MUSINA LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Musina Local Municipality

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2025

CONTECTS **Page Number**

Annual Financial Statements
for
Musina Local Municipality
LIM 341

for the year ended 30 June:	***2025***
Province:	Limpopo
AFS rounding:	***R (i.e. only cents)***

Contact Information:

Accounting Officer	NT Tshiwanammbi
Chief Financial Officer:	L Murulana
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Audit Committee Chairperson:	Adv EN Lambani
Contact telephone number:	076 020 8061
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Legal form of entity:	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities:	The provision of services (electricity and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations:	Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the republic of South Africa (Act 108 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007)

Annual Financial Statements
for
Musina Local Municipality
LIM 341

Members of council	Name	Appointment date	Resignation date
Mayor	G Mawela	Nov-21	
Speaker	E S Shirilele	Nov-21	
Chief whip	MF Mafela	Nov-21	
Exco	VM Manavhela	Nov-21	
Exco	V Milanzi	Nov-21	
Exco	R Luambo	Nov-21	
Member	M Munzhelele	Nov-21	
MPAC Chair	E Makhado	Nov-21	
Member	D Mokobi	Nov-21	
Member	C Nematshavhawe	Nov-21	
Member	E Nkhata	Nov-21	
Member	C Makhani	Nov-21	
Member	T Mammbeda	Nov-21	
Member	F Nemukombame	Nov-21	
Member	P Ramofhi	Nov-21	
Member	R Rabambukwa	Nov-21	
Member	S Ndhlovu	Nov-21	
Member	D Makhura	Nov-21	
Member	J Mariba	Nov-21	
Member	M Van Staden	Nov-21	
Member	P Herman	Nov-21	Deceased June 2025
Member	E Maphari	Nov-21	
Member	Machete TJ	May-23	
Exco	Munyai R	May-23	
Grading of local authority:	03		

Registered office	Musina Local Municipality
Business address	Civic Centre 21 Irwin Street Musina 0900
Postal address	Private bag X611 Musina 0900
Bankers	ABSA
Auditors	Auditor-General of South Africa (AGSA)

Approval of Financial Statements and Accounting Officers responsibility.

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

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

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

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

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

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

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Musina Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I am primarily responsible for the financial affairs of the municipality.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out in terms of section 126 (1) of the Municipal Finance Management act (act 56 of 2003), set out on page 1 to 72 which have been prepared on a going concern basis, were approved on 31 August 2025.

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Accounting Officer :Tshiwanammbi NT

Date: 31 August 2025

Abbreviations

COGTA	Co-operative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated National Electricity Programme
LGSETA	Local Government Services Sector Education & Training Authority
MDRG	Municipal Disaster Recovery Grants
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
SALGA	South African Local Government Association
VAT	Value Added Tax
ABSA	Amalgamated Banks of South Africa
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund

Musina Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2025

	Note	2024/2025	2023/2024
		R	R
ASSETS			
Current Assets			
Cash and Cash Equivalents	**2**	3,892,514	10,327,276
Receivables From Exchange Transactions	**3**	33,191,337	41,527,410
Receivables From Non-exchange Transactions	**4**	20,105,046	20,436,797
Inventories	**5**	24,381,442	24,528,048
Vat Receivable	**6**	21,526,309	13,217,756
Total Current Assets		**103,096,648**	**110,037,287**
Non-Current Assets			
Investments	**7**	16,490,333	13,168,893
Investment Property	**8**	223,303,670	205,009,670
Property, Plant and Equipment	**9**	526,382,033	490,889,096
Heritage Assets	**10**	65,210	65,210
Intangible Assets	**11**	1,074,389	403,744
Total Non-current Assets		**767,315,636**	**709,536,613**
TOTAL ASSETS		**870,412,284**	**819,573,899**
LIABILITIES			
Current Liabilities			
Financial Liabilities	**12**	-	-
Consumer Deposits	**13**	7,285,674	6,134,723
Trade and Other Payables From Exchange Transactions	**14.2**	213,018,109	180,112,388
Trade and Other Payables From non-Exchange Transactions	**14.1**	31,796,510	34,788,252
Unspent Transfers and Subsidies	**15**	-	10,505,925
Provisions	**16**	2,037,000	2,892,000
Other Current Liabilities	**17**	597,000	497,000
VAT Payable	**6**	5,996,530	4,935,962
Total Current Liabilities		**260,730,822**	**239,866,250**
Non-current Liabilities			
Provisions	**16**	31,400,166	26,239,564
Other Non-current Liabilities	**17**	16,340,000	14,385,000
Total Non-current Liabilities		**47,740,166**	**40,624,564**
TOTAL LIABILITIES		**308,470,988**	**280,490,814**
NET ASSETS		561,941,296	539,083,085
Accumulated Surplus / (Deficit)		561,941,296	539,083,085
Reserves			
TOTAL NET ASSETS		**561,941,296**	**539,083,085**

Musina Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2025

	Note	2024/2025	2023/2024
		R	R
Revenue			
Non-Exchange Revenue			
Property Rates	18	31,188,584	28,763,617
Transfers and Subsidies – Operational	25	234,397,761	220,628,000
Transfers and Subsidies – Capital	25	36,512,164	36,353,836
Fines, Penalties and Forfeits	23	4,870,460	3,878,500
Other Revenue-LG SETA	26	2,737,229	4,678,587
Provision For impairment reversal	4	34,261	-
Interest on Receivables	22	4,830,789	3,754,553
Exchange Revenue			
Service Charges - Electricity	19	215,818,208	193,714,405
Service Charges – Waste Management	19	17,308,196	21,278,636
Rental	20	1,364,023	396,735
Interest on Investments	21	1,845,628	1,978,298
Interest on Receivables	22	3,873,791	3,366,010
Licences and Permits	24	1,258,051	2,145,420
Other Revenue	26	10,653,154	11,283,076
Total Revenue (incl. capital transfers and subsidies)		**566,692,299**	**532,219,673**
Expenditure			
Employee Related Costs	28	177,375,590	162,253,732
Remuneration of Councillors	29	11,805,485	11,366,547
Debt Impairment / Write-off	3 & 4	16,309,240	8,094,373
Depreciation and Amortisation	30	37,966,044	35,293,151
Asset Impairment	30	2,002,151	1,472,844
Finance Costs	31	1,562,872	1,417,763
Bulk Purchases	32	197,065,583	173,878,174
Inventory Consumed	33	4,614,080	3,183,204
Contracted Services	34	48,465,835	43,302,251
Transfers and Subsidies	35	5,275,000	4,287,000
Operational Costs	36	56,850,205	46,939,824
Total Expenditure		**559,292,084**	**491,488,864**
Surplus/(Deficit)		7,400,215	40,730,809
Loss on Post retirement Medical Aid Benefit Liability and long service award	27	3,246,000	4,817,000
Gain on revaluation of Assets	27.2	18,704,000	1,900,670
Surplus/(Deficit) After Capital Transfers and Contributions		**22,858,215**	**47,448,479**
Surplus/(Deficit) Prior year errors			-
Surplus/(Deficit) for the year		**22,858,215**	**47,448,479**

Musina Local Municipality
Statement of changes in net assets
for the year ended 30 June 2025

	Accumulated Surplus / (Deficit) R	TOTAL R
Balance Of accumulated surplus 30 June 2023	460,672,458	460,672,458
Prior period errors	30,962,165	30,962,165
Restated balance	**491,634,623**	**491,634,623**
Surplus/deficit for 2024	**47,448,479**	**47,448,479**
Closing balance for 2024	**539,083,084**	
Balance as previously reported	512,480,855	512,480,855
Effect of prior period errors	26,602,229	26,602,229
Surplus/deficit 2025	**22,858,215**	**22,858,215**
Closing balance for 2025	**561,941,296**	**561,941,296**
For details refer to note 38	-	

Musina Local Municipality

COMPARISON OF BUDGET AND ACTUAL AMOUN

for the year ended 30 June 2025

	Original Budget [1]	*Budget adjustments [2]	Final adjustments budget [3]
Financial Performance			
Property rates	39,050,000	-	-
Service charges	204,272,000	86,000,000	-
Rental of facilities and equipment	616,000	-200,000	-
Interest earned - external investments	897,000	1,500,000	-
Interest earned - outstanding debtors	6,049,000	1,500,000	-
Fines	4,275,000	-	-
Licences and permits	2,691,000	-	-
Transfers recognised - operational	235,098,000	3,928,000	300,000
Other revenue	92,660,000	1,500,000	-
Total Revenue (excluding capital transfers and contributions)	**585,608,000**	**94,228,000**	**300,000**
Employee related costs	174,124,000	-	-
Remuneration of councillors	10,963,000	1,000,000	-
Debt impairment	12,575,000	-1,500,000	-
Depreciation & asset impairment	35,316,000	-	-
Finance charges	1,800,000	-	-
Bulk purchases	142,145,000	86,255,000	-
Other materials	5,791,000	-1,780,000	-
Contracted services	51,187,000	-2,032,000	-
Transfers and grants	5,975,000	-	300,000
Other expenditure	76,194,000	-11,684,000	-
Loss on disposal of PPE	-	-	-
Total Expenditure	**516,070,000**	**70,259,000**	**300,000**
Surplus/(Deficit)	**69,538,000**	**23,969,000**	**-**
Transfers and subsidies - capital	33,559,000	2,400,000	-3,000,000
Contributions recognised	-	-	-
Surplus/(Deficit) after capital transfers & contributions	**103,097,000**	**26,369,000**	**-3,000,000**
Surplus/(Deficit) for the year	**103,097,000**	**26,369,000**	**-3,000,000**
Reconciliation to statement of financial performance			
Total Revenue (excl. capital transfers and subsidies)	585,608,000	94,228,000	300,000
Total Expenditure	516,070,000	70,259,000	300,000
Transfers and Subsidies – Capital	33,559,000	2,400,000	-3,000,000
Surplus/(deficit) per the statement of financial performance	**103,097,000**	**26,369,000**	**-3,000,000**

Musina Local Municipality

COMPARISON OF BUDGET AND ACTUAL AMOUN

for the year ended 30 June 2025

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (Continued)

	Original Budget [1]	*Budget adjustments [2]	Final adjustments budget [3]
Capital expenditure and fund source			
Transfers recognised – capital	33,559,000	2,400,000	-3,000,000
Financial position			
Total Current assets	207,238,000	14,565,000	-
Total non current assets	719,646,000	55,117,000	-3,000,000
Total current liabilities	168,005,000	138,931,000	-195,294,000
Total non current liabilities	41,920,000	-1,295,000	-
Net Assets	716,959,000	-67,954,000	192,294,000

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (Continued)

	Original Budget [1]	*Budget adjustments [2]	Final adjustments budget [3]
Cash flows			
Net Cash flow from (used) operating	141,815,000	20,545,000	-3,000,000
Net cash flow from(used) Investing Activities	-100,929,000	229,652,000	-254,446,000
Net cash flow from (used) Financing	-	-	-
Net increase/decrease in cash held	40,886,000	250,197,000	-257,446,000

Comparison of Budget and Actual Amounts for the year ended 30 June 2024 (Continued)

	2023/2024 R		
	Final Budget	**Actual outcome**	**Variance**
Financial Performance			
Property rates	26,950,000	28,763,617	1,813,617
Service charges	181,030,000	214,993,042	33,963,042
Rental of facilities and equipment	558,000	396,735	-161,265
Interest earned-external investment	855,000	1,978,298	1,123,298
Interest earned-outstanding debtors	5,767,000	7,120,563	1,353,563
Fines	4,075,000	3,878,500	-196,500
Licence and Permits	2,565,000	2,145,420	-419,580
Transfers recognised – operational	227,135,000	220,628,000	-6,507,000
Other own revenue	93,612,000	22,679,333	-70,932,667
Total revenue (excl capital transfers and contributions)	**542,547,000**	**502,583,507**	**39,963,493**
Employee costs	164,268,000	162,253,732	-2,014,268
Remuneration of councillors	11,428,000	11,366,547	-61,453
Debt impairment	25,000,000	8,094,373	-16,905,627
Depreciation & asset impairment	34,000,000	36,765,995	2,765,995
Finance charges	525,000	1,417,763	892,763
Materials and bulk purchases	144,815,000	173,878,174	29,063,174
Other material	4,678,000	3,183,204	-1,494,796
Contracted Services	40,316,000	43,302,251	2,986,251
Transfers and grants	11,494,000	4,287,000	-7,207,000
Other expenditure	41,916,000	46,939,824	5,023,824
Loss on disposal of PPE	-	-	-
Total expenditure	**478,440,000**	**491,488,864**	**13,048,864**
Surplus/(deficit)	**64,107,000**	**11,094,644**	**53,012,356**
Transfers and subsidies – capital	-	-	-
Contributions recognised	42,307,000	36,353,836	-5,953,164
Surplus/(deficit) after capital transfers and contributions	**106,414,000**	**47,448,479**	**58,965,521**
Reconciliation to statement of financial performance			
Total Revenue (excl. capital transfers and subsidies)	542,547,000	502,583,507	39,963,493
Total Expenditure	478,440,000	491,488,864	13,048,864
Transfers and Subsidies – Capital	42,307,000	36,353,836	-5,953,164
Surplus/(deficit) per the statement of financial performance	**106,414,000**	**47,448,479**	**58,965,521**
Capital expenditure and fund source			
Transfers recognised – capital	42,307,000	36,353,836	-5,953,164
Financial position			
Total current assets	204,797,000	110,037,287	-94,759,713
Total non-current assets	565,698,000	709,536,613	143,838,613
Total current liabilities	91,483,000	239,866,250	148,383,250
Total non-current liabilities	6,500,000	40,624,564	34,124,564
Net Assets	672,512,000	539,083,085	-133,428,915
Cash Flows			
Net cash from (used) operating activities	117,522,000	54,110,409	63,411,591
Net cash from (used) investing activities	-97,903,000	-56,606,105	-41,296,895
Net cash from (used) financing activities	-	4,334	-4,334
Net increase/decrease in cash held	19,619,000	-2,491,362	22,110,362

Refer to note 56 for variance explanations.

Musina Local Municipality
SEGMENTS REPORTING
for the year ended 30 June 2025

Segment information

General information

Identification of segments

The report is based municipality departments which are reportable segments and where performance is measurable. Management uses these same segments for compilation of the IDP,SDBIP, budget and monthly and quarterly reporting. The segments were organised around type of service delivered and target market. Management uses the same segments for determining strategic objectives. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The segments of the municipality were not aggregated.

The following are the reportable segments of the municipality. These are reportable segments as well as the goods and or services for each segment as set out below:

Reportable segment	**Goods and services**
Community Services	Provides social services, public safety (including traffic management),public spaces ,libraries and administration of licencing and permits services to the municipality for generation of economic benefits and service potential
Trading services	Trading services are services that includes the provision for electricity and waste management. This services provided to the community in exchange for generation for revenue that flows to the municipality.

2024/2025			
	Community and public safety	**Trading Services**	**Total**
Segment Revenue			
External revenue from non-exchange transaction	4,904,721	36,019,373	40,924,094
External revenue from exchange transactions	21,632,015	217,519,952	239,151,967
Revenue from transactions with other segments	-	-	
Interest revenue	-	-	
Segment Expenses		-	
Contracted services	23,137,073	-	23,137,073
Operational cost	317,546	6,979,775	7,297,321
Bulk Purchases	-	197,065,583	197,065,583
Depreciation and amortisation	3,095,061	9,210,672	12,305,734
Debt Impairment / Write-off	2,467,800	13,841,440	16,309,240
Salaries And wages	56,186,932	25,924,389	82,111,321
Interest expense	1,536,338	-	1,536,338
Surplus/deficit for the year	(60,204,015)	517,466	(59,686,549)

2024/2025			
	Community and public safety	**Trading Services**	**Total**
Other Information			
Segment assets	63,639,279	338,146,039	401,785,318
Segment liabilities	15,207,539	92,115,004	107,322,543

2023/2024			
	Community and public safety	**Trading Services**	**Total**
Segment Revenue			
External revenue from non-exchange transaction	3,878,500	28,763,617	32,642,117
External revenue from exchange transactions	2,145,420	214,993,042	217,138,462
Revenue from transactions with other segments	-	-	-
Interest revenue	-	-	-
Segment Expenses			-
Total segment expenses	16,550,158	46,939,824	63,489,982
Depreciation and amortisation	23,507,142	77,898,369	101,405,511
Interest expense	-	1,417,763	1,417,763
Surplus/deficit for the year	(34,033,379)	117,500,702	83,467,323

2023/2024			
	Community and public safety	**Trading Services**	**Total**
Other Information			
Segment assets	72,681,812	261,688,348	334,370,159
Segment liabilities	3,887,741	130,280,100	134,167,841
Additions to non-current assets	-	-	-
Non-cash revenue (included above)	-	-	-
Non-cash expenses (included above)	-	-	-
Cash flows from operating activities	19,269,712	(52,662,784)	(33,393,072)
Cash flows from investing activities	-	(56,606,105)	(56,606,105)
Cash flows from financing activities	-	4,334	4,334

Musina Local Municipality
CASH FLOW STATEMENT

for the year ended 30 June 2025

	Note	2025	2024
		R	R
OPERATING ACTIVITIES			
Receipts		**548,544,868**	**516,551,963**
Sales of goods and services		272,147,306	237,922,926
Grants		260,404,000	257,381,027
Interest received		1,845,628	1,978,298
Other receipts		14,147,934	19,269,712
Payments		**478,665,714**	**462,441,554**
Employee costs		186,427,119	171,839,159
Suppliers		292,212,061	290,585,710
Interest paid		26,534	16,685
Net cash from operating activities		**69,879,154**	**54,110,409**
INVESTING ACTIVITIES			
Purchase of fixed assets		(73,649,458)	(54,336,712)
Purchase of Intangible assets		(904,057)	(171,500)
Sale of Investment property		410,000	340,000
additional payment of investment		(3,321,440)	(2,437,893)
Net cash from Investing activities		**(77,464,955)**	**(56,606,105)**
FINANCING ACTIVITIES			
Increase /Decrease Finance Lease		-	(362,494)
Decrease in long term Loans		-	-
Increase/Decrease in consumer deposit		1,150,951	366,828
Net cash outflow from financing activities		**1,150,951**	**4,334**
Net increase / (decrease)		(6,434,850)	(2,491,362)
Net at beginning of period		10,327,276	12,818,638
Net at end of period		**3,892,426**	**10,327,276**

Notes to the financial statements

Index to the Notes

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2025

1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

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

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

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.1.2 PRESENTATION CURRENCY

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

1.1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.Refer to note 54.

1.1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in these financial statements and forms part of the audited annual financial statements.

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

Where material accounting errors, which relate to prior periods, have been identified in the current 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 comparative are restated accordingly.

Certain comparative figures have been reclassified.

The nature and reasons for the reclassification and restatement are disclosed in note 38 correction of prior period error to the financial statements.

1.1.5 New standards and interpratations

Standards and interpretations effective and adopted in the current year

There are no standards adopted in the current year that are relevant to the municipality's operations

Standards and interpretations early adopted

The municipality has chosen not to early adopt any standarsds and interpretations

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have not been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

GRAP 104 (amended): 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

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the municipality's operations

Guideline and accounting for Landfill site

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) (the Constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the applicable Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill (hereafter referred to as "land"), the landfill site asset and the related rehabilitation provision

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.
The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.
It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.
The effective date of the standard is not yet set by the Minister of Finance.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.
It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.
The effective date of the standard is not yet set by the Minister of Finance.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's audited annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.
An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
-identifying related party relationships and transactions;
-identifying outstanding balances, including commitments, between an entity and its related parties;
-identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
-determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual audited annual financial statements.
Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.
New standards and interpretations (continued)
The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:
A person or a close member of that person's family is related to the reporting entity if that person:
- has control or joint control over the reporting entity;
- has significant influence over the reporting entity;
- is a member of the management of the entity or its controlling entity.
An entity is related to the reporting entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
The standard furthermore states that 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.
The standard elaborates on the definitions and identification of:
Close member of the family of a person;
Management;
Related parties;
Remuneration; and
Significant influence
The standard sets out the requirements, inter alia, for the disclosure of:
Control;
Related party transactions; and
Remuneration of management
The effective date of the standard is for years beginning on or after 01 April 2019.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.
It is unlikely that the standard will have a material impact on the municipality's audited annual financial statements

1.2 PROPERTY, PLANT AND EQUIPMENT

1.2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

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

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.

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

Where an item of property, plant and equipment was under construction at year end (Work in progress) , such assets will be disclosed in agrregate per class of the assets and not individually to reflect each project. Such assets will not be depreciated until they are completed.

1.2.2 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.2.3 DEPRECIATION

Depreciation is calculated on historical cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Infrastructure Assets	**Years**
Roads, pavement, double seals, road signs and road markings	15-40
Street names, signs and parking meters	5
Car parks, bus terminals and taxi ranks	20
Electricity - Mass lights	15
Electricity - Transformers	15
Electricity - Street lights	15
Housing	30
Street lighting	25
Refuse sites	30
Bridges	40
Community Assets	
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Clinics	30
Fire services	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
Security measures	3
Buildings	30
IT equipment	3
Office equipment	5

Finance leased assets are depreciated over the lease term.

Land is not depreciated as it is regarded as having an infinite life.

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted. During the year items of property, plant and equipment useful life was assessed and based on the assesment there were no changes to prior year estimates.

1.2.4 DERECOGNITION

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.2.5 Site restoration and dismanting cost

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

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

1.3 HERITAGE ASSETS

1.3.1 INITIAL RECOGNITION

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.

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

1.3.2 SUBSEQUENT MEASUREMENT – REVALUATION MODEL

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

1.3.3 Derecognition

When the heritage assets are permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

1.4 INTANGIBLE ASSETS

1.4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Intangible assets are initially recognised at cost.

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

Where an intangible asset 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.

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised. All other cost incurred on intangible assets during the exemption period has been expensed.

1.4.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software 3-5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.4.4 DERECOGNITION

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 INVESTMENT PROPERTY

1.5.1 INITIAL RECOGNITION

Investment property includes property held to earn income, or capital appreciation rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

The cost of self-constructed investment property is the cost at date of completion.

An asset is derecognised when it is disposed off or when no future economic benefits or service potential is expected. Any gain or loss is recognised in surplus or deficit,.

1.5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.5.3 DERECOGNITION

Investment property is derecognised when it is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

1.6 INVENTORIES

1.6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, delivery costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Asset (Land inventory) held for sale are measured at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

1.7 FINANCIAL INSTRUMENTS

1.7.1 INITIAL RECOGNITION

Financial assets and liabilities are recognised on the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at cost.

1.7.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with GRAP 104.

1.7.2.1 INVESTMENTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.7.2.2 RECEIVABLES (EXCHANGE AND NON-EXCHANGE)

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable should be impaired.Impairments is detemined in line with GRAP 104 as follows "An entity first assesses whether objective evidence of impairment exists individually For financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph .58). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. "

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.7.2.3 TRADE PAYABLES (EXCHANGE AND NON EXCHANGE) AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.7.2.4 CASH AND CASH EQUIVALENTS

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.7.3 DERECOGNITION

A financial asset or the specifically identified cash flows of an asset is derecognised when:

a) The cash-flows from the asset expire, are settled or waived;
b) Significant risks and rewards are transferred to another party; or
c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.7.4 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 shall be 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.

1.7.5 OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.7.6 IMPAIRMENTS

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

<u>For financial assets held at amortised cost:</u>
The Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it will include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be 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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall 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 on which the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

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<u>For financial assets held at cost:</u>

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.

1.8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure can only be condoned through council resolution after submmision of investigation report by MPAC.

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. Irregular expenditure that was incurred and identified during the current financial year and for which condonement 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 condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the municipal council 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 condoned 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.

1.9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

1.10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land). Provisions include, Long service, Medical aid and provision for leave accrual.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.12 LEASES

1.12.1 OPERATING AND FINANCE LEASE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

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

1.13 REVENUE

1.13.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on 3 month average usage.

Service charges relating to refuse removal are recognised on a monthly basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

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

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

• Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

• Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

• Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale and where prepaid electricity is not fully consumed or utilised at the end of the reporting period, revenue will be recognised to the extent that the prepaid electricity has been consumed.

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:

• It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
• The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest earned.
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.

1.13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been 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; and
· There has been compliance with the relevant legal requirements.

Fines constitute of traffic fines. Revenue from traffic fines is recognised 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.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
· The amount of the revenue can be measured reliably; and
· To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations shall be recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
· The amount of the revenue can be measured reliably; and
· To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

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

Where public contributions have been received but the conditions were not met, a liability is recognised.

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

1.14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.15 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund
- National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

a)Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.
Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.16 EMPLOYEE BENEFITS

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

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

Leave pay accrual

The liability is based on the total amount of leave days due to the employees on the reporting date and on their total remuneration package.

Provision for Performance Bonuses
A provision in respect of the liability relating to the anticipated costs of 13th cheque bonuses payable to all employees is maintained. Where performance appraisals have not yet been performed at year-end, a performance bonus provision is raised based on the employment contract stipulations and previous performance bonus payment trends.

Long service awards

Employees, who have completed 10 years' unbroken service, are entitled to receive a once-off cash award. The cash award is included in the employee's salary in the month of the service anniversary.The calculations are made by an actuary appointed by the Municipality on a competetive bidding proccess and is similar to accounting for post retirement benefits.

1.17 IMPAIRMENT OF ASSETS

1.17.1 IMPAIRMENT OF ASSETS - NON - CASH GENERATING ASSETS

Those assets held by the Municipality without an intention of generating a commercial return from such asset. The Municipality assesses at each reporting date whether any indications exist that an asset may be impaired. When such an indication exists, the Municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

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 and accounts for the reversal of impairment loss if necessary. The increase in carrying amount of an asset due to the reversal of impairment loss should not exceed what the asset's original carrying would have been if no impairment loss were recognised.

1.17.2 IMPAIRMENT OF ASSETS - CASH GENERATING ASSETS

Those assets held by the Municipality for the purpose of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated Municipality, it generates a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset or cash-generating unit to which an asset belongs to may be impaired. When such an indication exists, the Municipality estimates the recoverable amount of the asset. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined as 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.

The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

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 Municipality estimates the recoverable amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

1.18 COMMITMENTS

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for and approved and not contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

1.19 RELATED PARTIES

The Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the sphere of government are considered to be related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, that member of management in their dealings with the Municipality.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another Municipality or person are disclosed.

1.20 BUDGET INFORMATION

Municipality is typically subjected to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar measures. General purpose financial reporting by municipalities must provide information on whether resources were obtained and used in accordance with the legally adopted budget. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.Percentage movements of +/-10% or more are regarded as significant and are followed up.

1.21 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements in conformity with GRAP required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Municipality`s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.This includes the following: provision for bad debts,provisision for land fill sites, defined benefits,impairments of assets and rehabiliatation of landfill sites,fair value of investment property and impairment of trade receivables.

1.22 CONSUMER DEPOSITS

Initial and Subsequent measurement

These are deposits that held by the municipality for all accounts that the municipality has with the customers, deposits are reviewed each year when tariffs are taken to council, after the review the deposit will be adjusted to reflect any changes to value if there are differences. The deposit is then paid out to customers on termination of the accounts provided the account holder does not have any liabilities on their accounts. This are disclosed under current liabilities.

1.23 VALUE ADDED TAX

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

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies

1.24 MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements 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 the users are assumed to have a reasonable knowledge or government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.25 Segment information

General information Identification of segments The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective. The components below have been identified as individually significant segments for the purposes of reporting according to these service objectives. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
-those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
-and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).
The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2 CASH AND CASH EQUIVALENTS

2.1 Cash and cash equivalents

	2024/2025 R	2023/2024 R
Cash and cash equivalents consist of the following:		
Cash at bank	3,892,514	10,327,276
Total cash and cash equivalents	**3,892,514**	**10,327,276**

Cash at banks earns interest at floating rates based on daily bank deposit rates

2.2 Bank accounts

	2024/2025 R	2023/2024 R
The municipality has the following bank accounts:		
ABSA Bank Limited - Musina Branch: Account Number 2050550179	3,321,660	9,790,536
ABSA Bank Limited - Musina Branch: Account Number 4074881456	476,575	448,463
ABSA Bank Limited - Musina Branch: Account Number 9357757331	94,279	88,277
Total	**3,892,514**	**10,327,276**

2.3 Difference between Cash Book and Bank Statement

	2024/2025 R		
	Cash book	**Bank Statement**	**Difference**
ABSA Bank Limited - Musina Branch: Account Number 2050550179	3,892,514	3,321,660	570,854
ABSA Bank Limited - Musina Branch: Account Number 4074881456	-	476,575	(476,575)
ABSA Bank Limited - Musina Branch: Account Number 9357757331	-	94,279	(94,279)

Difference between Cash Book and Bank Statement (Continued)

	2023/2024 R		
	Cash book	**Bank Statement**	**Difference**
ABSA Bank Limited - Musina Branch: Account Number 2050550179	10,327,276	9,790,536	536,740
ABSA Bank Limited - Musina Branch: Account Number 4074881456	-	448,463	(448,463)
ABSA Bank Limited - Musina Branch: Account Number 9357757331	-	88,277	(88,277)

3 Receivables from exchange transactions

		2024/2025 R	2023/2024 R
Consumer receivables from exchange transactions	**3.1**		
Electricity		17,454,961	27,272,842
Waste Management		13,610,506	13,504,507
Other receivables from exchange transactions	**3.2**		
Housing Selling Scheme		4,103	2,822
Interest on overdue accounts		-	2,538
Land Sale Debtors		32,066	-
Merchandising, Jobbing and Contracts		476,264	12,919
Cigicell		254,523	578,320
Property rental		73,684	18,841
Cut off billing		1,171,310	-
Accrued Investment interest		113,921	134,620
Section 57 Managers		-	-
Total Receivables from Exchange Transactions		**33,191,337**	**41,527,410**

The amounts disclosed in this note is net of impairment.

3.1 Consumer Receivables

	2024/2025 R		
	Gross	**Impairment**	**Total**
Consumer receivables from exchange transactions			
Electricity	32,718,453	15,263,492	17,454,961
Waste Management	23,664,924	10,054,418	13,610,506
Total consumer receivables from exchange transactions	**56,383,377**	**25,317,909**	**31,065,467**
Consumer receivables from non-exchange transactions			
Property Rates	62,058,023	46,795,974	15,262,048
Total consumer receivables from non-exchange transactions	**62,058,023**	**46,795,974**	**15,262,048**
Total consumer receivables	**118,441,399**	**72,113,884**	**46,327,516**

Consumer Receivables -(Continued)

	2023/2024 R		
	Gross	**Impairment**	**Total**
Consumer receivables from exchange transactions			
Electricity	41,595,667	14,322,824	27,272,842
Waste Management	21,624,914	8,120,407	13,504,507
Total consumer receivables from exchange transactions	**63,220,581**	**22,443,231**	**40,777,349**
Consumer receivables from non-exchange transactions			
Property Rates	52,121,152	35,693,269	16,427,883
Total consumer receivables from non-exchange transactions	**52,121,152**	**35,693,269**	**16,427,883**
Total consumer receivables	**115,341,732**	**58,136,500**	**57,205,232**

3.1.1 Impairment Reconciliation of Consumer Receivables

	2024/2025 R		
	Opening balance	**Impairment raised**	**Impairment reversed / debt written off**
Consumer receivables from exchange transactions			
Electricity	14,322,824	940,667	-
Waste Management	8,120,407	1,934,011	-
Total	**22,443,231**	**2,874,678**	**-**
Consumer receivables from non-exchange transactions			
Property Rates	35,693,269	11,102,705	-
Total consumer receivables from non-exchange transactions	**35,693,269**	**11,102,705**	**-**
Total consumer receivables	**58,136,500**	**13,977,383**	**-**

Musina Local Municipality
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Impairment Reconciliation of Consumer Receivables (Continued)

	2023/2024 R		
	Opening balance	**Impairment raised**	**Impairment reversed / debt written off**
Consumer receivables from exchange transactions			
Electricity	15,443,334	-	(1,120,510)
Waste Management	5,788,331	2,332,076	-
Total	**21,231,666**	**2,332,076**	**(1,120,510)**
Consumer receivables from non-exchange transactions			
Property Rates	30,532,950	5,160,319	-
Total consumer receivables from non-exchange transactions	**30,532,950**	**5,160,319**	**-**
Total consumer receivables	**51,764,615**	**7,492,395**	**(1,120,510)**

3.1.2 **Aging of Consumer Receivables**

	2024/2025 R		
	Total	**Current**	**30 days**
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	32,718,453	7,606,419	2,084,684
Waste Management	23,664,924	1,713,226	855,324
Total by debt type	**56,383,378**	**9,319,645**	**2,940,008**
Aging per customer group			
Organs of State	1,773,736	30,630	29,110
Commercial Customers	34,912,919	1,175,831	659,623
Households	24,474,541	1,253,848	793,342
Other	896,827	4,077	3,356
Total by customer group	**62,058,022**	**2,464,385**	**1,485,431**

Aging of Consumer Receivables - (Continued)

	2024/2025 R		
	90 days	**120 days**	**120+ days**
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	1,377,906	906,794	19,442,956
Waste Management	1,402,097	569,975	18,431,106
Total by debt type	**2,780,004**	**1,476,769**	**37,874,062**
Aging per customer group			
Organs of State	29,405	29,862	1,625,212
Commercial Customers	600,737	586,007	31,275,368
Households	649,379	600,152	20,488,064
Other	3,320	3,310	879,425
Total by customer group	**1,282,841**	**1,219,331**	**54,268,069**

Aging of Consumer Receivable (Continued)

	2024/2025 R		
	Total	**Current**	**30 days**
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	51,817,691	2,564,503	1,257,115
Total by debt type	**51,817,691**	**2,564,503**	**1,257,115**
Aging per customer group			
Organs of State	1,185,069	17,539	28,476
Commercial Customers	15,276,095	651,427	282,387
Households	19,859,771	1,288,575	737,127
Other	15,800,217	606,962	355,704
Total by customer group	**52,121,151**	**2,564,503**	**1,403,694**

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2025

Aging of Consumer Receivable (Continued)

	2024/2025 R 90 days	120 days	120+ days
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	1,139,183	1,088,935	44,673,230
Total by debt type	**1,139,183**	**1,088,935**	**44,673,230**
Aging per customer group			
Organs of State	14,779	14,658	1,094,685
Commercial Customers	246,591	241,928	13,597,834
Households	571,569	530,645	16,077,685
Other	306,245	301,704	13,903,026
Total by customer group	**1,139,183**	**1,088,935**	**44,673,230**

Aging of Consumer Receivable (Continued)

	2023/2024 R Total	Current	30 days
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	41,595,666	9,442,547	1,947,355
Waste Management	21,624,915	1,724,600	887,230
Total by debt type	**63,220,581**	**11,167,147**	**2,834,585**
Aging per customer group			
Organs of State	4,250,271	322,013	94,282
Commercial Customers	19,794,018	5,079,990	1,011,677
Households	32,304,017	4,887,924	1,522,899
Other	6,872,273	877,220	205,727
Total by customer group	**63,220,579**	**11,167,147**	**2,834,585**

Aging of Consumer Receivable (Continued)

	2023/2024 R 90 days	120 days	120+ days
Consumer receivables from exchange transactions			
Aging by debt type			
Electricity	1,045,945	944,049	26,729,345
Waste Management	979,674	856,895	16,446,875
Total by debt type	**2,025,619**	**1,800,944**	**43,176,220**
Aging per customer group			
Organs of State	83,788	89,902	3,559,078
Commercial Customers	513,425	466,625	12,104,037
Households	1,303,358	1,115,175	22,137,283
Other	125,048	129,242	5,375,822
Total by customer group	**2,025,619**	**1,800,944**	**43,176,220**

Aging of Consumer Receivable (Continued)

	2023/2024 R Total	Current	30 days
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	51,817,690	2,564,503	1,257,115
Total by debt type	**51,817,690**	**2,564,503**	**1,257,115**
Aging per customer group			
Organs of State	1,185,069	17,539	28,476
Commercial Customers	15,276,095	651,427	282,387
Households	19,859,771	1,288,575	737,127
Other	15,800,217	606,962	355,704
Total by customer group	**52,121,151**	**2,564,503**	**1,403,694**

Aging of Consumer Receivable (Continued)

	2023/2024 R		
	90 days	**120 days**	**120+ days**
Consumer receivables from non-exchange transactions			
Aging by debt type			
Property Rates	1,139,183	1,088,935	44,673,230
Total by debt type	**1,139,183**	**1,088,935**	**44,673,230**
Aging per customer group			
Organs of State	14,779	14,658	1,094,685
Commercial Customers	246,591	241,928	13,597,834
Households	571,569	530,645	16,077,685
Other	306,245	301,704	13,903,026
Total by customer group	**1,139,183**	**1,088,935**	**44,673,230**

3.2 Other Receivables From Exchange Transactions

	2024/2025 R		
	Gross	**Impairment**	**Total**
Housing Selling Scheme	46,641	42,538	4,103
Interest	-	-	-
Land Sale Debtors	93,158	61,092	32,066
Merchandising, Jobbing and Contracts	1,230,793	754,529	476,264
Property Rental Debtors	394,768	321,085	73,684
Cigicell	254,523	-	254,523
Accrued Interest	113,921	-	113,921
Cut off billing	1,171,310	-	1,171,310
Total	**2,133,803**	**1,179,244**	**2,125,870**

Other Receivables From Exchange Transactions - Continued

	2023/2024 R		
	Gross	**Impairment**	**Total**
Housing Selling Scheme	45,360	42,538	2,822
Interest	2,538	-	2,538
Land Sale Debtors	93,548	93,548	-
Merchandising, Jobbing and Contracts	861,102	848,183	12,919
Property Rental Debtors	349,759	330,918	18,841
Cigicell	578,320	-	578,320
Accrued Interest	134,620	-	134,620
Total	**2,065,247**	**1,315,187**	**750,061**

3.2.1 Impairment Reconciliation of Other Receivables From Exchange Transactions

	2024/2025 R		
	Opening balance	**Impairment raised**	**Impairment reversed / debt w/off**
Housing Selling Scheme	42,538	-	-
Interest	-	-	-
Land Sale Debtors	93,548	-	(32,456)
Merchandising, Jobbing and Contracts	848,183	-	(93,654)
Property Rental Debtors	330,918	-	(9,833)
Total	**1,315,187**	**-**	**(135,943)**

Impairment Reconciliation of Other Receivables From Exchange Transactions- Continued

	2023/2024 R		
	Opening balance	**Impairment raised**	**Impairment reversed / debt w/off**
Housing Selling Scheme	42,538	-	-
Interest	-	-	-
Land Sale Debtors	93,548	-	-
Merchandising, Jobbing and Contracts	819,760	28,423	-
Property Rental Debtors	301,840	29,078	-
Total	**1,257,686**	**57,501**	**-**

3.2.2 Aging of Other Receivables From Exchange Transactions

	2024/2025 R		
	Total	Current	30 days
Housing Selling Scheme	46,641	102	102
Interest	2,538	-	-
Land Sale Debtors	93,158	-	-
Merchandising, Jobbing and Contracts	861,102	3,299	24,144
Property Rental Debtors	349,759	13,714	3,244
Cigicell	254,523	254,523	
Accrued Interest	113,921	113,921	-
Cut off billing	1,171,310	1,171,310	-
Total	**2,892,952**	**1,556,868**	**27,489**

Aging of Other Receivables From Exchange Transactions- (Continued)

	2024/2025 R		
	90 days	120 days	120+ days
Housing Selling Scheme	101	100	46,135
Interest	-	-	2,538
Land Sale Debtors	-	-	93,158
Merchandising, Jobbing and Contracts	3,194	3,140	824,111
Property Rental Debtors	3,053	-	326,544
Total	**6,348**	**3,240**	**1,292,486**

Aging of Other Receivables from Exchange Transactions (Continued)

	2023/2024 R		
	Total	Current	30 days
Housing Selling Scheme	45,360	127	126
Interest	2,538	-	-
Land Sale Debtors	93,548	-	-
Merchandising, Jobbing and Contracts	861,102	3,299	24,144
Property Rental Debtors	349,760	13,714	3,244
Cigicell	578,320	578,320	-
Total	**1,930,629**	**595,460**	**27,514**

Aging of Other Receivables from Exchange Transactions (Continued)

	2023/2024 R		
	90 days	120 days	120+ days
Housing Selling Scheme	124	123	44,735
Interest	-	-	2,538
Land Sale Debtors	-	-	93,548
Merchandising, Jobbing and Contracts	3,194	3,140	824,111
Property Rental Debtors	3,053	-	326,544
Total	**6,371**	**3,263**	**1,291,476**

4 Receivables from Non-Exchange Transactions

		2024/2025 R	2023/2024 R
Consumer receivables			
Property Rates	**3.1**	15,262,048	16,427,883
Other receivables			
Fines	**4.1**	2,370,900	1,786,740
Sundry Debtors		120,153	97,931
Section 57 Managers		2,351,945	2,124,243
Total Receivables		**20,105,046**	**20,436,797**

The section 57 Managers balance relates to overpayment of Salaries

4.1 Other Receivables from Non-Exchange Transactions

	2024/2025 R		
	Gross	Impairment	Total
Fines	9,483,600	7,112,700	2,370,900
Sundry Debtors	470,442	350,289	120,153
Section 57 Managers	2,351,945	-	2,351,945
Total	**12,305,987**	**7,462,989**	**4,842,998**

The gross traffic balance of 9 483 600 excludes an amount 2 467 800 which relates to traffic fines that were withdrawn by the magistrate court. This balance was included in the expenditure as writte offs.

Other Receivables from Non-Exchange Transactions - (Continued)

	2023/2024 R		
	Gross	Impairment	Total
Fines	8,933,700	7,146,961	1,786,740
Sundry Debtors	448,220	350,289	97,931
Section 57 Managers	2,124,243	-	2,124,243
Total	**11,506,164**	**7,497,250**	**4,008,914**

4.1.1 Impairment Reconciliation of Other Receivables from Non-exchange Transactions

	2024/2025 R		
	Opening balance	Impairment raised	Impairment reversed / debt w/off
Fines	7,146,961	-	(34,261)
Sundry Debtors	350,289	-	-
Total	**7,497,250**	**-**	**(34,261)**

Impairment Reconciliation of Other Receivables from Non-exchange Transactions - (Continued)

	2023/2024 R		
	Opening balance	Impairment raised	Impairment reversed / debt w/off
Fines	5,531,156	1,615,805	-
Sundry Debtors	350,289	-	-
Total	**5,881,445**	**1,615,805**	**-**

5 Inventories

	2024/2025 R	2023/2024 R
Consumables stock and Material	1,784,722	1,131,328
Land	22,596,720	23,396,720
Total Inventories	24,381,442	24,528,048

The amount of write-down of inventories recognized as an expense is R0 (2024/2025: R0).

R0 million previously written-down was reversed during the current year.

6 VAT

	2024/2025 R	2023/2024 R
Current Assets		
VAT Input Receivables-Accruals	21,526,309	13,217,756
VAT Input Receivables as per VAT 201	-	-
Current Liabilities		
VAT Output Payables- Accruals	5,996,530	4,935,962
VAT Output Payables as per VAT 201	1,735,788	2,646,133

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies

7 Investments

7.1 Carrying Value of Investments

	Fair Value	Amortised Cost	Cost	Total
Carrying value as at 30 June 2025				
Eskom Bank Guarantee	-	16,490,333		16,490,333
Total	**-**	**16,490,333**	**-**	**16,490,333**

Carrying Value of Investments (Continued)

	Fair Value	Amortised Cost	Cost	Total
Carrying value as at 30 June 2024				
Eskom Bank Guarantee	-	13,168,893		13,168,893
Total	**-**	**13,168,893**	**-**	**13,168,893**

7.2 Investments Pledged as Collateral

	2024/2025 R	2023/2024 R
Carrying value of investments pledged as collateral	16,490,333	13,168,893

This investment is used as Eskom guarantee in case the Municipality does not meet its obligation to pay Eskom, loss can only occur in a case where the municipality becomes insolvent. During the year this investment was increased from R13 168 893 from the previous year to R16 490 333 in the current year. The increase on the guarantee is due to the requirement to increase a deposit for electricity capacity. Included in the increase is the deposit paid and interest received.

8 Investment Property

Reconciliation of fair value

	2024/2025 R	2023/2024 R
Opening Carrying Value	205,009,670	203,449,000
Gain Fair Value Adjustments	18,704,000	1,900,670
Loss on Fair Value Adjustment	-	
Carrying Value of Disposals	(410,000)	(340,000)
Closing Carrying Value	**223,303,670**	**205,009,670**

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

The fair value of the entity`s investment property at 30 June 2025 has been arrived at on the basis of a valuation carried out at that date by Eli Stroh Valuers, independent valuers that are not related to the entity. Eli Stroh Valuers are members of the South African institute of valuers, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation , which conforms to South Africa`s Valuation standards, was arrived at by reference to market evidence of transaction prices for similar properties.

Valuation methodology:

Use was made of comparable sale transactions which took place more or less round about the valuation date. Each and every sale was analysed to determine the following: - Was the comparable sale using an arm's length transaction? - The utility must be comparable. - Location must be comparable. - Rental values are taken into account. - The price on which Res 1, 2, 3 and 4 and also business properties sell for in the market. - The price which agricultural properties sell for converted to R/ha value and applied accordingly, irrigation, grazing etc. - In the case of income producing properties which have been sold the yield is taken into account determining the capitalisation rate. Remember income producing properties are categorized in different groups and the correct capitalisation rate applicable to each of those groups applied. Thus, in summarizing the Comparable Sales Approach was used throughout the valuation process. Generally, the Capitalization Approach is used to determine market value where properties generate income.

9 Property, Plant and Equipment

9.1 Reconciliation of Carrying Value

	2024/2025						
	R						
	Land	**Buildings**	**Infrastructure Assets**	**Community Assets**	**Transport Assets**	**Other Assets**	**Total**
Opening Carrying Value at 1 July 2024	**42,705,200**	**83,403,926**	**295,841,399**	**49,174,670**	**16,460,651**	**3,303,249**	**490,889,096**
Cost/Revaluation	42,705,200	117,283,373	553,947,086	72,681,812	31,980,530	14,336,873	832,934,874
Accumulated depreciation and impairment losses	-	(33,879,447)	(258,105,687)	(23,507,142)	(15,519,879)	(11,033,624)	(342,045,779)
Additions from Acquisitions	-	-	382,483	-	3,288,708	11,748,466	15,419,657
Capital under Construction	-	7,032,534	51,197,268	-	-	-	58,229,802
Depreciation	-	(3,134,867)	(25,983,728)	(2,178,070)	(4,195,172)	(2,240,797)	(37,732,633)
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	(1,005,008)	(1,005,008)
Accumulated depreciation and impairment losses	-	-	-	-	-	1,005,007	1,005,007
Impairment loss/Reversal of impairment loss	-	(275,618)	(746,343)	(916,992)	-	(63,198)	(2,002,151)
Transfers Depreciation	-	-	-	-	-		-
Other movements Cost	-	-	-	1,578,264	-	-	1,578,264
Other movements-Depreciation	-	-	-	-	-	-	-
Closing Carrying Value at 30 June 2025	**42,705,200**	**87,025,976**	**320,691,078**	**47,657,873**	**15,554,188**	**12,747,719**	**526,382,033**
Cost/Revaluation	42,705,200	124,315,907	605,526,837	74,260,076	35,269,239	25,080,331	907,157,589
Accumulated depreciation and impairment	-	(37,289,931)	(284,835,759)	(26,602,203)	(19,715,051)	(12,332,611)	(380,775,556)

A Project under community assets, Muswodi sport centre under work in progress with a carrying value of R1 518 646 is halted as a result of land dispute between the two chiefs regarding ownership of the land where the Municipality is constructing the sport facility, impairment to the Value of R 1 518 646 was also recognised.

A Project under Building category, Shakadza Multipurpose centre under work in progress with a carrying value of R 14 606 801 is halted due to contractual disputes between the Municipality and the contractor. The is no indication of impairment on the project.

Other Assets consists of Equipment, Furniture, and Vehicles. Details of the sub-categories is indicated in Appendix B.

Refer to Appendix B for more detail on property, plant and equipment.

Reconciliation of Carrying Value (Continued)

	2023/2024						
	R						
	Land	**Buildings**	**Infrastructure Assets**	**Community Assets**	**Transport Assets**	**Other Assets**	**Total**
Opening Carrying Value at 1 July 2023	**42,705,200**	**77,359,033**	**290,261,385**	**51,790,853**	**4,828,117**	**3,524,409**	**470,468,996**
Cost/Revaluation	42,705,200	108,019,566	522,140,139	72,167,831	20,295,187	15,101,965	780,429,888
Accumulated Depreciation and Impairment	-	(30,660,534)	(231,878,755)	(20,376,978)	(15,467,071)	(11,577,556)	(309,960,892)
Additions from Acquisitions	-	-	5,629,544	-	13,876,496	1,576,327	21,082,367
Capital under Construction	-	9,263,807	26,177,403	-	-	-	35,441,210
Depreciation	-	(3,145,080)	(25,909,923)	(2,095,208)	(2,236,541)	(1,757,863)	(35,144,615)
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	(2,191,153)	(2,341,419)	(4,532,572)
Accumulated depreciation and impairment losses	-	-	-	-	2,191,153	2,341,419	4,532,572
Impairment loss/Reversal of impairment loss	-	(73,833)	(317,010)	(1,034,956)	(7,421)	(39,624)	(1,472,844)
Transfers Depreciation	-	-	-	-	-	-	-
Other movements Cost	-	-	-	513,981	-	-	513,981
Other movements-Depreciation	-	-	-	-	-	-	-
Closing Carrying Value at 30 June 2024	**42,705,200**	**83,403,926**	**295,841,399**	**49,174,670**	**16,460,651**	**3,303,249**	**490,889,096**
Cost/Revaluation	42,705,200	117,283,373	553,947,086	72,681,812	31,980,530	14,336,873	832,934,874
Accumulated depreciation and impairment losses	-	(33,879,447)	(258,105,687)	(23,507,142)	(15,519,879)	(11,033,624)	(342,045,779)

Other Assets consists of Equipment, Furniture, and leased assets. Details of the sub-categories is indicated in Appendix B

Refer to Appendix B for more detail on property, plant and equipment

During the year impairment tests were performed on all categories of Property, Plant and Equipment. The method which was used to determine the irrecoverable amount was the higher of fair value less costs and value in use. The impairment existed in the category of roads infrastructure.

The engineer estimated the costs of damages of each class of infrastructure assets based on quoted prices available in the market to restore the
9.2 infrastructure and the professional knowledge based on the industry norms.

	2024/2025 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
Accumulated expenditure included in carrying value of property, plant and equipment	-	-		-	-	-
Of which:	-	-	-	-	-	-
Accumulated borrowing costs included in the carrying amount of property, plant and equipment	-	-	-	-	-	-
Borrowing costs capitalised during the period	-	-	-	-	-	-
Carrying value of property, plant and equipment taking significantly longer than expected	-	-	-	-	-	-
	-	-	-	-	-	-
Carrying value of property, plant and equipment halted	14,606,801	3,496,699	1,518,646	-	-	19,622,146

Property, Plant and Equipment Under Construction (Continued)

	2023/2024 R					
	Land and Buildings	**Infrastructure Assets**	**Community Assets**	**Leased Assets**	**Other Assets**	**Total**
Accumulated expenditure included in carrying value of property, plant and equipment	-	-	-	-	-	-
Of which:	-	-	-	-	-	-
Accumulated borrowing costs included in the carrying amount of property, plant and equipment	-	-	-	-	-	-
Borrowing costs capitalised during the period	-	-	-	-	-	-
Carrying value of property, plant and equipment taking significantly longer than expected	-	-	-	-	-	-
Carrying value of property, plant and equipment halted	-	3,496,699	1,518,646	-	-	5,015,345

9.3 **Property, Plant and Equipment Contractual Commitments**

	2024/2025 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
The following commitments exist at the reporting date						
Commitments for the acquisition of property, plant and equipment - (Approved and contracted for)	-	68,239,455	-	-	-	68,239,455.00
Commitments for the acquisition of property, plant and equipment - (Approved but not yet contracted for)	-	-	-	-	-	-
Commitments to construct or develop property, plant and equipment	-	-	-	-	-	-
Commitments to enhance existing property, plant and equipment	-	-	-	-	-	-
Commitments to repair / maintain property, plant and equipment	-	-	-	-	-	-
Total	-	68,239,455	-	-	-	68,239,455

Property, Plant and Equipment Contractual Commitments (Continued)

	2023/2024 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
The following commitments exist at the reporting date						
Commitments for the acquisition of property, plant and equipment - (Approved and contracted for)	-	34,152,620	-	-	-	34,152,620
Commitments for the acquisition of property, plant and equipment - (Approved but not yet contracted for)	-	-	-	-	-	-
Commitments to enhance existing property, plant and equipment	-		-	-	-	-
Commitments to repair / maintain property, plant and equipment	-	-	-	-	-	-
Total	-	-	-	-	-	**34,152,620**

9.4 **Maintenance of Property, Plant and Equipment**

	2024/2025 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
The following maintenance costs were incurred:						
Preventative Maintenance	-	-	-	-	-	-
Corrective Maintenance	-	1,296,280	555,149		780,940	2,632,369
Total						

Maintenance of Property, Plant and Equipment - (Continued)

	2023/2024 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
The following maintenance costs were incurred:						
Preventative Maintenance	-	-	-	-	-	-
Corrective Maintenance	-	1,717,564	117,544		256,043	2,091,151
Total						

9.4.1 **Maintenance of Property, Plant and Equipment by Nature and Type of Expenditure**

	2024/2025 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
Direct Costs	-	-	-	-	-	-
List per Mscoa account description	-	-	-	-	-	-
Maintenance of Buildings and Facilities	-	-	555,149	-	-	555,149
Maintenance of Equipment	-	-	-	-	780,940	780,940
Maintenance of Unspecified Assets (Infrastructure)	-	1,296,280	-	-	-	1,296,280
Indirect costs	-	-	-	-	-	-
List per Mscoa account description	-	-	-	-	-	-
Total	-	1,296,280	555,149	-	780,940	2,632,369

	2023/2024 R					
	Land and Buildings	Infrastructure Assets	Community Assets	Leased Assets	Other Assets	Total
Direct Costs	-	-	-	-	-	-
List per Mscoa account description	-	-	-	-	-	-
Maintenance of Buildings and Facilities	-	-	117,544	-	-	117,544
Maintenance of Equipment	-	-	-	-	256,043	256,043
Maintenance of Unspecified Assets (Infrastructure)	-	1,717,564	-	-	-	1,717,564
Indirect costs	-					-
List per Mscoa account description	-	-	-	-	-	-
Total	-	1,717,564	117,544	-	256,043	2,091,151

9.5 Funding of Property, Plant and Equipment Acquisitions

	Funding Type	2024/2025 R	2023/2024 R
Additions to property, plant and equipment was funded from the following sources:			
Land and Buildings	MIG	7,032,534	9,263,807
Include funding source			
Infrastructure Assets	Own	51,579,751	31,806,947
Include funding source			-
Community Assets			
Include funding source	MIG	-	-
Other Assets	Own Income	15,037,174	15,452,823
Include funding source		-	-
Total		**73,649,458**	**56,523,577**

10 Heritage Assets

10.1 Reconciliation of Carrying Value

	2024/2025 R Other Assets	2023/2024 R Other Assets
Opening Carrying Value 2024	**65,210**	**65,210**
At fair value	65,210	65,210
Closing Carrying Value 2025	**65,210**	**65,210**
At fair value	65,210	65,210

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.

All heritage asset were acquired through a non-exchange transaction, as a result the heritage assets costs were measured at its fair value.

The heritage assets were fair valued at year end by an independent Valuer -Eli Stroh (Pty) Ltd, using methods and assumptions consistent with GRAP 103.

Heritage assets were valued by the firm Eli Stroh (Pty) Ltd on 30 June 2025

11 Intangible Assets

11.1 Reconciliation of Carrying Value

	2024/2025 R	2023/2024 R
Opening Carrying Value at 1 July 2024	**403,744**	**380,780**
Cost	1,162,112	990,612
Accumulated Depreciation and Impairment	758,368	609,832
Additions from Acquisitions	904,057	171,500
Depreciation **[Note 30]**	233,411	148,536
Closing Carrying Value at 30 June 2025	**1,074,389**	**403,744**
Cost	2,066,168	1,162,112
Accumulated Depreciation and Impairment	991,779	758,368

Included in Computer software is the Licence for Microsoft and firewall licence

12 Financial Liabilities

Carrying Value of Financial Liabilities

	2024/2025 R	2023/2024 R
Finance leases	-	-
Sub-total		

13 Consumer Deposits

	2024/2025 R	2023/2024 R
Electricity	4,816,126	4,819,103
Refuse	2,469,548	1,315,620
Total	**7,285,674**	**6,134,723**

Deposits are released on termination of the contract.

13.1 Guarantees held in lieu (Eskom guarantee)

	2024/2025 R	2023/2024 R
Electricity	16,490,333	13,168,893
Total	**16,490,333**	**13,168,893**

14.1 Payables from non Exchange transactions

		2024/2025 R	2023/2024 R
Affiliates, Related Parties and Principal Agent	**14.1**	31,796,510	34,788,252

14.2 Payables from Exchange Transactions

Bulk Purchases	**14.2.1**	67,247,587	41,954,652
Contractors	**14.2.2**	14,821,390	13,554,324
Control and Clearing Accounts	**14.2.3**	9,058,640	8,830,938
Employee Benefits	**14.2.4**	30,171,010	27,447,027
Other Payables	**14.2.5**	91,719,481	88,325,448
Total		**213,018,109**	**180,112,388**

14.1.1 Affiliates, Related Parties and Principal Agent

	2024/2025 R	2023/2024 R
Vhembe District Municipality	29,848,894	30,900,511
Department Transport	1,947,616	3,887,741
Total	**31,796,510**	**34,788,252**

14.2.1 Bulk Purchases

	2024/2025 R	2023/2024 R
Bulk Electricity	67,247,587	41,954,652
Total	**67,247,587**	**41,954,652**

14.2.2 Contractors

	2024/2025 R	2023/2024 R
Retentions	14,821,390	13,554,324
Total	**14,821,390**	**13,554,324**

14.2.3 Control and Clearing Accounts

5	2024/2025 R	2023/2024 R
Employee Deductions	8,532,048	8,045,421
Prepaid Electricity	526,592	785,516
Total	**9,058,640**	**8,830,938**

14.2.4 Employee Benefits

	2024/2025 R	2023/2024 R
Leave Accrual	25,955,140	23,713,234
Annual Bonus	4,215,870	3,733,793
Total	**30,171,010**	**27,447,027**

14.2.5 Other Payables

	2024/2025 R	2023/2024 R
Sale of stands	26,848,345	26,499,639
Solly Noor	2,685,343	2,897,681
Cemetery upgrade	2,481,568	2,481,568
Payables and Accruals	47,685,399	45,515,414
Unallocated Deposits	5,931,477	4,836,790
Credit Card	334,381	503,773
Advance Payments	5,684,158	5,537,216
Hall Deposits	68,810	53,367
Total	**91,719,481**	**88,325,448**

The fair value of trade and other payables approximates their carrying amounts.
Refer to note 38 for prior period error adjustments.

15 Unspent Transfers and Subsidies

		2024/2025 R			
		Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Capital					
Allocations	**15.1**	10,505,925	30,559,000	41,064,925	-
Operational					
Allocations	**15.2**	-	234,397,761	234,397,761	-
Total		**10,505,925**	**264,956,761**	**275,462,686**	**-**

Unspent Transfers and Subsidies - (Continued)

		2023/2024 R			
		Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Capital					
Allocations	**15.1**	10,106,761	38,753,000	38,353,836	10,505,925
Operational					
Allocations	**15.2**	-	220,628,000	220,628,000	-
Total		**10,106,761**	**259,381,000**	**258,981,836**	**10,505,925**

15.1 Unspent Capital Allocations

	2024/2025 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
MIG	4,552,761	30,559,000	35,111,761	-
Disaster management grant	5,953,164	-	5,953,164	-
Total	**10,505,925**	**30,559,000**	**41,064,925**	**-**

Unspent Capital Allocations - (Continued)

	2023/2024 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
MIG	6,552,761	31,760,000	33,760,000	4,552,761
Disaster management grant	3,554,000	6,993,000	4,593,836	5,953,164
Total	**10,106,761**	**38,753,000**	**38,353,836**	**10,505,925**

15.2 Unspent Operational Allocations - (Continued)

	2024/2025 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Equitable share	-	229,122,761	229,122,761	-
FMG	-	3,000,000	3,000,000	-
EPWP	-	2,275,000	2,275,000	-
Total	**-**	**234,397,761**	**234,397,761**	**-**

Unspent Operational Allocations - (Continued)

	2023/2024 R			
	Opening Balance	**Funds Received**	**Funds Utilised**	**Closing Balance**
Equitable share	-	216,341,000	216,341,000	-
FMG	-	3,000,000	3,000,000	-
EPWP	-	1,287,000	1,287,000	-
Total	**-**	**220,628,000**	**220,628,000**	**-**

All MIG and MDRG grants received during 2024/25 were fully spent.

Musina Local Municipality
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16 Provisions

		2024/2025 R	2023/2024 R
Long-service Awards	16.1	15,579,000	14,388,000
Provision for landfill site	16.2	17,858,166	14,743,564
Total		**33,437,166**	**29,131,564**

16.1 Long-service awards

	2024/2025 R	2023/2024 R
Opening Balance	**14,388,000**	**11,924,000**
Additional Provisions Raised	1,191,000	2,464,000
Closing Balance	**15,579,000**	**14,388,000**
Transferred to Current Provisions	2,037,000	2,892,000
Total Non-current provision	13,542,000	11,496,000

Unfunded Accrued Liability

	2024/2025 R	2023/2024 R
Opening balance	14,388,000	11,924,000
Current-service cost	1,185,000	938,000
Interest cost	1,424,000	1,228,000
Pro rata Addition	-	2,382,000
Actuarial (Gain)/Loss	1,474,000	113,000
Expected employer benefit vesting	(2,892,000)	(2,197,000)
Closing Balance	15,579,000	14,388,000
Projected accrued liability	14,105,000	14,275,000

Net liability to reflect in the balance sheet

Opening balance	14,388,000	11,924,000
Current-service cost	1,185,000	938,000
Interest cost	1,424,000	1,228,000
Pro Rata Addition	-	2,382,000
Actuarial (Gain)/loss recognised in P&L	1,474,000	113,000
Net Periodic Cost Recognised in P&L	18,471,000	16,585,000
Actual employer benefits payments	(2,892,000)	(2,197,000)
Closing Balance	**15,579,000**	**14,388,000**

Long service award projections/provisions is an actuarial assumption. This is the total value of the long service awards that are expected to be awarded to eligible employees over the year based on the data at the previous valuation date.

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

Long service awards for levels of past service

Completed service (In years)	**Long service Bonus (% of annual Salary)**	**Description**
5	2.0%	5 /250* annual salary
10	6.0%	15 /250* annual salary
15	10.0%	25 /250* annual salary
20,25,30,35,40,45	14.0%	35 /250* annual salary
Key financial assumptions		
Assumption	**Value p.a 24/25**	**Value p.a 23/24**
Discount rate	9.80%	11.05%
General Salary inflation (Long-term)	4.80%	6.20%
Net effective discount rate	4.80%	4.56%

The next general earnings increase was assumed to take place 1 July 2025.
Long service award liability was valued by Arch actuaries at 30 June 2025.

16.2 Environmental rehabilitation

Reconciliation of Provision	2024/2025	2023/2024
Opening	14,743,564	12,828,505
Change in landfill closure provisions	1,578,264	513,981
Interest	1,536,338	1,401,078
Closing balance	**17,858,166**	**14,743,564**

Non- current Liabilities	17,858,166	14,743,564
Current liabilities	-	-
	17,858,166	**14,743,564**

Environmental rehabilitation Provision

The provision for environmental rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of future obligation discounted at 10.9%, which is the Average government Bond rate/Interest rate as at June 2025.

Key Assumptions used

The Remaining Useful life (RUL) of landfill site	3
CPI :	2.88%
Average government bond rate/Interest rate:	8.83%

17 Other Liabilities
Defined Benefit Obligations-Post Medical aid benefit.

		2024/2025 R	2023/2024 R
Present value of defined benefit obligation	17.1	16,937,000	14,882,000
Total		**16,937,000**	**14,882,000**

17.1 Reconciliation of Present Value of the Defined Benefit Obligations

	Defined Benefit Plan	Post-Employment Medical Benefits	Total
Defined benefit obligation at 1 July 2023			
Opening Balance		19,699,000	19,699,000
Interest Cost		2,475,000	2,475,000
Current Service Cost		1,092,000	1,092,000
Contributions Received		(6,897,000)	(6,897,000)
Actuarial (Gains) / Losses		(1,487,000)	(1,487,000)
Defined benefit obligation at 30 June 2024		**14,882,000**	**14,882,000**
Current Portion		497,000	497,000
Non current portion		14,385,000	14,385,000
Interest Cost		1,788,000	1,788,000
Current Service Cost		446,000	446,000
Contributions Received		(497,000)	(497,000)
Actuarial (Gains) / Losses		318,000	318,000
Defined benefit obligation at 30 June 2025		**16,937,000**	**16,937,000**
Current Portion		597,000	597,000
Non current portion		16,340,000	16,340,000

17.2 Analysis of Funding

	2024/2025	2023/2024
The Municipality provides certain post-retirement medical aid benefits. These medical aid benefits are unfunded.		
These projections assume that the Municipality's health care arrangement		
and subsidy policy will remain as outlined in the valuation report 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.		
The following assumptions were used :		
Discount rate	11.10%	12.21%
Health care cost inflation rate	6.80%	7.70%
Net effective discount rate	6.30%	6.46%

The assumptions on the discount rate were based on market valuation for the period which the
Sensitivity of valuation result to changes in main assumptions

Sensitivity Analysis on the accrued Liability 30/06/2025

Assumption	Change	In service	Continuation	Total	Change %
Health care inflation	+1%	12.408	5.560	17.968	6%
	-1%	10.525	5.133	15.658	-8%

Sensitivity Analysis on the accrued Liability 30/06/2024

Assumption	Change	In service	Continuation	Total	Change %
Health care inflation	+1%	12.443	3.450	15.893	7%
	-1%	10.506	3.147	13.653	-8%

Sensitivity Analysis on current-service and interest cost 30/06/2025

Assumption	Change	Current service cost	Interest cost	Total	Change %
Health care inflation	+1%	482,000	1,911,000	2,393,000	8%
	-1%	398,000	1,638,000	2,036,000	-10%

Sensitivity Analysis on current-service and interest cost 30/06/2024

Assumption	Change	Current service cost	Interest cost	Total	Change %
Health care inflation	+1%	1,189,000	2,667,000	3,856,000	8%
	-1%	970,000	2,239,000	3,209,000	-10%

RETIREMENT BENEFIT INFORMATION

Defined contribution plan

The following are defined contribution plans: Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. These contributions have been expensed.

Defined benefit plan

The following are defined benefit plans: Municipal Gratuity Fund. This plan is not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Certain employees of the municipality belong to the Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. The most recent actuarial valuation was done in 2025. These valuations indicate that the plan is in a sound financial position.

17.3 Net Benefit Expense

	Defined Benefit Plan	Post-Employment Medical Benefits	Total
For the year ended 30 June 2025			
Current Service Costs		1,788,000	1,788,000
Curtailments / Settlements		446,000	446,000
Interest Cost on Benefit Obligation		(497,000)	(497,000)
Actuarial Gains / Losses Recognised		318,000	318,000
Total expense recognised in the statement of financial performance		**2,055,000**	**2,055,000**
For the year ended 30 June 2024			
Current Service Costs		2,475,000	2,475,000
Interest Cost on Benefit Obligation		1,092,000	1,092,000
Curtailments / Settlements		(6,897,000)	(6,897,000)
Actuarial Gains / Losses Recognised		(1,487,000)	(1,487,000)
Total expense recognised in the statement of financial performance		**(4,817,000)**	**(4,817,000)**

17.4 Reconciliation of Fair value of Plan Assets

There are no plan assets

Post medical aid benefit liability was valued by Arch actuaries at 30 June 2025

18 Property Rates

	2024/2025 R	2023/2024 R
Business and Commercial Properties	7,705,592	7,203,729
Farm Properties: Agricultural Purposes	6,445,962	6,101,985
Industrial Properties	1,625,428	894,220
Other categories	-	7,131
Public Service Infrastructure Properties	3,241,800	2,956,663
Residential Properties: Developed	11,758,475	5,431,670
Residential Properties: Vacant Land	411,327	6,168,218
Total	**31,188,584**	**28,763,617**

Valuations

	2024/2025 R	2023/2024 R
Farm Prop - Agricultural	3,886,060,300	3,886,060,300
Residential 1	4,198,777,129	4,198,777,129
Business 1	1,008,965,000	1,008,965,000
Industrial 1	208,327,000	208,327,000
Municipal Properties	397,740,400	397,740,400
Private Sport/Social Clubs	12,160,000	12,160,000
Property use for Multi Purpose	167,680,000	167,680,000
Churches	24,781,000	24,781,000
Business And Commercial - Sectional Title	291,650,000	291,650,000
Farm Prop - Business & Commerc	219,896,000	219,896,000
Farm Prop - Other	198,540,000	198,540,000
Farm Prop - Residential	8,040,000	8,040,000
State Owned - Agricultural	229,308,600	229,308,600
State Owned - Commercial	193,010,000	193,010,000
State Owned - Public Benefit	46,309,000	46,309,000
State Owned - Residential	119,440,000	119,440,000
State Owned - Schools	86,680,000	86,680,000
Land Assistance Act	87,380,000	87,380,000
National Monuments	2,000	2,000
Part Remainder	70,396,000	70,396,000
Public Benefit	72,937,000	72,937,000
Public Service Infrastructure	95,162,300	95,162,300
Private Schools	2,260,000	2,260,000
Residential - Inconsistent Use	36,973,000	36,973,000
Residential - Sectional Title	74,490,800	74,490,800
Residential Vacant	28,458,700	28,458,700
Special	30,337,000	30,337,000
Protected Areas	98,350,000	98,350,000
Total	**11,894,111,229**	**11,894,111,229**

Valuations on land and buildings are performed every five years. The last valuation was done by MOD HOPE (Pty) Ltd and came into effect on 1 July 2019. Interim valuations are processed on a annual basis to take into account changes in individual property values due to alterations.

Rates are levied on an annual basis on state and De Beers property owners, and other rates are levied monthly. Interest at 15% per annum are levied on outstanding rates.

19 Service Charges

	2024/2025 R	2023/2024 R
Electricity		
Consumption - Electricity	123,268,906	109,749,683
Other - Electricity	92,549,302	83,964,722
Total	**215,818,208**	**193,714,405**
Waste Management		
Consumption – Waste Management	17,308,196	21,278,636
Total	**17,308,196**	**21,278,636**
Total Service Charges	**233,126,404**	**214,993,042**

20 Rental

	2024/2025 R	2023/2024 R
Non-market Related	1,191,034	164,026
Rent on Land	172,989	232,709
Total	**1,364,023**	**396,735**

Musina Local Municipality
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21 Interests on Investments

	2024/2025 R	2023/2024 R
Bank Accounts	700,678	501,180
Short-term Investments and Call Accounts	1,144,950	1,477,118
Total	1,845,628	1,978,298

22 Interest Earned From Receivables

		2024/2025 R	2023/2024 R
Exchange Receivables	**22.1**	3,873,791	3,366,010
Non-exchange Receivables	**22.2**	4,830,789	3,754,553
Total		8,704,581	7,120,563

22.1 Interest Earned From Exchange Receivables

	2024/2025	2023/2024
Consumer Receivables		
Electricity	2,160,210	1,897,679
Waste Management	1,701,745	1,456,105
Other Receivables	-	-
Housing Selling Schemes	818	717
Property Rental Debtors	11,019	11,508
Total	3,873,791	3,366,010

22.2 Interest Earned From Non-exchange Receivables

	2024/2025 R	2023/2024 R
Property Rates	4,830,789	3,754,553
Total	4,830,789	3,754,553
Total Receivables	**4,830,789**	**3,754,553**

23 Fines, Penalties and Forfeits

		2024/2025 R	2023/2024 R
Fines	**23.1**	4,870,460	3,878,500
Total		4,870,460	3,878,500

23.1 Fines

	2024/2025 R	2023/2024 R
Traffic Fines		
Municipal Fines	4,870,460	3,878,500
Total	**4,870,460**	**3,878,500**

24 Licenses and Permits

	2024/2025 R	2023/2024 R
Exchange Revenue	1,258,051	2,145,420
Non-exchange Revenue		
Total	**1,258,051**	**2,145,420**

24.1 Licenses and Permits – Exchange Revenue

	2024/2025 R	2023/2024 R
Road and Transport: Drivers Licence Certificate	1,258,051	2,145,420
Total	**1,258,051**	**2,145,420**

25 Transfers and Subsidies

		2024/2025 R	2023/2024 R
Operational			
Allocations	**25.1**	234,397,761	220,628,000
Total Transfers and Subsidies: Operational		**234,397,761**	**220,628,000**
Capital			
Allocations	**25.2**	36,512,164	36,353,836
Total Transfers and Subsidies: Capital		**36,512,164**	**36,353,836**
Total		270,909,925	256,981,836

25.1 Allocations: Operational

	2024/2025 R	2023/2024 R
Equitable share	229,122,761	216,341,000
FMG	3,000,000	3,000,000
EPWP	2,275,000	1,287,000
Total	**234,397,761**	**220,628,000**

25.2 Allocations : Capital

	2024/2025 R	2023/2024 R
MDRG	5,953,164	-
MIG	30,559,000	31,760,000
Total	**36,512,164**	**36,353,836**

Equitable share - In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy that was approved by Council (Tariff List).

EPWP - This grant is used to pay salaries for temporary staff.

26 Operational Revenue

	2024/2025 R	2023/2024 R
Sundry Income	7,867,562	8,936,070
LG Seta	2,737,229	4,678,587
Tenders General	38,398	115,561
Grave Fees & Stone	246,714	272,019
Building Plans	879,186	714,890
Sale of Stands	1,621,293	1,244,536
Total	**13,390,383**	**15,961,663**

27.1 Gain/Loss on Disposal of Fixed and Intangible Assets

		2024/2025 R	2023/2024 R
Losses on Disposal		-	-
Total		-	-

27.2 Gains/Loss on revaluation assets

	2024/2025 R	2023/2024 R
Investment Property	18,704,000	1,900,670
Total	**18,704,000**	**1,900,670**

27.3 Loss on Post Medical Aid Benefit Liability and Long service award

	2024/2025 R	2023/2024 R
Post Medical aid benefit and Long service award	3,246,000	4,817,000
Total	**3,246,000**	**4,817,000**

28 Employee Related Costs

		2024/2025 R	2023/2024 R
Senior Management	**28.1**	6,571,309	6,198,274
Municipal Staff	**28.2**	170,804,281	156,055,458
Total		**177,375,590**	**162,253,732**

28.1 Senior Management Costs

	2024/2025 R			
	Municipal Manager	**Chief Financial Officer**	**Community Service Manager**	**Corporate Service Manager**
Annual Salary	761,748	695,249	624,360	658,194
Bonuses	83,292	-	64,361	54,000
Car allowance	196,909	226,738	193,047	177,902
Rural Allowance	49,815	40,716	41,539	41,539
U.I.F	2,125	2,125	2,125	2,125
Medical	65,703	65,703	26,539	-
Pension	143,460	-	116,220	122,310
Total	**1,303,052**	**1,032,657**	**1,068,192**	**1,056,069**

Senior Management Costs - (Continued)

	2024/2025 R		
	Development and Planning Manager	**Technical Manager**	**Total**
Annual Salary	663,027	654,027	4,056,605
Bonuses	-	-	201,653
Car allowance	173,771	224,812	1,193,180
Rural Allowance	41,539	41,539	256,685
U.I.F	2,125	2,125	12,751
Medical	52,945	36,450	247,341
Pension	123,180	97,923	603,093
Total	**1,056,587**	**1,056,877**	**6,571,309**

Senior Management Costs (Continued)

	2023/2024 R			
	Municipal Manager	**Chief Financial Officer**	**Community Service Manager**	**Corporate Service Manager**
Annual Salary	655,066	265,199	551,348	578,041
Bonuses	79,167	-	64,166	68,920
Car allowance	189,149	142,090	186,139	193,538
Leave Days	18,352	384,502	-	10,912
Acting allowance	-	-	-	-
Rural allowance	59,394	21,130	48,319.56	48,320
UIF	2,125	886	2,125.44	2,125.44
Medical	63,329	25,083	24,638.40	-
Pension	171,000	11,729	138,600	142,020
Total	**1,237,582**	**850,619**	**1,015,336**	**1,043,876**

Senior Management Costs (Continued)

	2023/2024 R		
	Development and Planning Manager	**Technical Manager**	**Total**
Annual Salary	577,903	522,683	3,150,239
Bonuses	-	-	212,253
Car allowance	191,051	326,997	1,228,964
Acting	-	-	-
Leave Days	-	-	413,766
Rural Allowance	48,205	48,320	273,687
U.I.F	2,125	2,125.4	11,513
Medical	49,154	32,918.4	195,123
Pension	143,820	105,560.0	712,729
Total	**1,012,258**	**1,038,604.08**	**6,198,274**

28.2 Municipal Staff

	2024/2025 R	2023/2024 R
Salaries and Wages	103,579,511	93,956,959
Contributions for UIF, pensions and medical aids	28,428,459	25,411,458
Travel, motor car, accommodation, subsistence and other allowances	11,764,790	10,158,945
Housing benefits and allowances	270,799	243,141
Overtime payments	10,551,175	10,896,930
Bonuses	8,024,737	7,371,452
Long-service awards	3,267,568	5,384,533
Other employee related costs	979,283	1,295,022
Provision for leave	3,455,880	1,174,531
Annual Bonus - Provision	482,077	162,487
Total	**170,804,281**	**156,055,458**

Refer to note 38 for prior period error adjustments.

29 Remuneration of Councillors

		2024/2025 R	2023/2024 R
Mayor	**29.1**	1,046,305	1,003,681
Speaker	**29.2**	846,446	812,867
Chief Whip	**29.3**	465,121	448,803
Executive Committee	**29.4**	465,121	437,823
Full Time Councillors	**29.5**	3,170,874	3,039,173
All Other Councillors	**29.6**	5,811,617	5,624,201
Total		**11,805,485**	**11,366,547**

29.1 Mayor

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	749,476	715,555
3G	3,804	4,008
Cell phone Allowance	43,200	45,600
Travelling Allowance	249,825	238,518
Total	**1,046,305**	**1,003,681**

29.2 Speaker

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	599,581	572,444
3G	3,804	4,008
Cell phone Allowance	43,200	45,600
Travelling Allowance	199,860	190,815
Total	**846,446**	**812,867**

29.3 Chief Whip

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	313,588	299,396
3G	3,804	4,008
Cell phone Allowance	43,200	45,600
Travelling Allowance	104,529	99,799
Total	**465,121**	**448,803**

29.4 Executive Committee

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	313,588	290,851
3G	3,804	4,004
Cell phone Allowance	43,200	45,548
Travelling Allowance	104,529	97,420
Total	**465,121**	**437,823**

29.5 Full time Councillors

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	2,237,144	2,130,555
3G	15,216	16,032
Cell phone Allowance	172,800	182,400
Travelling Allowance	745,715	710,185
Total	**3,170,874**	**3,039,173**

29.6 All Other Councillors

	2024/2025 R	2023/2024 R
Allowances and Service Related Benefits		
Basic Salary	3,794,665	3,622,913
3G	60,864	64,122
Cell phone Allowance	691,200	729,529
Travelling Allowance	1,264,888	1,207,637
Total	**5,811,617**	**5,624,201**

The Mayor,Speaker and executive coucillors are all full time. Each is provided with an office and secretarial support at the cost of Council.The Mayor has use of a Council owned vehicle and driver for official duties. Disclosure in terms of the MFMA, 2003, Section 124(1)(a)

29.7 Councillor's arrear consumer accounts

	Amount outstanding for more than 90 days
Munyai M & R	66,337

30 Depreciation, Amortisation and Impairment

		2024/2025 R	2023/2024 R
Amortisation			
Intangible Assets	**11.1**	233,411	148,536
Depreciation			
Property, Plant and Equipment	**9.1**	37,732,633	35,144,615
Impairment Loss / Reversal Of Impairment			
Property, Plant and Equipment	**9.1**	2,002,151	1,472,844
Total		**39,968,195**	**36,765,995**

31 Finance cost

		2024/2025 R	2023/2024 R
Interest	**31.1**	1,562,872	1,417,763
Total		**1,562,872**	**1,417,763**

31.1 Interest Cost

	2024/2025 R	2023/2024 R
Annuity Loans	26,534	16,685
Rehabilitation of Landfill sites	1,536,338	1,401,078
Total	**1,562,872**	**1,417,763**

32 Bulk Purchases

	2024/2025 R	2023/2024 R
Electricity: Eskom	197,065,583	173,878,174
Total	**197,065,583**	**173,878,174**

32.1 Electricity Losses

	2024/2025 Units	2023/2024 Units
Bulk Purchases	94,890,166	93,231,991
Sales	74,031,318	71,854,043
Usage	83,633,614	83,714,869
Total sales and usage	157,664,933	155,568,911
Free basic electricity	1,798,170	1,556,170
Grant total	159,463,103	157,125,081
kWh lost	11,256,552	9,517,122
Percentage loss	11.86%	10.21%

The loss is due to the tampering of meters and illegal connections.

33 Inventory Consumed {Repair & Maintenance}

	2024/2025 R	2023/2024 R
Land	800,000	545,000
Materials and Supplies	3,814,080	2,638,204
Total	**4,614,080**	**3,183,204**

33.1 Inventory adjustments

	2024/2025 R	2023/2024 R
Inventory - Write-down to net-realisable Value	-	-
Total	-	-

During the year the Municipality made major repairs electrical distribution networks.The cost inccured is treated as expense because it does not meet the criteria of capitalisation.There were no inventory write-down during the year.

34 Contracted Services

		2024/2025 R	2023/2024 R
Consultants and Professional Services	**34.1**	20,855,527	15,511,539
Contractors	**34.2**	18,182,709	18,641,309
Outsourced Services	**34.3**	9,427,599	9,149,403
Total		**48,465,835**	**43,302,251**

34.1 **Consultants and Professional Services**

	2024/2025 R	2023/2024 R
Business Advisory Services		
Accounting and Auditing	461,921	265,754
Business and Financial Management	1,115,542	1,372,298
Consultance and Professional	13,108,590	10,782,296
Medical Examinations	-	1,373,654
Occupational Health and Safety	-	45,320
Total Business and Advisory Services	**14,686,052**	**13,839,322**
Legal Services		
Legal Advice and Litigation	6,169,475	1,672,217
Total Legal Services	**6,169,475**	1,672,217
Total Consultants and Professional Services	**20,855,527**	**15,511,539**

34.2 **Contractors**

	2024/2025 R	2023/2024 R
General Services		
Safeguard and Security	15,550,339	16,550,158
Total General Services	**15,550,339**	**16,550,158**
Maintenance Services		
Maintenance of Buildings and Facilities	555,149	117,544
Maintenance of Equipment	780,940	256,043
Maintenance of Unspecified Assets	1,296,280	1,717,564
Total Maintenance Services	**2,632,369**	**2,091,151**
Total Contractor	**18,182,709**	**18,641,309**

34.3 **Outsourced Services**

	2024/2025 R	2023/2024 R
Business and Advisory Services		
Valuer	1,125,681	1,223,851
Total Business and Advisory Services	**1,125,681**	**1,223,851**
General Services		
Catering Services	638,684	662,235
Drivers Licence Cards	190,627	315,052
Dumping Site	7,396,107	6,919,516
Total General Services	**8,301,918**	**7,925,552**
Total Outsourced Services	**9,427,599**	**9,149,403**

Refer to note 38 for prior period error adjustments.

35 **Transfers and Subsidies**

		2024/2025 R	2023/2024 R
Operational			
Monetary Allocations	**35.1**	5,275,000	4,287,000
Total Transfers and Subsidies: Operational		**5,275,000**	**4,287,000**
Total Transfers and Subsidies: Capital		-	-
Total		**5,275,000**	**4,287,000**

35.1 **Monetary Allocations: Operational**

	2024/2025 R	2023/2024 R
FMG	3,000,000	3,000,000
EPWP	2,275,000	1,287,000
Total	**5,275,000**	**4,287,000**

Disclosure in terms of the MFMA,2003 Section 123(1)(b)

36 Operational Costs

	2024/2025 R	2023/2024 R
Advertising	331,238	319,333
Audit fees	5,573,030	4,064,322
Bank charges	1,116,159	1,272,135
Bursaries	4,106,895	4,926,280
Conferences and delegations	1,134,332	725,611
Entertainment	100,240	3,791
Fuel and oil	3,849,798	3,474,693
Insurance	8,863,701	8,230,885
Licence fees - vehicles	317,546	149,914
Licence fees - computers	1,869,987	1,774,192
Membership fees	-	10,084
Postage	48,558	384,982
Printing and stationery	877,727	454,998
Skills development levies	1,400,656	1,268,897
Minor assets	657,739	-
Salga	1,890,558	1,388,874
Telephone cost	3,390,653	2,960,399
Travel and subsistence	12,272,823	9,974,577
Uniforms & overalls	4,381,928	3,056,758
Rental of Equipment	895,758	314,128
Municipal Activities	230,902	19,040
Workmens Compensation	-	307,081
Interest late payment	3,129,977	1,518,849
Township Establishment	410,000	340,000
Total	**56,850,205**	**46,939,824**

Refer to note 38 for prior period error adjustments.

37 Net Cash From/(Used) Operating Activities

	2024/2025 R	2023/2024 R
Surplus/(deficit) for the year	22,858,215	47,448,479
Adjustment for:-Non cash items		
Depreciation and amortisation	37,966,044	35,293,151
Interest on investments and receivables	-	-
Gain on Post Medical Aid Benefit Liability	3,246,000	(4,817,000)
Contribution to provisions bad debts	16,309,240	8,094,373
Fair value adjustments	(18,704,000)	(1,900,670)
Impairment loss / (reversal of impairment loss)	2,002,151	1,472,844
Provisions	3,114,602	(3,865,078)
other expenses	-	-
Bad Debts recovered	(34,261)	-
Operating surplus before working capital changes:	66,757,991	81,726,100
(Increase)/decrease in inventories	146,606	245,315
(Increase)/decrease in trade receivables-exchange transaction	5,597,338	(8,037,385)
(Increase)/decrease in other receivables-non exchange	(13,204,493)	(2,433,725)
(Increase)/decrease in VAT receivable	(7,247,985)	(3,386,844)
Increase/(decrease) in conditional grants and receipts	(10,505,925)	399,164
Increase/(decrease) in trade payables-exchange transaction	30,476,138	(15,545,583)
Increase/(decrease) in consumer deposits	1,150,951	366,828
Increase in investment	(3,321,440)	-
Cash generated by/(utilised in) operations	**69,849,181**	**53,333,870**

38 Correction prior year errors

The comparitives have been restated to account for prior period errors . Below is a summary of the total effect that the prior period errors,changes in accounting policies, reclassifciation and understament of comparitives had on the amounts previously disclosed in the Annual Financial Statements , followed by description of each individual prior period error with the amount invloved:

	Note	As Previously reported	Correction of error	Restated
2023				
Current liabilities				
Payables from exchange transactions	14	184,815,153	469,871	185,285,024
2023				
Current assets				
Property Plant and Equipment	9	439,036,978	31,432,018	470,468,996
2024				
Current assets				
Property Plant and Equipment	9	493,770,258	(2,881,162)	490,889,096
Receivables from Non Exchange transactions	14	18,312,553	2,124,243	20,436,796
Receivables from Exchange transactions	3	43,651,654	(2,124,243)	41,527,411
2024				
Current liabilities				
Payables from exchange transactions	5	178,622,955	1,478,809	180,101,764
2024				
Statement of Financial Perfomance				
Contracted services	34	42,954,791	347,460	43,302,251
Operational expenditure	36	46,857,841	81,983	46,939,824
Employee Related Costs	28	161,204,366	272,826	161,477,192
2023				
Disclosure note				
Fruitless and wastefull expenditure	39.2	52,623,827	352,704	52,976,531
Irregular expenditure	39.3	122,825,213	707,883	123,533,096
2024				
Disclosure note				
Commitment Note	41	146,995,041	(83,097,948)	63,897,093
Fruitless and wastefull expenditure	39.2	54,462,433	22,324	54,484,757
Irregular expenditure	39.3	146,117,189	4,201,415	150,318,604
Financial Instrument -Assets	47.3	54,076,861	26,386,649	80,463,510
Financial Instrument -Liability	47.3	193,588,336	4,935,962	198,524,298
Diviation note	53	2,619,747	(1,877,416)	742,331

The following prior perid errors adjustment occurred:

Description	2024/2025	2023/2024	2022/2023
	R	R	R
During the year it was discovered that Liabilities from exchange transactions were understated , this is due to invoices not captured in the previous years.			
Impact on Payables and accruals		429,444	352,703
Impact on Leave accruals		224,251	-
Impact on Employee deductions		825,114	117,167
Impact on accumulated surplus		**(1,478,809)**	**(469,870)**
During the year it was discovered that commitments relating to the prior year were overstated, this is due to incorrectly disclosing commitments that were not contracted.			
Impact on commitment note		(83,097,948)	
During the year it was discovered that fruitless and wastefull expenditure relating to the prior years was understated, this is due to interes identified in the current year not disclosed in the previous years.			
Impact on Fruitless and wastefull expenditure		22,324	352,704
During the year, it was discovered that irregular expenditure note was understated , this is due to prior year expenditure identified in the current year not diclosed in the previous year			
Impact on Irregular expenditure disclosure		4,201,415	707,883
During the year, it was discovered that financial instrument note was understated , This was due to non-disclosure of VAT and Investment balance on the instrument note in the previous year.			
Impact on Financial instrument-assets		26,386,649	
Impact on Financial instrument-liability		4,935,962	
During the year it was discovered diviation note on in the prior year was overstated, this is due to irregular expenditure that was included as part of the diviations			
Impact on Deviation note		(1,877,461)	
During the year it was discovered that receivables from non exchange transactions were understated in the previous year, this is due to disclosing overpayment of employees as exchange transaction and as a result overstating the receivables from exchange transactions.		-	
Impact on receivables from non exchange receivables		2,124,243	
Impact on receivables from exchange receivables		(2,124,243)	
Impact on Accumulated surplus		-	
		-	
During the year it was dicovered that propert plan and equipment balance was understated in the previous years, this is due to asset in the category of electrical infrastructure erroneously not included in the asset register in prior years.			
Impact on PPE -Cost		-	34,493,057
Impact on Accumulated depreciation		(2,881,162)	(3,061,020)
Depreciation		2,881,162	-
Impact on accumulated surplus		-	31,432,037

39 Unauthorised, Irregular, Fruitless and wasteful expenditure disallowed

-

		2024/2025	2023/2024
		R	R
Unauthorised expenditure	39.1	126,901,085	126,901,085
Fruitless and wasteful expenditure	39.2	57,625,357	54,495,380
Irregular expenditure	39.3	185,876,126	150,318,604
Total		**370,402,568**	**331,715,069**

Refer to note 38 for prior period error adjustments.

39.1 Unauthorised expenditure

	2024/2025 R	2023/2024 R
Opening balance	126,901,085	118,212,140
Unauthorised expenditure-prior year	-	8,688,945
Unauthorised expenditure current year	-	
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**126,901,085**	**126,901,085**

This relates to expenditure on non cash items not budgeted for.

39.2 Fruitless and wasteful expenditure

	2024/2025 R	2023/2024 R
Opening balance -	54,495,380	52,976,531
Fruitless and wasteful expenditure current year	3,129,977	1,518,849
Condoned or written off by Council		-
Transfer to irregular	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	**57,625,357**	**54,495,380**

Fruitless and wastefull relates to interest on late payments, overtime time paid to employees and overpayment to suppliers.Refer to note 38 for prior period error adjustments.

39.3 Irregular expenditure

	2024/2025 R	2023/2024 R
Opening balance	150,318,604	123,533,096
Irregular expenditure-current year	17,054,463	22,584,093
Identified in the current year	18,539,182	4,201,415
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	36,123	-
Irregular expenditure awaiting condonement	**185,876,126**	**150,318,604**

Due to deviations from the procurement processes (invitations of three written quotations, increase to bidding price, and no relevant contract or tender documentation) that were approved on the basis of it being an emergency, while it was possible to comply with the requirements or where proper planning would have prevented the deviations. Due to contracts that were extended or renewed to such an extent that competitive bidding processes were being circumvented.

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT

During the year an appoitment was made to Boa Mutupe investment for accomodation to the value R 91 800.The spouse (Mimie Boa) is employed by Musina Local Municipality as Manager Social Services

Refer to note 38 for prior period error adjustments.

40 Additional Disclosures in Terms of Municipal Finance Management Act

40.1 Contributions to SALGA

	2024/2025 R	2023/2024 R
Opening balance	-	-
Council subscriptions	1,890,558	1,388,874
Amount paid - current	1,890,558	1,388,874
Amount paid - previous years	-	-
Balance unpaid	**-**	**-**

40.2 Audit fees

	2024/2025 R	2023/2024 R
Opening balance	-	-
Current year audit fee	5,573,030	4,064,322
Amount paid - current year	5,573,030	4,064,322
Amount paid - previous years	-	
Balance unpaid	**-**	**-**

40.3 VAT

	2024/2025 R	2023/2024 R
VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		

40.4 PAYE and UIF

	2024/2025 R	2023/2024 R
Opening balance	2,310,363	-
Current year payroll deductions	31,771,127	28,673,058
Amount paid - current year	28,920,265	26,362,695
Amount paid - previous years	2,310,363	-
Balance unpaid	2,850,862	2,310,363

40.5 Pension and Medical Aid Deductions

	2024/2025 R	2023/2024 R
Opening balance	3,607,187	-
Current year payroll deductions and Council Contributions	46,156,576	29,969,882
Amount paid - current year	42,229,422	26,362,695
Amount paid - previous years	3,607,187	-
Balance unpaid	3,927,154	3,607,187

41 Capital Commitments

Commitments in respect of capital expenditure

	2024/2025 R	2023/2024 R
- Approved and contracted for	**77,847,458**	**34,152,620**
Infrastructure	68,239,455	34,152,620
Community	9,608,003	-
SubTotal	**77,847,458**	**34,152,620**

Commitments in respect of operating project expenditure

	2024/2025 R	2023/2024 R
- Approved and contracted for	**59,697,717**	**29,744,473**
Budget & Treasury	14,235,827	8,762,140
Community	45,461,890	20,982,333
SubTotal	59,697,717	29,744,473
Total	**137,545,175**	**63,897,093**

This expenditure will be financed from:

	2024/2025 R	2023/2024 R
- External Loans	-	-
- Government Grants	48,935,946	5,953,164
- Own resources	88,609,229	57,943,929
Total	**137,545,175**	**63,897,093**

Refer to note 38 for prior period errors

42 Contingent Liabilities

	2024/2025 R	2023/2024 R
The plaintiff is suing the municipality for financial loss due to alleged breach of contract in relation to the uncompleted shakadza multipupose centre.The plaintiff is claiming an amount of R 2 526 717 and termination of contract.The matter is at a pleading stage. The Municipality has a good chance of success.	2,525,717	-
The municipality has other legal cases which have been considered to be mute based on GRAP 19.35 & 101 and no disclosure is required		

43 Contingent Assets

	2024/2025 R	2023/2024 R
The following services were received in-kind by Musina Municipality during the year The Municipality did not have any contingent assets during the year.	-	-

44 Related Party Disclosures

44.1 Remuneration of key management personnel - refer to note 28

Other remuneration and compensation provided to key management and their close family memebers (Paragraph 34(b)
During the reporting period the Municipality provided total remuneration and compensation of R 1 607 883.01 (2024: R1 759 191) to close family members of, and key management personnel. This amount consists of the remuneration of Municipal employee who are close members of the members of key management personnel.

44.2 Remuneration Councillors - refer to note 29

During the reporting period the Municipality provided total remuneration and compensation of R1 703 157 (2023: R1 460 705) to close family members of, and councillors. This amount consists of the remuneration of Municipal employees who are close members of the members of Councillors.

45 Events after the Reporting Date

	2024/2025 R	2023/2024 R
During July 2024, Council took a resolution that section 57 managers should repay some of their salaries as a result of over payment on their salaries, this is an adjusting event and debtors were raised at 30 June 2024.		1,416,360

46 Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Fair Value
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:
Impairment of assets
Provisions

47 Risk Management

47.1 Maximum credit risk exposure

	2024/2025 R	2023/2024 R
Financial assets exposed to credit risk at year end were as follows:		
ABSA Bank - Fixed deposits	16,490,333	13,168,893
ABSA Bank - Current/Cheque account	3,892,514	10,327,276
Trade and other receivables	53,296,383	61,964,207

These balances represent the maximum exposure to credit risk.

The municipality is exposed to an ABSA bank guarantee in favour of Eskom amounting to R16 490 333

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

47.2 Liquidity risk

		2024/2025 R	2023/2024 R
Consumer deposit	Less than 1 year	7,285,674	6,134,723
	Between 1 and 2 years		-
	Between 2 and 5 years		
	Over 5 years		
Trade payables from exchange transaction	Less than 1 year	213,018,109	180,112,388
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		
Trade payables from non exchange transaction	Less than 1 year	31,796,510	34,788,252
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		
Long term Liabilities	Less than 1 year	-	-
	Between 1 and 2 years	-	-
	Between 2 and 5 years		
	Over 5 years		
Finance lease obligation	Less than 1 year	-	-
	Between 1 and 2 years	-	-
	Between 2 and 5 years		
	Over 5 years		
Unspent grant	Less than 1 year	-	10,505,925
	Between 1 and 2 years		
	Between 2 and 5 years		
	Over 5 years		

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.
The table above analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.
There were no changes to the liquidity and risk management in the current year

47.3 Financial Instrument Disclosure

Categories of financial instruments

Financial assets

	2024/2025 R	2023/2024 R
	At Amortised cost	**At Amortised cost**
Trade and other receivables from exchange transactions	33,191,337	41,527,410
Other receivables from non-exchange transactions	2,472,098	2,222,175
Cash and Cash equivalents	3,892,514	10,327,276
Vat Receivable	21,526,309	13,217,756
Investments	16,490,333	13,168,893
	77,572,591	**80,463,509**

Financial Liabilities

	2024/2025 R	2023/2024 R
	At Amortised cost	**At Amortised cost**
Finance lease	-	-
Payables from exchange transaction	182,847,098	152,665,361
Other payables from non-exchange transaction	31,796,510	34,788,252
Consumer deposits	7,285,674	6,134,723
VAT Payable	5,996,530	4,935,962
	227,925,812	**198,524,298**

48 Change in Accounting Policy

The were no changes to accounting policy

49 Change in Estimate

The useful lives of all asset classes were adjusted during 2024/2025 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 9. The effect of changing the remaining useful life of assets for the Municipality during 2024/2025 has decreased the depreciation charge for the current year by R 410 635 It is impracticable to estimate the effect of these changes on future periods

50 Operational Grant Expenditure

	2024/2025 R	2023/2024 R
Finance Management grant [FMG]	3,000,000	3,000,000
EPWP	2,275,000	1,287,000
Total	**5,275,000**	**4,287,000**

51 Income Forgone

-

	2024/2025 R	2023/2024 R
Assesment Rates	212,338	200,329
Total	**212,338**	**200,329**

52 In-Kind Donations and Assistance

	2024/2025 R	2023/2024 R
None	-	-

The municipality did not receive any donation during the year.

53 Deviation from Procurement Processes - Supply Chain Regulation 36(2)

		2024/2025 R	2023/2024 R
53.1	**Technical Department** 1 Occasion Supplier - Various Deviation due to sole provider of the required service	15,669	341,018
53.3	**Budget & Treasury Office** 8 Occasions Deviation due to sole provider of the required service Supplier - Various	236,190	245,650
53.4	**Community Services** 5 Occasions Supplier - Various Deviation due to sole provider of the required service	53,108	24,948
53.5	**Corporate Services** 9 Occasions Supplier - Various Deviation due to sole provider of the required service	307,584	101,715
53.6	**Municipal Manager Office** 1 Occasion Supplier - Various Deviation due to sole provider of the required service	5,161	29,000
53.7	**Integrated Development plan** 1 Occasion Supplier - Various Deviation due to sole provider of the required service	69,550	-
53.8	**Mayors Office** 0 Occasion Supplier - Various Deviation due to sole provider of the required service	-	-
	Total	**687,262**	**742,331**

There was no other non- compliance with section 125(2)(e) of the MFMA

54 Going Concern

The financial statements have been prepared on a going concern basis.

The municipality liquidity challenges have improved as evident by the following :
-The Municipality has a Surplus of R 22 888 188
- Net current assets position of R 562 747 808 (2024 : R 539 859 624).
- The current Eskom debt is not older than 90 days.

- Reduction of overtime work to a maximum of 24 hours per month which will result in a saving on Salaries
- Stricter cash management to spend when cash is available.
-Council approved resolution to sell most of land it owns in 2025/26 to improve revenue generation. This can bring about R90m to the Municipality.

The Municipality has bought pool cars in the current year which will relieve the municipality financial situation when it comes travel cost
The achievement of some of the above strategies is not certain as they depend on factors outside the municipal control such as high take up of land sales, effective and positive response by consumers on the revenue strategies .
The accounting officer is satisfied that these strategies are achievable under the circumstances and that active management of cash flow strategies will be implemented to ensure the achievement of these strategies.

55 Principal and Agents

55.1 Department Of Transport

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 licencing functions on behalf of the department of transport and earns a commission of 20% of the total revenue collected from this services. The balance of 80% is transferred to the department of transport. The following is a summary of carrying values of assets, liabilities, revenue and expenditure as a result of the arrangements at year end.

	2024/2025 R	2023/2024 R
Non-Exchange Revenue		
Revenue- 20% agency fees	1,940,125	2,937,527
Current Liabilities		
Liabilities- Unpaid 80% at year end.	1,947,616	3,887,741

55.2 Vhembe District Municipality

Musina Local Municipality and Vhembe District Municipality entered into an agreement under which the municipality serves as an agent and Vhembe District Municipality as a Principal, under this arrangement Musina Local Municipality performs water functions on behalf of Vhembe District Municipality, This functions amongst others include Musina having to do the following on behalf of the district : 1. meter reading and billing of all water related transactions ,2 Credit control and debtors collection services. Musina will then earn agency fee of 15% on all collected water revenue. Other expenses incurred on behalf of the district by the local which are payable to the local municipality includes, Security cost, stock material issued to the district and electricity cost to pump water. The cost of the mentioned expenses are disclosed as receivables by the local municipality.

All water revenue prepaid and conventional collected by the local municipality are disclosed as payable to the district by Musina local Municipality. The two municipalities settles their debts by netting off each others receivables and payables at year end.
Musina local Municipality records the following as revenue and receivables in their books, commission earned, Electricity revenue. Other expenses paid which are recorded as receivables includes , stock issued and security cost.

All monies earned by the Musina Municipality from water services are disclosed as a liability and any monies paid by Musina Municipality to ensure smooth running of the water function are disclosed as a receivable by Musina Local Municipality. All assets relating to the function are owned and controlled by the District Municipality.
There were no changes to the arrangement in the current year

The following is a summary of carrying values of assets, liabilities, revenue and expenditure as a result of the arrangements at year end.

	2024/2025 R	2023/2024 R
Current Liabilities		
Revenue	41,102,763	36,773,983
Current receivables		
Expenses paid	42,154,381	40,346,043

The Municipality has entered into an agreement with CigiCell under which the Municipality serves as a Principal and CigiCell as an agent. Under this arrangement, CigiCell sells electricity to Musina residents on behalf of the municipality.Cigicell earns 2.88 % of all revenue collected from selling electricity and the balance is transferred to the Municipality .The following is a summary of carrying values of assets, liabilities, revenue and expenditure as a result
55.3 of the arrangements at year end.

	2024/2025 R	2023/2024 R
Exchange Revenue		
Electricity sales	84,712,574	74,301,136
Expenditure		
Commission paid	2,617,184	2,136,158
Current receivables		
Cigi cell-Unpaid Collections	254,523	578,320

The Municipality has entered into an agreement with a panel of Travel agents. under this agreements the Municipality serves as a Principal and travel agents as an agent. Under this arrangement, travel agents books flights and accommodation for business trips on behalf of the municipality. Travel agents earns 18% commission on all expenditure paid on behalf of the municipality. The following is a summary of carrying values of assets, liabilities,
55.4 revenue and expenditure as a result of the arrangements at year end.

	2024/2025 R	2023/2024 R
Expenditure		
Commission paid	374,812	-
Current receivables		
Overpayment to suppliers	67,014	-
Current Liabilities		
Unpaid commission and expenses	1,283,743	-

56 COMPARISON OF BUDGET AND ACTUAL AMOUNTS
Variance explanation-Only significant Variances.

Service charges- This was due to the unexpected lower billing compared to what he had anticipated
Interest earned -External investment- This was due to maintenance of highly positive cash balances during the financial year over and above the short term investments that we had.

Interest earned -Outstanding debtors - This was due to an increase on assessment rate debtors, resulting in higher interest charged.
Licence and Permits -damaged building at the licencing department forced the municipality to suspend services resulting in lower revenue collection
Other revenue- This was due to anticipated sale of stands at Rhino Ridge which was not realised by the end of the year under review.

Bad debts impairment - An increase on the debtors balance resulting in a higher provision for debt .
Bulk purchases- The Municipality anticipated more consupmtion of electricity in the 2024-2025 financial year,however we did not realise as expected.
Other Materials - Delays in procurement of materials for critical maintenance resulted in this under expenditure.

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2025

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	Additions	Movement/Transfer	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Movement	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R		R	R	R	R	R		R	R	R	R	R	R
Land															
Land	42,705,200		-	-		42,705,200	-	-			-	-	-	-	42,705,200
Landfill Sites		-		-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-		-	-	-	-	-		-	-	-	-	-	-
	42,705,200	-	-	-	-	42,705,200	-	-	-	-	-	-	-	-	42,705,200
Buildings	117,283,373	-	-	-	7,032,533.78	124,315,907	(33,879,447)	(3,134,867)	-	-	(275,618)	(37,289,931)	-	-	87,025,976
Infrastructure															
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	374,840,852	-	-	-	32,509,708	407,350,560	(178,707,588)	(16,330,437)		-	(654,198)	(195,692,223)	-	-	211,658,337
Security Measures and Others	10,228,503	-	-	-	7,499,285	17,727,788	(1,499,730)	(534,764)	-	-	-	(2,034,495)	-	-	15,693,293
Electricity Mains	168,877,731	382,483	-	-	11,188,276	180,448,489	(77,898,369)	(9,118,527)		-	(92,145)	(87,109,041)	-	-	93,339,448
Electricity Peak Load Equip	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Mains & Purification	-	-		-	-	-	-	-		-	-	-	-	-	-
Reservoirs – Water	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Meters	-	-		-	-	-	-	-		-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	553,947,086	382,483	-	-	51,197,268	605,526,837	(258,105,687)	(25,983,728)	-	-	(746,343)	(284,835,759)	-	-	320,691,078
Community Assets															
Parks & Gardens	14,703,816	1,578,264	-	-	-	16,282,080	(2,534,158)	(403,377)		-	-	(2,937,535)	-	-	13,344,545
Libraries	-	-		-	-	-	-	-		-	-	-	-	-	-
Recreation Grounds	-	-		-	-	-	-	-		-	-	-	-	-	-
Civic Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Stadiums	57,977,996	-	-	-	-	57,977,996	(20,972,984)	(1,774,693)	-	-	(916,992)	(23,664,668)	-	-	34,313,328
Halls	-	-		-	-	-	-	-		-	-	-	-	-	-
Theatre	-	-		-	-	-	-	-		-	-	-	-	-	-
Swimming Pools	-	-		-	-	-	-	-		-	-	-	-	-	-
Cemeteries	-	-		-	-	-	-	-		-	-	-	-	-	-
	72,681,812	1,578,264	-	-	-	74,260,076	(23,507,142)	(2,178,070)	-	-	(916,992)	(26,602,203)	-	-	47,657,873
Heritage Assets															
Historical Buildings	-	-	-	-	-	-	-	-		-	-	-	-	-	-
Paintings & Artifacts		-		-	-	-	-	-		-	-	-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-	-	-
Total carried forward	786,617,471	1,960,747		-	58,229,802	846,808,020	(315,492,276)	(31,296,665)	-	-	(1,938,953)	(348,727,894)	-	-	498,080,126

Musina Local Municipality

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2025

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Total brought forward	786,617,471	1,960,747		-	58,229,802	846,808,020	(315,492,276)	(31,296,665)		-	(1,938,953)	(348,727,894)	-	-	498,080,126
Other Assets															
Office Equipment	1,692,120	1,023,840	-	(106,342)	-	2,609,618	(1,225,941)	(224,362)	-	106,342	(8,270)	(1,352,231)	-	-	1,257,387
Furniture & Fittings	2,955,675	5,711,188.61	-	(783,163)	-	7,883,700	(2,911,508)	(557,024)	-	783,163	(3,894)	(2,689,262)	-	-	5,194,438
Bins and Containers	1,876,216	-		-	-	1,876,216	(1,811,899)	(16,090)	-	-	-	(1,827,989)	-	-	48,227
Emergency Equipment	-	-		-	-	-	-	-		-	-	-	-	-	-
Office Equipment-finance assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	2,275,233	320,290.00	-	-	-	2,595,523	(1,659,054)	(176,165)	-	-	-	(1,835,219)	-	-	760,304
Car Port	8,494	-		-	-	8,494	(8,403)	(23)		-	-	(8,425)	-	-	69
Computer Equipment	5,529,092	4,693,147	-	(115,502)	-	10,106,736	(3,416,777)	(1,267,132)	-	115,502	(51,034)	(4,619,441)	-	-	5,487,295
Computer Software (part of computer equipment)	-	-		-	-	-	-	-		-	-	-	-	-	-
Other Assets-Landfill site	-	-		-	-	-	-	-		-	-	-	-	-	-
	14,336,830	11,748,466	-	(1,005,008)	-	25,080,288	(11,033,581)	(2,240,797)	-	1,005,007	(63,198)	(12,332,568)	-	-	12,747,719
Finance Lease Assets	-	-	-	-	-	-	(0)	-	-	-	-	(0)	-	-	(0)
Motor vehicles	31,980,530	3,288,708	-	-	-	35,269,239	(15,519,879)	(4,195,172)	-	-	-	(19,715,051)	-	-	15,554,188
	31,980,530	3,288,708	-	-	-	35,269,239	(15,519,879)	(4,195,172)	-	-	-	(19,715,051)	-	-	15,554,187
Total	**832,934,831**	**16,997,921**	**-**	**(1,005,008)**	**58,229,802**	**907,157,546**	**(342,045,736)**	**(37,732,633)**	**-**	**1,005,007**	**(2,002,151)**	**(380,775,513)**	**-**	**-**	**526,382,033**

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2024

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	**Additions**	**Movement/Transfers**	**Disposals**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Depreciation**	**Movement**	**Disposals**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**		**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
Land															
Land	42,705,200	-	-	-		42,705,200	-	-		-	-	-	-	-	42,705,200
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-		-	-	-	-	-	-
	42,705,200	-	-	-	-	42,705,200	-	-	-	-	-	-	-	-	42,705,200
Buildings	108,019,566	-	-	-	9,263,807	117,283,373	(30,660,534)	(3,145,080)	-	-	(73,833)	(33,879,447)	-	-	83,403,926
Infrastructure															
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	353,174,825	4,771,665	-	-	16,894,362	374,840,852	(161,573,643)	(16,816,935)	-	-	(317,010)	(178,707,588)	-	-	196,133,264
Security Measures and Others	10,228,503	-	-	-	-	10,228,503	(1,499,730)	-	-	-	-	(1,499,730)	-	-	8,728,773
Electricity Mains	158,736,811	857,879	-	-	9,283,041	168,877,731	(68,805,381)	(9,092,988)		-	-	(77,898,369)	-	-	90,979,362
Electricity Peak Load Equip	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Mains & Purification	-	-		-	-	-	-	-		-	-	-	-	-	-
Reservoirs – Water	-	-		-	-	-	-	-		-	-	-	-	-	-
Water Meters	-	-		-	-	-	-	-		-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	522,140,139	5,629,544	-	-	26,177,403	553,947,086	(231,878,755)	(25,909,923)	-	-	(317,010)	(258,105,687)	-	-	295,841,399
Community Assets															
Parks & Gardens	14,189,835	513,981	-	-	-	14,703,816	(2,136,855)	(397,303)		-	-	(2,534,158)	-	-	12,169,658
Libraries	-	-		-	-	-	-	-		-	-	-	-	-	-
Recreation Grounds	-	-		-	-	-	-	-		-	-	-	-	-	-
Civic Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Stadiums	57,977,996	-	-	-	-	57,977,996	(18,240,122)	(1,697,905)	-	-	(1,034,956)	(20,972,984)	-	-	37,005,012
Halls	-	-		-	-	-	-	-		-	-	-	-	-	-
Theatre	-	-		-	-	-	-	-		-	-	-	-	-	-
Swimming Pools	-	-		-	-	-	-	-		-	-	-	-	-	-
Cemeteries	-	-		-	-	-	-	-		-	-	-	-	-	-
	72,167,831	513,981	-	-	-	72,681,812	(20,376,978)	(2,095,208)	-	-	(1,034,956)	(23,507,142)	-	-	49,174,670
Heritage Assets															
Historical Buildings	-	-		-	-	-	-	-		-	-	-	-	-	-
Paintings & Artifacts		-		-	-	-	-	-		-	-	-	-	-	-
	-	-		-	-	-	-	-		-	-	-	-	-	
Total carried forward	745,032,736	6,143,525	-	-	35,441,210	786,617,471	(282,916,266)	(31,150,211)	-	-	(1,425,799)	(315,492,276)	-	-	471,125,195

Musina Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2024

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance	Additions	Movement	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Movement	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R		R	R	R	R	R		R	R	R	R	R	R
Total brought forward	745,032,736	6,143,525		-	35,441,210	786,617,471	(282,916,266)	(31,150,211)		-	(1,425,799)	(315,492,276)	-	-	471,125,195
Other Assets															
Office Equipment	1,683,743	286,105	-	(277,728)	-	1,692,120	(1,347,530)	(125,586)	-	277,728	(30,553)	(1,225,941)	-	-	466,179
Furniture & Fittings	3,176,718	-	-	(221,043)	-	2,955,675	(3,110,347)	(22,204)	-	221,043	-	(2,911,508)	-	-	44,167
Bins and Containers	1,876,216	-		-	-	1,876,216	(1,779,609)	(32,290)		-	-	(1,811,899)	-	-	64,317
Emergency Equipment	-	-		-	-	-	-	-		-	-	-	-	-	-
Office Equipment	-	-		-	-	-	-	-		-	-	12	-	-	12
Plant & Equipment	2,134,964	173,232	-	(32,963)	-	2,275,233	(1,500,819)	(188,355)	-	32,963	(2,843)	(1,659,054)	-	-	616,179
Car Port	8,494	-		-	-	8,494	(8,357)	(46)	-	-	-	(8,403)	-	-	91
Computer Equipment	4,951,125	1,116,990	-	(539,023)	-	5,529,092	(2,900,193)	(1,049,378)	-	539,023	(6,228)	(3,416,777)	-	-	2,112,315
Computer Software (part of computer equipment)	-	-		-	-	-	-	-		-	-	-	-	-	-
Other Assets	-	-		-	-	-	-	-			-	-	-	-	-
	13,831,260	1,576,327	-	(1,070,757)	-	14,336,830	(10,646,855)	(1,417,859)	-	1,070,757	(39,624)	(11,033,568)	-	-	3,303,261
Finance Lease Assets	1,270,662	-		(1,270,662)		-	(930,658)	(340,004)		1,270,662		(0)			(0)
Motor vehicles	20,295,187	13,876,496	-	(2,191,153)	-	31,980,530	(15,467,071)	(2,236,541)	-	2,191,153	(7,421)	(15,519,879)	-	-	16,460,651
	21,565,849	13,876,496	-	(3,461,815)	-	31,980,530	(16,397,729)	(2,576,545)	-	3,461,815	(7,421)	(15,519,879)	-	-	16,460,651
Total	**780,429,845**	**21,596,348**	**-**	**(4,532,572)**	**35,441,210**	**832,934,831**	**(309,960,849)**	**(35,144,615)**	**-**	**4,532,572**	**(1,472,844)**	**(342,045,724)**	**-**	**-**	**490,889,108**