	46 570	72 372	2 744	15 478	354 281
Cllr. XL Ngobeni	278 633	44 570	92 882	3 364	19 003	438 452
Cllr. NS Monyipote	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. VS Makamu	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MC Machipi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. NC Chabalala	278 633	46 570	92 882	3 391	19 003	440 479
Cllr.RG Ngunyula	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. PT Mokgobi	278 633	46 570	92 882	3 394	19 003	440 482
Cllr. MA Khosa	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TE Rikhotso	216 492	46 570	72 372	2 744	15 478	353 656
Cllr. MR Maluleke	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TE Nkuna	278 633	46 570	92 882	3 419	19 003	440 507

55. Related parties (continued)

Cllr. S Sambo	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SC Mahlawule	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TN Shirinda	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. PH Makhuvela	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TA Mathosi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. NR Shilowa	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. RE Ngoveni	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. KO Maswanganyi	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. P Rikhotso	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. JP Shibambu	216 492	46 570	72 372	2 769	15 478	353 681
Cllr. L Nkuna	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. RT Mabunda	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. E Mahasha	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. A Rabothata	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. JN Mashele	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. CS Rikhotso	278 633	46 570	92 882	3 384	19 003	440 472
Cllr. KS Dlamini	216 492	46 570	72 372	2 744	15 478	353 656
Cllr. MD Hlungwani	216 492	46 570	72 372	2 744	15 478	353 656
Cllr. ML Chauke	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. TI Rikhotso	52 655	11 317	17 760	785	15 478	97 995
Cllr. TN Baloyi	286 354	46 570	95 687	3 432	16 051	448 094
Cllr. S Mongwe	-	-	-	122	12 161	12 283
Cllr. TP Mashaba	216 492	46 570	72 372	2 744	15 478	353 656
Cllr. PP Mkhari	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MS Hlongwane	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. SM Mhangwane	216 492	46 570	72 372	2 742	15 478	353 654
Cllr. MJ Nkuna	-	-	-	122	12 161	12 283
Cllr. DJ Hlongwane	216 492	46 570	72 372	2 742	15 472	353 648
Cllr. SR Nkuna	202 914	42 870	66 526	3 012	2 211	317 533
Cllr. MM Mathonsi	216 492	44 570	72 372	3 244	5 644	342 322
Cllr. S Ngobeni	145 633	21 600	48 544	3 200	-	218 977
Cllr. KL Ngobeni	216 492	44 570	72 372	3 234	4 422	341 090
Cllr. IN Shivambu	215 360	44 570	72 372	-	3 200	335 502
Cllr. MP Hlungwani	-	-	-	118	11 785	11 903
Cllr. MP Hlungwani	-	-	-	122	12 161	12 283
	16 688 069	**2 858 070**	**5 576 707**	**205 938**	**1 151 266**	**26 480 050**

56. Accounting by principals and agents

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

Mopani District Municipality

Greater Giyani Municipality and Mopani District Municipality entered into legislated arrangement under which the Greater Giyani Municipality serves as an agent and Mopani District as a Principal.

Under this arrangement, Greater Giyani Municipality performs water and sewer functions on behalf of the Mopani District, all monies earned by the Greater Giyani Municipality.

Money from water and sewer services are disclosed as a liability and any monies paid by Greater Giyani Municipality to ensure smooth running of the water and sewer functions are disclosed as a receivable by Greater Giyani Municipality. Refer to Note 10.

	2025	2024
Agency fee @ (Water 20% and Sewer 5%)	508 248	557 560

Inter municipal Account

	2025	2024
Mopani District Municipality	42 191 820	39 328 586

56. Accounting by principals and agents (continued)

Department of Transport - Limpopo

The Municipality has entered into an agreement with the Department of Transport under which the Department serves as a Principal and the Municipality as an agent.

Under this arrangement, the Municipality performs licensing functions on behalf of the department of transport and earns a commission of the total revenue collected from this services. The balance is transferred to the department of transport and other stakeholders. The following is a summary of revenue as a result of the arrangements at year end.

Agency fee		
Total collection on behalf of the principal	25 582 249	25 057 232
Total amount paid or transferred to the principal	(18 311 428)	(17 892 829)
	7 270 821	**7 164 403**

Details of the arrangement(s) are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10 for further reconciliation.

The municipality is entitled to 20% of the total collection

The municipality is also a party to an agreement between the municipality and the department of roads and transport to collect revenue licensing and permits. The municipality is entitled to 20% of the revenue collected.

Agency Expense		
Root - X - Auctioneers (Pty) Ltd	-	235 175

The municipality has appointed Root X Auctioneers (Pty) Ltd to render auction services to auction the assets of the municipality on the 3 years basis, through a tender process. The commencement of the is 25 January 2024.

The auctioneer is liable for the expenses incurred such as security, advertisement and etc.

Commission expense / Agency fee expense is 11.5%

57. Risk management

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.

	2025 Less than 1 year
Payables from exchange transactions	102 608 113
	102 610 138

	2024 Less than 1 year
Payables from exchange transactions	85 148 568
Bank overdraft	1 684 163
	86 834 755

57. Risk management (continued)

Credit risk

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

Trade receivables comprise a widespread customers.

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

Financial instrument	2025	2024
Cash and cash equivalents	269 868 504	250 549 884
Receivables from exchange transactions	53 761 845	50 530 509
Other receivables from exchange transactions	23 545 872	13 074 921

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. At year end the financial instruments exposed to interest rate risk were as follows:

Financial Instruments		
ABSA Call Account	5 619 408	4 775 233
ABSA Call Account	179 502 104	194 322 046
	185 121 512	**199 097 279**

58. Deviations

Bowmans	1 514 407	128 022
Sedupe @Metjia PTY (LTD) Consulting Firm	1 491 046	-
Isaaih Nyathi	108 861	855 250
Mchwechwe (Pty(Ltd	133 750	-
Mvuri Business Enterprise	-	239 020
Titami Business Enterprise	78 947	-
Closing balance	**3 327 011**	**1 222 292**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

59. Fruitless and wasteful expenditure

Opening balance as previously reported	10 383 959	7 526 790
Add: Fruitless and wasteful expenditure identified - current	3 711 314	3 125 043
Less: Amount written off - current	(4 908)	(267 874)
Closing balance	**14 090 365**	**10 383 959**

An amount of R 9 870.28 for 2019/2020 financial year is yet to be recovered, as per recommendation by MPAC.

An amount of R 22 455.00 is still under investigation by MPAC.

An amount of R 3 453 423 is yet to be reported to MPAC for investigation.

Details of fruitless and wasteful expenditure

Interest incurred for late payment of FBE	-	493
Interest incurred for late payment certificate	-	1 992 979
Interest incurred for late payment certificate	-	102 193
High Court order and interest	-	11 635
Interest for late payment of court award	3 453 423	2 257
Interest incurred for late payment of retention claimed/court award	-	1 013 617
Interest incurred for taxed costs - court award relating to Botshabelo Consulting Engineers	-	1 869
Interest on overdraft	2 650	-
Interest and penalties on SARS VAT	18 888	-
Interest and penalties on COIDA	236 096	-
Interest on late payment of April 2020 MCPF	256	-
	3 711 313	**3 125 043**

60. Irregular expenditure

Opening balance as previously reported	22 998 049	28 502 602
Add: Irregular expenditure - current	-	7 981 274
Less: correction of prior year error	-	(1 196 000)
Less: Amount written off - current	(15 038 218)	(12 289 827)
Closing balance	**7 959 831**	**22 998 049**

An amount of R 1 196 000 was raised by AGSA in prior year audit and it was resolved.

An amount of R 7 959 831 is still under investigation by MPAC and Financial FMB.

Incidents/cases identified/reported in the current year include those listed below:

PPR implementation on specific goals	-	1 257 575
7 days advertisement was not done for this procurement	-	5 539 029
The supplier is in the services of the state and it was not declared in the service of the state.	-	92 860
Bidders unfairly disqualified	-	1 030 235
Evaluation criteria was not the same	-	61 575
	-	**7 981 274**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

60. Irregular expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of - from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable and the service was delivered in accordance with contract stipulations.

Nkomo Upgrading from gravel to tar	5 167 352	-
Giyani Stadium Section A	4 473 640	-
Non-implementation of Preferential Procurement Regulations, 2022	4 119 420	-
Meals and accomdation	512 418	-
Meals, Advertisement and Accomodation	765 388	-
	15 038 218	**-**

61. Unauthorised expenditure

The municipality did not incur any unauthorised expendithure in the current year under review.

62. Additional disclosure in terms of Municipal Finance Management Act

SALGA

Current year subscription / fee	46 980	42 549
Amount paid - current year	(46 980)	(42 549)
	-	-

Audit fees

Opening balance	1 856	-
Current year subscription / fee	6 029 566	5 463 621
Amount paid - current year	(6 017 846)	(5 461 765)
	13 576	**1 856**

PAYE and UIF

Current year subscription / fee	32 264 919	28 626 903
Amount paid - current year	(32 264 919)	(28 626 903)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	33 573 149	30 553 622
Amount paid - current year	(33 573 149)	(30 553 622)
	-	-

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

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

Councillors' arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Dlamini Khanyisa Sylvia	1 456	10 027	11 483

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr. Dlamini Khanyisa Sylvia	2 734	24 824	27 558

During the year the following Councilors' had arrear accounts outstanding for more than 90 days.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

63. Going concern

The municipality is a going concern due to the following:

Legislative Mandate-

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

Ratio Analysis

The municipality has a current ratio of 2:50 meaning that there are sufficient liquid reserves to cover their current liabilities 2 times. The readily available cash reserves of R 474 037 795 exceed total current liabilities of R189 380 427 by R 284 657 368 meaning there are sufficient reserves to cover all liabilities when they fall due leaving sufficient working capital to cover operations.

1. Creditors days exceed 30 days.

The creditors balance includes retention amount held at year end and will be released when the retention period expires.

2. Overdue payments at year end are more than 2% of budgeted operating expenditure for year.

Reconcile accounts monthly: performing monthly reconciliations of bank statements and suppliers accounts to help to identify and clear outstanding transactions before the financial year end.

3. Current liabilities (excluding unspent conditional grants) exceed 10% of next year's budgeted resources.

The municipality have appointed the debt collector to accelerate on the collection of revenue

4. Debtors’ days - consumer debtors exceed 30 days.

The municipality has appointed a service provider to assist with the debt collection.

The municipality will review and implement the existing revenue enhancement strategy.

The appointed service provider and the revenue enhancement strategy will assist in revenue collection which will lead to reduction of municipal debt.

5. Debtors’ days - other receivables exceed 30 days.

The municipality has appointed a service provider to assist with the debt collection.

The municipality will review and implement the existing revenue enhancement strategy.

The appointed service provider and the revenue enhancement strategy will assist in revenue collection which will lead to reduction of municipal debt.

6. Debtors’ impairment provision exceeds 10% of accounts receivable.

The municipality has appointed a service provider to assist with the debt collection.

The municipality will review and implement the existing revenue enhancement strategy.

The appointed service provider and the revenue enhancement strategy will assist in revenue collection which will lead to reduction of municipal debt.

7. Poor enforcement of credit control measures

The municipality has appointed a service provider to assist with the debt collection.

63. Going concern (continued)

The municipality will review and implement the existing revenue enhancement strategy.

The appointed service provider and the revenue enhancement strategy will assist in revenue collection which will lead to reduction of municipal debt.

8. Repairs and maintenance expenditure level is less than 8%.

The municipality will budget capital related repairs and maintenance under capital and operational as repairs and maintenance.

The municipality will unbundle all repairs and maintenance projects during the budgeting process.

Grants Allocation (per Division of Revenue Act)

Under the DORA Act the municipality has been allocated the following funds for the years 2025/26 to 2027/28.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

63. Going concern (continued)

Grant	2025/26 (R '000)	2026/27 (R '000)	2027/28 (R '000)	TOTAL (R '000)
Finance Management Grant (FMG)	2 400	2 500	2 600	7 500
Expanded Public Works Program (EPWP)	3 708	-	-	3 708
Municipal Infrastructure Grant (MIG)	75 059	81 450	85 298	241 897
Integrated National Electrification Grant	17 025	19 000	19 859	55 884
Equitable Share	395 772	393 730	411 529	1 201 031
Energy Efficiency & Demand Side Management Grant	4 000	-	4 000	8 000
	497 964	**496 680**	**523 286**	**1 518 020**

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.

Part of the grants tabled above has already been paid in between July and August 2025:

- Financial Management Grant R 2 400 000,
- Municipal Infrastructure Grant R 26 870 000,
- Equitable Shares R 164 905 000,
- Expanded Public Works Programme R927 000,
- Integrated National Electrical Grant, R 7 661 000 and
- Energy Efficiency & Demand Side Management Grant R1 000 000.

Exposure to Financial Risk

The municipality's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, however the municipality risk to liquidity is as a result of the funds available to cover future commitments, the municipality manages liquidity through an ongoing review of future commitments.

The municipality exposure to litigations is very much at minimal and prospects of winning the cases are average.

Revenue Collection

In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years, the revenue received is from the following sources:

Property Rates

Refuse Collection

Licenses and permits

Interest earned

Rental of Facilities

Conclusion

Based on the assessment above, there are no material uncertainties that may cast significant doubt about Greater Giyani Municipality`s ability to continue as a going concern, the unaudited Annual Financial Statement has been prepared based on accounting policies applicable to a going concern to accumulated surpluses of an amount of R 1 576 745 278 was realised that its total assets exceed the liabilities by same amount

64. Prior-year adjustments

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

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

64. Prior-year adjustments (continued)

1. Receivables from exchange transactions - No provision was made for the auctioneer's receivable. As a result receivables from exchange transactions increased by R205 000.

2. Receivables from non exchange transactions - is due to reversal on the provision for traffic fines impaired the prior year and impairment reversal for property rates amounting to R 8 552 149.29.

3. VAT receivable - VAT receivable was apportioned between (VAT Receivable and VAT payable) and recelassified to Other receivable from exchangre transactions and payable from exchange transactions as per circular 38 of VAT Disclosure. separately.

64. Prior-year adjustments (continued)

4. Other receivables from exchange transactions - is due to reversal of impairment reversal for R 1 778 793 for other services.

VAT receivable was apportioned between (VAT Receivable and VAT payable) and recelassified to Other receivable from exchangre transactions and payable from exchange transactions as per circular 38 of VAT Disclosure separately.

5. Investment property - The associated land for municipal houses was not previously recognised, and several land parcels registered under the municipality had also not been accounted for. These omissions have been corrected by bringing the relevant land parcels into the investment property register. As a result, the carrying value of investment property increased by R17 889 455, with a corresponding adjustment to the opening balance of the earliest period presented.

6. Property, plant and equipment -

Motor vehicles

Motor vehicles were previously understated due to the erroneous disposal of a vehicle with a cost of R 692 355 and accumulated depreciation of R177 541. The error was corrected in the prior year by reversing the cost, accumulated depreciation, and disposal loss. The actual damaged vehicle, with a cost of R633 119 and accumulated depreciation of R190 215, has now been disposed of, resulting in a disposal gain of R36 035.

Infrastructure

The municipality identified several errors relating to the incorrect treatment of capital projects:
Preliminary design costs amounting to R1 983 923.37 for feasibility studies of access roads (Ngove, Thomo, Blinkwater,and Nkuri) were not capitalised with the related road assets.
Streetlight installation of R 6 364 873.57 in crime prone area (CBD) were omitted from transfers from work in progress in 2023.
Energy saving light installation along the R8 1, totalling R 768 170.4, were not transferred from WIP in the prior year.
Siyandhani access road expenditure of R 9 582 730.15 was not transferred from WIP.
Nkhensani hospital access road costs of R436 800 were also not transferred in the prior year.

As a result of these omissions:
Comparative depreciation expense increased by R 314 195.17
Comparative impairment loss increased by R 971.95
Comparative opening accumulated depreciation increased by R232 195.17
Comparative opening accumulated impairment loss increased by R179 040.23.

Community Assets

Capital expenditure for Shivulani Sport Centre amounting to R4 844 784.06 was not transferred from work in progress when capitalised in 2023, the amount was retrospectively transfered to community assets. Consequently, there was an increase in comparative depreciation expense by R161 934.05. Furthermore, opening accumulated depreciation increased by R51 323.36

Buildings
Movable chairs in the council chamber amounting to R38 117.74 were incorrectly classified under buildings instead of furniture & fittings. The reclassification resulted in a decrease in building's prior year's depreciation by R10.44

Air conditioners, plant & machinery, and furniture & fittings amounting to R240 500, R5 831.83 and R72 445.53 respectively were previously misclassified under community assets. These items have now been correctly reclassified to the appropriate asset categories. The reclassification resulted in the reversal of depreciation of R5 822.42 that had been incorrectly recognised under community assets in the prior year. Consequently, the comparative depreciation for air conditioners, plant & machinery, and furniture & fittings increased by R16 472.60, R321.15 , and R3 989.47 respectively.

Plant and machinery was understated in the prior year as certain capital items were incorrectly expensed. The error was corrected by decreasing consumables (R10 954) and contracted services - infrastructure (R10 005), and increasing plant and machinery by R20 959. Depreciation of R1 268 has been recognised on these items..

Furniture & Fittings- Accumulated depreciation, impairment
An impairment of furniture and fitting amounting to R 2 484 was reversed. The assets had no carrying value and therefore did

64. Prior-year adjustments (continued)
not require further impairment.

7. **Debt impairment** - is due to reversal on the provision for traffic fines impaired the prior year amounting to R 304 600 and impairment reversal of property rates amounting to R 8 552 149.52.

8. Gain on assets disposal - Gains for auction in the prior year for assets auctioned of R 214 296 excluding VAT was not properly accounted. The outstanding balance was not accrued.

9 . **Donations received** - Donations of land parcels with an amount of R 9 796 802 were not properly accounted in the prior year.

10. Employee costs - Compesantion commission was under provided in the prior year with an amount R 347 134.

11. Depreciation

Plant and machinery was not provided for in the prior year, for R 36 353

Community assets were overstated in prior year. The error was corrected by decreasing community assets by R 38 499 and increasing plant and machinery by the same amount. Depreciation of R1 139 has been recognised on this item. Depreciation of R189,86 previously recognised under community asset has been reversed.

12. Finance costs - provision was not submitted in time and interest was charged for R 123 793.

13. Debt impairment - debt impairment due to recalculation of interest on property rates, traffic and other services for R 10 175 342

14 .Contracted services - Electrification of Sikhunyani village to the value of R3 579 074 was completed in the prior year but not transferred from work in progress. Comparative balance for electrification and electrical services expense was adjusted for transfer of this project.

15. Repairs and maintance - An amount of R 43 000 for repairs and maintanance was oversatated with plant and machinery.

16. General expenses - consumables were overstated in the prior year with an amount of R 10 954.

17. **Halted or Delayed projects**

In the prior an amount disclosed in halted project Makhosha upgrading from gravel to paving understated by R 391 282.22. The access road to the tribal offices was previously overstated by R1 983 923.37, relating to design costs that were subsequently utilised in the upgrading of gravel roads to tar and pavement. This error has been corrected retrospectively.Opening balances for the 2024 financial year were restated as follows: accumulated depreciation increased by R145 005.12 and accumulated impairment losses increased by R179 040.23. Comparative figures for 2023/24 were also restated, with depreciation expense increasing by R82 884.76 and impairment loss by R971.95. The work in progress has been restated accordingly.

18. In the prior year the municipality has disclosed a litigation for R 35 000 000, from former municipal manager which was never persued further. The municipality has also did not disclose the correct amount of litigation from TR Contruction of R 1 863 598 and Kulani Ngoveni of R 38 757.

19. Construction contract, WIP Electricity and Contracted Services

The municipality identified a prior period error relating to the accounting treatment of electrification projects. In previous years, electrification work in progress (WIP) was incorrectly recognised as Property, Plant and Equipment (PPE) in terms of GRAP 17. This treatment was based on the municipality's understanding of its role in the construction process and its powers in terms of section 84(1)(c) of the Municipal Structures Act.

However, following the issuance of Municipal SCOA Circular No. 16 on 15 October 2024, National Treasury clarified that electrification projects undertaken by unlicensed municipalities are presumed to be executed on behalf of Eskom, and that "the in-kind benefit to the municipality is the electrification provided by Eskom to consumers." Consequently, these projects no longer meet the definition or recognition criteria of PPE under GRAP 17, but instead fall within the scope of GRAP 11:

64. Prior-year adjustments (continued)
Construction Contracts.

As a result of the correction:

In the 2024/25 financial year, electrification WIP amounting to R2 103 510.79 has been reclassified and recognised as Expenditure: Contracted Services.

For the 2023/24 prior period, electrification WIP amounting to R911 205.89 has been retrospectively recognised as Expenditure: Contracted Services.

This correction ensures full alignment with GRAP 11, the mSCOA chart of accounts (version 6.9), and National Treasury guidance.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

64. Prior-year adjustments (continued)

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivable from exchange transactions	10	50 325 509	205 000	50 530 509
Receivable from non-exchange transactions	11	50 313 435	8 555 550	58 868 985
VAT Receivable	13	20 823 570	(20 823 570)	-
Other Receivable from non exchange transactions	13	11 296 126	42 364 123	53 660 249
Investment property	3	44 207 157	17 889 455	62 096 612
Property, plant and equipment	4	1 172 417 719	(5 474 625)	1 166 943 094
Payables from exchange transactions	18	(113 525 220)	(25 362 753)	(138 887 973)
Deferred income	16	(25 031 317)	(179 651)	(25 210 968)
		1 210 826 979	**17 173 529**	**1 228 000 508**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Gain on disposal	28	330 927	214 296	545 223
Traffic fines		753 642	145 400	899 042
Construction contracts		-	32 220 000	32 220 000
Donations received	35	18 571 592	9 796 802	28 368 394
Government grants and subsidies		503 547 104	(32 220 000)	471 327 104
Employee related costs	37	(180 278 615)	(347 134)	(180 625 749)
Finance costs	41	(5 235 115)	(123 793)	(5 358 908)
Depreciation and amortisation	39	(94 573 830)	(532 405)	(95 106 235)
Impairment loss	40	(8 470 785)	1 511	(8 469 274)
Debt impairment	43	(97 910 914)	10 175 342	(87 735 572)
Contracted services	45	(88 394 594)	(4 490 280)	(92 884 874)
Loss on assets written off	47	(2 424 748)	5 592	(2 419 156)
Repairs and maintenance		(11 724 328)	(43 000)	(11 767 328)
General expenditure	50	(80 236 966)	10 954	(80 226 012)
Surplus for the year		**(46 046 630)**	**14 813 285**	**(31 233 345)**

Contigent liabilities

	Note	As previously reported	Correction of error	Restated
MAXWELL MKHACANI CHAUKE// GGM - Civil litigation against former Municipal Manager Mr Maxwel Mkhachani Chauke, in relation to allegations of financial misconduct		35 000 000	(35 000 000)	-
GGM vs TR construction & plant hire. The municipality is being sued for the claim of payment for the work allegedly done whilst claimant was a subcontracto		863 598	1 000 000	1 863 598
Kulani Ngoveni vs GGM - Civil suit against GGM		42 923	(4 166)	38 757
Surplus for the year		**35 906 521**	**(34 004 166)**	**1 902 355**

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Notes to the Audited Annual Financial Statements

64. Prior-year adjustments (continued)

Cash flow statements

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Cash receipts from customers		103 316 995	(21 568 411)	81 748 584
Grants		499 790 675	(32 220 000)	467 570 675
Interest income		70 280 698	(44 799 040)	25 481 658
Other income		2 859 938	418 720	3 278 658
Employee cost		(194 599 704)	(7 390 385)	(201 990 089)
Suppliers		(237 095 160)	75 370 989	(161 724 171)
Finance costs		(3 122 786)	(123 793)	(3 246 579)
		241 430 656	**(30 311 920)**	**211 118 736**
Cash flow from investing activities				
Purchase of property, plant and equipment		(234 925 434)	56 929 401	(177 996 033)
Proceeds on assets disposal		-	676 715	676 715
		(234 925 434)	**57 606 116**	**(177 319 318)**

65. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units).

To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance, Revenues, Expenditures, Liabilities and Assets relating to these business units and are allocated at a transactional level.

Segments were identified based on the Municipal Finance Management Act section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statement is organised around the type of service delivered, and is presented in a statement format. As such, it is considered appropriate for external reporting purposes to achieve the objectives of the GRAP 18.

The four key business units comprise of:

Community and public safety - which includes Community and Social Services, Sport and Receation and Pubic saftey.

Planning ad economic development - which includes Property transfers and Registrations and Housing.

Finance and Administration - which includes Budget and Treasury, Executive and Council and Corporate.

Technical Services - which includes Infrastructure, Energy sources, Road and Transport, Property and PMU.

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activites which considers the nature of the services, the beneficiaries of such services and the fees charged for these services rendered (if any). The municipality operates in Giyani in the Limpopo province.

Types of goods and/or services by segment

These reportable segments as well as the services for each segment are set out below:

Reportable segment	**Goods and/or services**
Finance and Administration	All aspects of governance and the centralised Financial Administration of the municipality.
Community Services	Community and Social Services, Sport and Recreation and Public safety
Planning and Development	Property transfers and Registrations and Housing
Technical Services	Infrastructure, Energy sources, Road and Transport, Property and PMU

Notes to the Audited Annual Financial Statements

Figures in Rand

65. Segment information (continued)

Statement of Financial Performance

Revenue

	Finance and administration	Technical Services	Community Services	Planning and Development	Total
Revenue					
Service charges	-	-	12 704 039	-	12 704 039
Rental from fixed assets	-	-	641 711	-	641 711
Interest received from current assets	25 852 972	-	-	-	25 852 972
Agency services	508 248	-	-	-	508 248
Licences and permits	-	-	7 520 857	-	7 520 857
Operational revenue	55 936 531	-	1 620 508	1 056 261	58 613 300
Interest earned from customers (Other services)	-	-	6 491 760	-	6 491 760
Construction revenue	18 029 000	-	-	-	18 029 000
Interest earned from customers (Property rates)	44 408 998	-	-	-	44 408 998
Traffic fines	-	-	2 012 946	-	2 012 946
Property rates	85 842 591	-	-	-	85 842 591
Operational revenue	-	-	-	407 235 832	407 235 832
Transfers and subsidies-Capital (Monetary allocation)	71 162 999	-	-	-	71 162 999
Transfers and subsidies-Capital (In-Kind)	-	-	-	14 246 788	14 246 788
Total Revenue	**301 741 339**	**-**	**30 991 821**	**422 538 881**	**755 272 041**

Notes to the Audited Annual Financial Statements

Figures in Rand

65. Segment information (continued)

	Finance and administration	Technical Services	Community Services	Planning and Development	Total
Expenditure					
Employee related costs	96 092 796	36 585 931	52 846 841	8 867 270	194 392 838
Remuneration of Councillors	30 000 904	-	-	-	30 000 904
Depreciation and amortisation	97 434 896	-	-	77 990	97 512 886
Contracted services	52 753 028	-	-	-	52 753 028
Impairment loss	2 643 111	-	-	-	2 643 111
Inventory consumed	587 979	3 909 885	79 193	-	4 577 057
Debt impairment	106 112 983	-	1 007 250	-	107 120 233
Interest	3 474 963	-	2 426 953	-	5 901 916
Transfers and subsidies	-	-	-	1 600 000	1 600 000
Irrecoverable debts written off	-	-	25 306 457	-	25 306 457
Opertional costs	74 608 958	23 353 829	926 742	1 906 129	100 795 658
Other losses	9 657 205	8 294 194	359 307	-	18 310 706
Total Expenditure	**473 366 823**	**72 143 839**	**82 952 743**	**12 451 389**	**640 914 794**
Total surplus/(deficit)	**(171 625 484)**	**(72 143 839)**	**(51 960 922)**	**410 087 492**	**114 357 247**
Assets					
Inventory	1 983 210	306 171	-	31 085 000	33 374 381
Cash and cash equivalent	269 868 504	-	-	-	269 868 504
Receivables from non-exchange transactions	57 742 639	-	297 723	-	58 040 362
Receivables from exchange transactions	-	-	53 761 845	-	53 761 845
Other receivables from exchange transactions	59 037 341	-	-	-	59 037 341
Investment property	76 082 935	-	-	-	76 082 935
Property, Plant and Equipment	1 086 403 268	49 107 669	100 414 358	29 338 346	1 265 263 641
Heritage assets	339 866	-	-	-	339 866
Intangible assets	1 580 590	-	-	-	1 580 590
Total Assets	**1 553 038 353**	**49 413 840**	**154 473 926**	**60 423 346**	**1 817 349 465**
Total assets as per Statement of financial Position					**1 817 349 465**

65. Segment information (continued)

	Finance and administration	Technical Services	Community Services	Planning and Development	Total
Liabilities					
Trade and other Payable from exchange transactions	158 168 743	-	-	-	158 168 743
Employee obligations	32 948 000	-	-	-	32 948 000
Other liabilities	-	-	-	26 845 803	26 845 803
Provisions	-	-	24 700 613	-	24 700 613
Total Liabilities	**191 116 743**	**-**	**24 700 613**	**26 845 803**	**242 663 159**
Total liabilities as per Statement of financial Position					**242 663 159**

2024

	Finance and administration	Community and Public Safety	Planning and economic development	Total
Revenue				
Serve charges	-	9 321 962	-	9 321 962
Rental of facilities and equipment	-	273 811	-	273 811
Interest received on overdue accounts (other services)	-	3 992 553	-	3 992 553
Agency services	557 560	-	-	557 560
Licences and permits	-	7 307 730	-	7 307 730
Gains on provisions	983 008	-	-	983 008
Actuarial gains	2 882 000	-	-	2 882 000
Other income	1 973 874	204 448	678 139	2 856 461
Gain on provisions	19 511 401	-	-	19 511 401
Interest recieved - investment	25 579 179	-	-	25 579 179
Property rates	86 839 750	-	-	86 839 750
Traffic fines	-	753 642	-	753 642
Interest-overdue accounts (property rates)	40 708 966	-	-	40 708 966
Donations	-	-	18 571 592	18 571 592
Total segment revenue	**179 035 738**	**21 854 146**	**19 249 731**	**220 139 615**

65. Segment information (continued)

Entity's revenue				**220 139 615**
Expenditure				
Employee related costs	4 290 138	51 688 208	7 309 220	63 287 566
Depreciation and amortisation	71 817	1 098 507	18 407	1 188 731
Finance cost	3 122 786	2 430 980	-	5 553 766
Debt impairment	97 231 914	679 000	-	97 910 914
Contracted services	25 097 244	-	-	25 097 244
Transfers and subsidies	-	-	1 500 000	1 500 000
General expenses	11 226 735	9 114 760	-	20 341 495
Total segment expenditure	**141 040 634**	**65 011 455**	**8 827 627**	**214 879 716**
Total segmental surplus/(deficit)	**37 995 104**	**(43 157 309)**	**10 422 104**	**5 259 899**
Assets				
Inventory	2 432 017	-	-	2 432 017
Receivable from non-exchange transactions	50 347 312	(33 877)	-	50 313 435
Receivable from exchange transactions	-	9 424 414	-	9 424 414
Investment property	-	-	44 207 157	44 207 157
Property, plant and machinery	490 454	178 567 820	2 682 198	181 740 472
Total segment assets	**53 269 783**	**187 958 357**	**46 889 355**	**288 117 495**
Total assets as per Statement of financial Position				**288 117 495**
Liabilities				
Deferred income	-	-	25 031 317	25 031 317
Total liabilities as per Statement of financial Position				**25 031 317**

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS

Material differences between budget and actual amounts

Notes to the Audited Annual Financial Statements

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

A. Rental of facilities

Service is dependent on the needs of the community members. An increament of over 10% indicates that the demand from community members were favourable in the current year when compared to the prior year.

B. Interest Received (Trading services)

The increase is due to low revenue collection due to culture of non-payment has resulted in an increased debtor's book and increase the interest on outstanding debtors.

C. Agency Services

Agency fees commission is depended on the water and sanitation collection, therefore the municipality collected less when compared to the previous year.

D. License and permits

License and permits is a commission which is received for services rendered on behalf of department of transport therefore the municipality collected less than the anticipated budget hence the decrease when compared to the previous year.

E. Gains on provision

The increase is due to the gain on provision of rehabilitation of landfill site.

F. Acturial gains

The actual amount is due to the provision for post-employment medical aid.

G. Other income

Service is dependent on the needs of the community members. A decrease of over 10% indicates that the demand from community members were unfavourable in the current year when compared to the prior year

H. Interest on investment

The variance was caused by a huge positive cash balance maintained by the municipality, furthermore there were also more investments made by the municipality.

I. Traffic fines
Increase in the enforcement of traffic violations in the township and roadblocks conducted in the period under review.

J. Interest received on overdue accounts (Property rates)
The increase is due to low revenue collection due to culture of non-payment has resulted in an increased debtor's book and increase the interest on outstanding debtors.

K. Donations
Its due to land parcels which were donated to the municipality by the Department of Rural development and Land reforms.

L. Reversal of Impairment
This due to permanent reduction in assets value when the carrying amount (book value) exceeds the recoverable amount, which is the higher asset’s fair value less costs to sell and its value in use. Impairment loss reflects an unexpected, significant drop in value due to factors like market changes,damage, or obsolescence.

M. Finance Cost
This is due to cost incurred for development of the site and include the impact of discounting future closure and rehabilitation costs to their present value.

N. Lease rentals on operating lease

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

The variance was caused by the consumption usage on the machines, in the current year the number of photocopies which were made were less.

O. Debt Impairment

Budget was based on the audited figures for 2023/2024 financial year and a decrease in impairment shows more debtors can keep regular payments of their account.

P. Bad debts written off

The municipality wrote off traffic fines in the period under review in line with section 56(5) of the Criminal Procedure Act, No. 51 of 1977 in respect of traffic offences that have a life span of two (2) years from the date of issue thereof.

Q. Contracted Service

The contracted expenditure spent less due to some of the reduction in consultant fees, the municipality was doing VAT internally since the contract ended in December 2024.

R. Repairs & Maintenance

This is because of the reclassification from repairs and maintenance vote to WIP (Work in progress) because some of the maintenance was capital in nature.

S. Loss on Assets written off

Due to the pavement milling projects undertaken by the municipality, the old tar roads and removal of Road Furniture derecognised resulted in the loss on asset written off.

Figures in Rand	2025	2024

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

T. Damaged and obsolete inventory
Due to the movable assets which have lost value and are no longer productive due to physical damage and/or technological obsolescence.

U. Receivables from Exchange

This is the impact of low revenue collection due to culture of non-payment

V. Receivables from non-exchange

This is the impact of low revenue collection due to culture of non-payment

W. VAT Receivables

This is as a result of VAT receivables being reclassified to Other Receivables from Exchange transactions.

X. Other receivables from exchange transactions

This is as a result of VAT receivables being reclassified to Other Receivables from Exchange transactions.

Y. Investment Property

It is due to land parcels which were donated to the municipality by the Department of Rural development and Land reforms.

Z. Intangible Assets

This reduction is primarily attributable to significant decreases in Microsoft Volume Licence. This major decline is the single largest driver of the overall reduction and relate to a lower amortisation of prior capitalised costs and expiration of licence rights.

AA. VAT Payables

The actual balance of Nil is as a result of VAT Payables being reclassified to Payables from exchange transactions.

AB. Payables from Exchange Transaction

The difference is as a result of VAT Payables being reclassified to Payables from exchange transactions

AC. Employee Benefit Obligations

This is due to the line item not being budgeted for

AD. Unspent conditional grants and receipts

The municipality has spent 100% of the conditional grants.

AE. Provisions -rehabilitation of dumping site

The increase is due to the gain on provision of rehabilitation of landfill site as per experts valuations.

AF. Deferred Income

This is due to the line item not being budgeted for

AG. Interest Income

The variance was caused by a huge positive cash balance maintained by the municipality, furthermore there were also more investments made by the municipality

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

AH. Other Income

The municipality received money from VBS.

AI. Payments made to Suppliers

Legal services relating to litigations, high cost of electricity, accommodations, acquisition of protective clothing for employees and subscriptions led to the increase in general expenses

AJ. Finance Cost

Payments for litigations were inclusive of interest.

AK. Property Plant and Equipment

The increase is due to additions of assets that were procured in the current year and capitalization of completed projects in the current year.

AL. Purchase of intangible assets

Not budgeted for.

AM. Proceeds on investment Property

Not budgeted for.

AN. Deferred income receipts

Not budgeted for.

AO. Cash and Cash Equivalents

The positive cashflow position throughout financial year with high interest received more than anticipated.

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

EXPLANATION OF DIFFERENCES BETWEEN APPROVED BUDGET AND FINAL ADJUSTMENT BUDGET

1. Service charges

An increase in budget was based actual performance during mid-year budget assessment.

2. Rental of facilities and equipment

A downward adjustment is based on actual performance of during mid-year budget assessment. The service is dependend on the demand by consumer, cost reflective tariffs also lowered the demand.

3. Agency Services

A downward adjustment is based on the collection trends on the first six (6) months which was not favourable. Agency service is based on the water and sanitation collection.

4. Recoveries

The municipality received an amount of R28 505 324.99 on the 24 February 2025 for VBS second distribution from the curator.

5. Other income

An increase in budget was based actual performance during mid-year budget assessment the service is depended on the demand by consumers.

6. Interest received on investment

A downward adjustment was caused by a decline in the cash balance maintained by the municipality during the mid-year assessment

7. Traffic fines

This was due to less roadblocks and enforcement measures conducted by the municipality during the first half of the financial year.

8. Remuneration of Councilors

The upward adjustment is due to the improvement of the grading of the municipality from grade 2 to grade 4. The grading affected their salaries/allowance and back pay had to be implemented. Initially, the grading was upgraded to grade 3 in 2023 but no back pay implemented.

9. Contracted services

The downward adjustment is based on the actual performance for the first six months of the financial.

Notes to the Audited Annual Financial Statements

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

10. Repairs maintenance

The upward adjustment is due to the second trench of R28, 5 million from the VBS curator. The funds were channeled to repairs and maintenance including pavement milling of streets in section D1, D2 and E as well as energy efficiency streetlights during the special adjustment budget.

11. Receivables from Exchange

An increase in budget was based on actual performance during mid year budget assessment.

12. Receivables from non-exchange

An increase in budget was based on actual performance during mid year budget assessment.

13. VAT Receivables

An increase in budget was based on actual performance during mid year budget assessment.

14. Cash and Cash Equivalents

An increase in budget was based on actual performance during mid year budget assessment.

15. Investment Property

An increase in budget was based on actual performance during mid year budget assessment.

16. Intangible Assets

This reduction is primarily attributable to significant decreases in Microsoft Volume Licence

17. Heritage Assets

An increase in budget was based on the initial anticipation to impair

18. VAT Payables

This is as a result of the finding that was raised by the AG to not net off the VAT payable and VAT receivables.

19. Payables from Exchange Transaction

The decrease in budget was based on actual performance during mid year budget assessment.

20. Unspent conditional grants and receipts

The municipality anticipated to spent all the conditional grants that were to be received in the current year and due to further

21. Provisions -rehabilitation of dumping site

The municipality anticipated the provision to double in value

22. Interest Income

A downward adjustment was caused by a decline in the cash balance maintained by the municipality during the mid year assessment

23. Other Income

An increase in budget was based on actual performance during mid-year budget assessment.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

66. EXPLANATION OF DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS (continued)

24. Payment made to Suppliers

An increase in budget was based on actual performance during mid-year budget assessment.

25. Purchase of Property Plant and Equipment

The decrease in budget was based on actual performance during mid year budget assessment.

26. Cash and Cash Equivalents

An increase in budget was based on actual performance during mid-year budget assessment.

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024

67. Financial instruments disclosure

The financial instruments amounts in different classes have not been discounted because they are expected to be settled in 12 months. The effect of discounting would be immeterial.

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	53 761 845	53 761 845
Other receivables from exchange transactions	47 640 350	47 640 350
Cash and cash equivalents	269 868 504	269 868 504
	371 270 699	**371 270 699**

Financial liabilities

	At amortised cost	Total
Trade payables	21 341 103	21 341 103
Retentions	42 915 012	42 915 012
Unspecified direct deposit	3 846 990	3 846 990
Accruals	25 528 642	25 528 642
Trade and other payables from exchange transactions	**93 631 747**	**93 631 747**

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	50 530 509	50 530 509
Other receivables from exchange transactions	53 660 251	53 660 251
Cash and cash equivalents	248 013 459	248 013 459
	352 204 219	**352 204 219**

Financial liabilities

	At amortised cost	Total
Trade payables	14 071 568	14 071 568
Retentions	46 917 240	46 917 240
Accruals	15 377 578	15 377 578
Unspecified direct deposit	1 880 080	1 880 080
Trade and other payables from exchange transactions	**78 246 466**	**78 246 466**

Financial instruments in Statement of financial performance

2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	76 709 190	76 709 190
Receivables Impairment for the year	(107 120 233)	(107 120 233)

67. Financial instruments disclosure (continued)

	(30 411 043)	**(30 411 043)**

2024

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	70 280 698	70 280 698
Receivables Impairment for the year	(87 735 572)	(87 735 572)
	(17 454 874)	**(17 454 874)**