Molemole Local Municipality
(Registration number LIM353)
Financial statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	Performing the functions as set out in the Constitution (Act no 105 of 1996). 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.
Mayoral committee	
Executive Mayor	Cllr ME Paya
Speaker	Cllr D Matlou
Whip of Council	Cllr EM Rathaha
MPAC chairperson	Cllr PT Rathete
Ethics chairperson	Cllr SR Nakana
Exco members	Cllr ML Moabelo
	Cllr NF Rampyapedi
	Cllr SW Mafona
	Cllr MO Motolla
	Cllr BM Hlapa
Councillors	Cllr MC Matjee
	Cllr T Motlalamobi
	Cllr PS Masoga
	Cllr ME Ramarutha
	Cllr MS Machaka
	Cllr MY Senamolela
	Cllr NG Sekgota
	Cllr TM Mapholletja
	Cllr MJ Poopedi
	Cllr MM Selabe
	Cllr MV Ramusi
	Cllr MC Nong
	Cllr MS Ngobene
	Cllr SP Chepape
	Cllr TG Malebanna
	Cllr RI Mabitsela
	Cllr ME Rahlana
	Cllr TO Kgopane
	Cllr MS Letlalo
	Cllr ME Machethe
	Cllr GM Modiba
	Cllr MJ Kubyana
Grading of local authority	Level 3 Local Municipality
Accounting Officer	Mr KE Makgatho
Chief Financial Officer (CFO)	Ms Khanyisile Zulu
Business address	303 Church Street Mogwadi 0715
Postal address	Private Bag X44 Mogwadi 0715

General Information

Bankers	Nedbank Limited
Auditors	Auditor General (South Africa) (AGSA)
Website address	www.molemole.gov.za
Email address	info@molemole.gov.za
Audit committee Chairperson	Ms FJ Mudau (October 2023 - current)
Audit Committee Members	Mr KG Masemola (March 2025 - current) Mr MD Mogano (October 2023 - current) Mr MJ Kgopa (October 2023 - current) Mr FL Ndou (October 2023 - March 2025) Mr LT Nevondwe (March 2025 - current)
Risk Committee Members	Mr FL Ndou (April 2025 - current)

Molemole Local Municipality

(Registration number LIM353)
Financial Statements for the year ended 30 June 2025

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

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Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
GIAS	General International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CRR	Capital Replacement Reserve
MTREF	Medium Term Revenue and Expenditure Framework
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
INEP	Integrated National Electrification Programme
MDRG	Municipal Disaster Relief Grant
DORA	Division of Revenue Act
SALGA	South African Local Government Association
COGHSTA	Cooperative Governance Human Settlements and Traditional Affairs
LG SETA	Local Government Service Sector Education and Training Authority
CIGFARO	Chartered Institute of Government Finance and Risk Officers
ASB	Accounting Standard Board
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements have been prepared in accordance with Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

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

The financial statements set out on pages 7 to 113, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
Mr KE Makgatho

Accounting Officer's Report

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

1. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 448 670 492 and that the municipality's total assets exceed total liabilities by R 498 757 156.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors.

The following factors support going concern assumption:

There is no intention to cease operation and municipal budget for MTREF period support this.

The municipality has a healthy solvency and liquidity ratio.

The municipality continue to achieve net surplus for 2024 and 2025 financial year.

There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

2. Subsequent events

The accounting officer is aware of any matter or circumstance arising since the end of the financial year.

During the year under review, the Municipal Council resolved (prior to 30 June 2025) to dispose of a non-current asset with a carrying amount of R1 544 046. The asset met the criteria for classification as held for sale in accordance with GRAP 100 as at 30 June 2025.

Subsequent to year-end, but before the date of submission of the financial statements for audit, the asset was sold on 30 July 2025 for R2 314 088, resulting in a gain on disposal of R770 042. As this sale confirms conditions that existed at year-end, it is considered an adjusting event in terms of GRAP 14 (Events After the Reporting Date), and the gain has been recognized in the 2025 reporting period.

3. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Statement of Financial Position as at 30 June 2025

	Note(s)	2025 R	2024 Restated* R
Assets			
Current Assets			
Inventories	8	362 728	156 004
Receivables from exchange transactions	9&10	3 143 067	2 396 395
Receivables from non-exchange transactions	11	5 208 598	10 559 584
Cash and cash equivalents	14	132 645 049	140 341 016
VAT receivable	12	2 060 038	11 091 928
VAT input accrual	12	2 160 771	1 333 377
		145 580 251	**165 878 304**
Non-Current Assets			
Investment property	3	1 534 542	1 459 246
Property, plant and equipment	4	456 514 642	425 973 263
Intangible assets	5	300 703	564 131
Heritage assets	6	414 500	408 500
		458 764 387	**428 405 140**
Total Assets		**604 344 638**	**594 283 444**
Liabilities			
Current Liabilities			
Payables from exchange transactions	20	25 662 142	30 545 747
Consumer deposits	21	507 776	509 126
Unspent conditional grants and receipts	16	1 409 932	881 651
Other liability	18	28 303	56 894
Non-current employee benefits	19	11 558 957	11 587 550
Construction contract revenue and payable	34	1 034 175	329 107
VAT output accrual	13	4 281 962	8 267 234
		44 483 247	**52 177 309**
Non-Current Liabilities			
Non-current employee benefits	7	16 424 999	13 114 999
Provisions	17	44 679 234	36 360 798
		61 104 233	**49 475 797**
Total Liabilities		**105 587 480**	**101 653 106**
Net Assets		**498 757 158**	**492 630 338**
Revaluation reserve	15	50 086 664	47 735 370
Accumulated surplus		448 670 492	444 894 961
Total Net Assets		**498 757 156**	**492 630 331**

* See Note 59 & 60

Statement of Financial Performance

	Note(s)	2025 R	2024 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	23	13 301 601	13 054 305
Rental of facilities and equipment	24	231 134	263 522
Interest income - debtors	33	693 047	899 627
Commission received	28	206 931	204 363
Licences and permits	26	4 501 381	4 855 114
Other income	29	1 218 602	1 400 649
Interest income - investment	30	13 918 818	12 651 194
Construction contracts	34	16 893 850	16 338 719
Total revenue from exchange transactions		**50 965 364**	**49 667 493**
Revenue from non-exchange transactions			
Property rates	31	29 864 221	28 276 060
Interest income - debtors	27	734 380	1 142 945
Fines, penalties and forfeits	25	733 275	370 778
Transfer revenue			
Government grants & subsidies	32	230 590 193	248 044 255
Total revenue from non-exchange transactions		**261 922 069**	**277 834 038**
Total revenue	22	**312 887 433**	**327 501 531**
Expenditure			
Employee related costs	35	(119 905 939)	(114 475 823)
Remuneration of councillors	36	(14 185 585)	(14 192 523)
Depreciation and amortisation	37	(21 848 710)	(19 152 509)
Impairment loss	38	(2 562 935)	(1 224 800)
Finance costs	39	(2 935 813)	(2 920 009)
Debt Impairment	40	(27 252 364)	(17 819 929)
Bad debts written off	41	(247 790)	(78 304)
Bulk purchases	42	(16 015 294)	(14 156 808)
Contracted services	43	(63 454 749)	(58 795 898)
Loss on assets written off / disposal	44	(1 886 603)	(509 955)
General Expenses	45	(38 816 122)	(34 511 436)
Total expenditure		**(309 111 904)**	**(277 837 994)**
Surplus for the year		**3 775 529**	**49 663 537**

* See Note 59 & 60

Statement of Changes in Net Assets

	Revaluation reserve R	Accumulated surplus / deficit R	Total net assets R
Balance at 01 July 2023	**47 733 865**	**395 231 424**	**442 965 289**
Changes in net assets			
Fair value gains, net of tax: Land and buildings	1 505	-	1 505
Net income (losses) recognised directly in net assets	1 505	-	1 505
Surplus for the year	-	49 663 537	49 663 537
Total recognised income and expenses for the year	1 505	49 663 537	49 665 042
Total changes	1 505	49 663 537	49 665 042
Restated* Balance at 01 July 2024	**47 735 370**	**444 894 963**	**492 630 333**
Changes in net assets			
Fair value gains, net of tax: Land and buildings	2 351 294	-	2 351 294
Net income (losses) recognised directly in net assets	2 351 294	-	2 351 294
Surplus for the year	-	3 775 529	3 775 529
Total recognised income and expenses for the year	2 351 294	3 775 529	6 126 823
Total changes	2 351 294	3 775 529	6 126 823
Balance at 30 June 2025	**50 086 664**	**448 670 492**	**498 757 156**
Note(s)	15		

* See Note 59 & 60

Cash Flow Statement

	Note(s)	2025 R	2024 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services	51	47 796 676	51 856 943
Grants	52	231 118 474	244 163 386
Interest income	30	13 918 818	12 651 194
VAT	55	4 219 226	4 959 915
		297 053 194	313 631 438
Payments			
Employee costs	53	(134 091 524)	(128 668 346)
Suppliers	54	(114 899 198)	(88 629 313)
Finance costs	39	(2 935 813)	(2 920 009)
		(251 926 535)	(220 217 668)
Net cash flows from operating activities	50	**45 126 659**	**93 413 770**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(52 822 623)	(65 334 793)
Net increase/(decrease) in cash and cash equivalents		**(7 695 964)**	**28 078 977**
Cash and cash equivalents at the beginning of the year		140 341 016	112 262 026
Cash and cash equivalents at the end of the year	14	**132 645 052**	**140 341 003**

The accounting policies on pages 19 to 45 and the notes on pages 46 to 113 form an integral part of the financial statements.

* See Note 59 & 60

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	18 384 495	-	**18 384 495**	13 301 601	**(5 082 894)**	(4%) - 49
Construction contracts	-	-	**-**	16 893 850	**16 893 850**	100% - 49
Rental of facilities and equipment	299 373	(299 373)	**-**	231 134	**231 134**	100% - 49
Interest received - debtors	1 784 190	-	**1 784 190**	693 047	**(1 091 143)**	(61%) - 49
Commission received	2 956 802	(2 000 000)	**956 802**	206 931	**(749 871)**	(122)% - 49
Licences and permits	22 814 940	(1 626 761)	**21 188 179**	4 501 381	**(16 686 798)**	(78)% - 49
Other income	1 579 172	(73 866)	**1 505 306**	1 218 602	**(286 704)**	(55%) - 49
Interest received - investment	14 991 280	2 000 000	**16 991 280**	13 918 818	**(3 072 462)**	(18%) - 49
Total revenue from exchange transactions	**62 810 252**	**(2 000 000)**	**60 810 252**	**50 965 364**	**(9 844 888)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	34 686 195	2 000 000	**36 686 195**	29 864 221	**(6 821 974)**	(19%) - 49
Fines, penalties and forfeits	3 651 216	(3 651 216)	**-**	733 275	**733 275**	
Interest received - debtors	1 495 401	-	**1 495 401**	734 380	**(761 021)**	(51%) - 49
Transfer revenue						
Government grants & subsidies	253 929 000	(1 256 000)	**252 673 000**	230 590 193	**(22 082 807)**	(9%) - 49
Total revenue from non-exchange transactions	**293 761 812**	**(2 907 216)**	**290 854 596**	**261 922 069**	**(28 932 527)**	
Total revenue	**356 572 064**	**(4 907 216)**	**351 664 848**	**312 887 433**	**(38 777 415)**	
Expenditure						
Employee related costs	(121 490 855)	1 951 442	**(119 539 413)**	(119 905 939)	**(366 526)**	(4%) - 49
Remuneration of councillors	(17 285 429)	950 000	**(16 335 429)**	(14 185 585)	**2 149 844**	(13%) - 49
Depreciation and amortisation	(21 070 202)	-	**(21 070 202)**	(21 848 710)	**(778 508)**	(22%) - 49
Impairment loss/ Reversal of impairments	-	-	**-**	(2 562 935)	**(2 562 935)**	100% - 49
Finance cost	(1 847 762)	(500 000)	**(2 347 762)**	(2 935 813)	**(588 051)**	25% - 49
Debt Impairment	(2 558 671)	-	**(2 558 671)**	(27 252 364)	**(24 693 693)**	945% - 49
Bad debts written off	(524 500)	-	**(524 500)**	(247 790)	**276 710**	58% - 49
Bulk purchases	(14 458 633)	(2 000 000)	**(16 458 633)**	(16 015 294)	**443 339**	(3%) - 49
Contracted Services	(72 795 399)	(1 084 301)	**(73 879 700)**	(63 454 749)	**10 424 951**	(16%) - 49
General Expenses	(44 201 611)	2 372 261	**(41 829 350)**	(38 816 122)	**3 013 228**	(10%) - 49
Total expenditure	**(296 233 062)**	**1 689 402**	**(294 543 660)**	**(307 225 301)**	**(12 681 641)**	
Operating surplus	**60 339 002**	**(3 217 814)**	**57 121 188**	**5 662 132**	**(51 459 056)**	
Loss on disposal of assets and liabilities	-	(530 000)	**(530 000)**	(1 886 603)	**(1 356 603)**	
Surplus before taxation	**60 339 002**	**(3 217 814)**	**57 121 188**	**3 775 529**	**(53 345 659)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**60 339 002**	**(3 217 814)**	**57 121 188**	**3 775 529**	**(53 345 659)**	
Statement of Financial Position						
Assets						
Current Assets	258 457 460	(85 938 379)	172 519 081	145 436 102	(27 082 979)	
Non-Current Assets	392 512 503	67 724 166	460 236 669	458 764 387	(1 472 282)	
Total Assets	**650 969 963**	**(18 214 213)**	**632 755 750**	**604 200 489**	**(28 555 261)**	
Liabilities						
Current Liabilities	56 446 397	(39 029 222)	17 417 175	44 483 247	27 066 072	
Non-Current Liabilities	38 551 453	20 191 889	58 743 342	61 104 233	2 360 891	
Total Liabilities	**94 997 850**	**(18 837 333)**	**76 160 517**	**105 587 480**	**29 426 963**	
Net Assets	**555 972 113**	**623 120**	**556 595 233**	**498 613 009**	**(57 982 224)**	
Reserves						
Revaluation reserve	51 008 496	(775 580)	**50 232 916**	50 086 664	**(146 252)**	49
Accumulated surplus	504 963 617	1 398 700	**506 362 317**	448 670 493	**(57 691 824)**	49
Total Net Assets	**555 972 113**	**623 120**	**556 595 233**	**498 757 154**	**(57 838 079)**	
Cash Flow Statement						
Net cash flows from operating activities	**73 085 415**	**(49 778 417)**	**23 306 998**	**45 126 657**	**21 819 659**	
Net cash flows from investing activities	**(60 339 000)**	**96 596**	**(60 242 404)**	**(52 822 623)**	**7 419 781**	
Net increase/(decrease) in cash and cash equivalents	12 746 415	(49 681 821)	**(36 935 406)**	(7 695 966)	**29 239 440**	49
Cash and cash equivalents at the beginning of the year	124 012 379	37 328 707	**161 341 086**	140 341 085	**(21 000 001)**	49
Cash and cash equivalents at the end of the year	**136 758 794**	**(12 353 114)**	**124 405 680**	**132 645 119**	**8 239 439**	

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2025											
Financial Performance											
Property rates	34 686 195	2 000 000	36 686 195	-		36 686 195	29 864 221		(6 821 974)	81 %	86 %
Service charges	18 384 495	-	18 384 495	-		18 384 495	13 301 601		(5 082 894)	72 %	72 %
Investment revenue	14 991 280	2 000 000	16 991 280	-		16 991 280	13 918 818		(3 072 462)	82 %	93 %
Transfers recognised - operational	215 150 000	(1 256 000)	213 894 000	-		213 894 000	193 141 466		(20 752 534)	90 %	90 %
Other own revenue	34 581 094	(4 000 000)	30 581 094	-		30 581 094	25 652 683		(4 928 411)	84 %	74 %
Total revenue (excluding capital transfers and contributions)	**317 793 064**	**(1 256 000)**	**316 537 064**	**-**		**316 537 064**	**275 878 789**		**(40 658 275)**	**87 %**	**87 %**
Employee costs	(121 490 855)	1 951 442	(119 539 413)	-	-	(119 539 413)	(119 905 939)	(366 526)	-	100 %	99 %
Remuneration of councillors	(17 285 429)	950 000	(16 335 429)	-	-	(16 335 429)	(14 185 585)	-	2 149 844	87 %	82 %
Depreciation and asset impairment	(21 070 202)	-	(21 070 202)			(21 070 202)	(24 411 645)	(3 341 443)	-	116 %	116 %
Finance charges	(1 847 762)	(500 000)	(2 347 762)	-	-	(2 347 762)	(2 935 813)	(585 978)	-	125 %	159 %
Bulk purchases	(14 458 633)	(2 000 000)	(16 458 633)	-	-	(16 458 633)	(16 015 294)	-	443 339	97 %	111 %
Debt impairment	(2 558 671)	-	(2 558 671)	-	-	(2 558 671)	(27 252 364)	(24 693 693)	-	1 065 %	1 065 %
Other expenditure	(117 521 510)	757 960	(116 763 550)	-	-	(116 763 550)	(104 845 347)	-	11 918 203	90 %	89 %
Total expenditure	**(296 233 062)**	**1 159 402**	**(295 073 660)**	**-**	**-**	**(295 073 660)**	**(309 551 987)**	**(28 987 640)**	**14 511 386**	**105 %**	**104 %**
Surplus/(Deficit)	**21 560 002**	**(96 598)**	**21 463 404**	**-**		**21 463 404**	**(33 673 198)**		**(26 146 889)**	**(157)%**	**(156)%**

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38 779 000	-	38 779 000	-		38 779 000	37 448 727		(1 330 273)	97 %	97 %
Surplus (Deficit) after capital transfers and contributions	**60 339 002**	**(96 598)**	**60 242 404**	**-**		**60 242 404**	**3 775 529**		**(56 466 875)**	**6 %**	**6 %**
Surplus/(Deficit) for the year	**60 339 002**	**(96 598)**	**60 242 404**	**-**		**60 242 404**	**3 775 529**		**(56 466 875)**	**6 %**	**6 %**
Capital expenditure and funds sources											
Total capital expenditure	60 339 000	(60 435 596)	(96 596)	-		(96 596)	52 822 626		52 919 222	(54 684)%	88 %
Financial position											
Total non current assets	639 925 413	(611 493 846)	28 431 567	-		28 431 567	604 344 638		575 913 071	2 126 %	94 %
Community wealth/Equity	639 925 413	(611 493 847)	28 431 566	-		28 431 566	604 344 637		575 913 071	2 126 %	94 %

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	73 085 415	-	73 085 415	-		73 085 415	45 126 659		(27 958 756)	62 %	62 %
Net cash from (used) investing	(60 339 000)	-	(60 339 000)	-		(60 339 000)	(52 822 623)		7 516 377	88 %	88 %
Net increase/(decrease) in cash and cash equivalents	**12 746 415**	**-**	**12 746 415**	**-**		**12 746 415**	**(7 695 964)**		**(20 442 379)**	**(60)%**	**(60)%**
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	140 341 016		140 341 016	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	**12 746 415**	**-**	**12 746 415**	**-**		**12 746 415**	**132 645 052**		**(119 898 637)**	**1 041 %**	**1 041 %**

Appropriation Statement

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
2024				
Financial Performance				
Property rates				28 276 060
Service charges				13 054 305
Investment revenue				12 651 194
Transfers recognised - operational				182 022 296
Other own revenue				25 104 939
Total revenue (excluding capital transfers and contributions)				**261 108 794**
Employee costs	-	-	-	(114 475 823)
Remuneration of councillors	-	-	-	(14 192 523)
Depreciation and asset impairment	-	-	-	(20 377 309)
Finance charges	-	-	-	(2 920 009)
Inventory consumed and bulk purchases	-	-	-	(14 156 808)
Other expenditure	-	-	-	(93 895 593)
Total expenditure	**-**	**-**	**-**	**(260 018 065)**
Surplus/(Deficit)				**1 090 729**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				66 021 959
Surplus (Deficit) after capital transfers and contributions				**67 112 688**
Surplus/(Deficit) for the year				**67 112 688**
Capital expenditure and funds sources				
Total capital expenditure				65 334 786

Appropriation Statement

							Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome		
	R	R	R	R	R	R	R	R	R	v		
Financial position												
Total non current assets	639 925 413	(611 493 846)	28 431 567	-		28 431 567	604 344 638		575 913 071	2 126 %	94 %	
Community wealth/Equity	639 925 413	(611 493 847)	28 431 566	-		28 431 566	604 344 637		575 913 071	2 126 %	94 %	
Cash flows												
Net cash from (used) operating										93 413 770		
Net cash from (used) investing										(65 334 793)		
Net increase/(decrease) in cash and cash equivalents										**28 078 977**		
Cash and cash equivalents at the beginning of the year										112 262 026		
Cash and cash equivalents at year end										**140 341 003**		

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are diclosed below.

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange and non-exchange / held to maturity investments

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

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

Provisions

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

Inventories

Unsold properties are measured at the fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence such as non-payment of long outstanding debt amount. The impairment is measured based on the analysis of the current financial year provision balance less the previous financial year balance.

The provision for doubtful debt is being considered for all the debt which has been outstanding for 90 days and more excluding all accounts owned by government institutions.

Payments patterns are being considered for the analysis of the individual rate payer's behaviour at least for a period of six (6) consecutive months in analysing the probability of recovering the outstanding balance.

Impairment of statutory receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which receivables have defaulted on payments and an assessment of their ability to make payments based on their worthiness. THis is performed per identifiable categories across all classes of receivables.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of financial assets

Management considers all property, plant and equipment to be non-cash generating, except for investment property, which are cash generating.

Management further considers whether indicators of impairment exist. This requires management to exercise judgement as to whether an individual or combination of factors exist which should be taken into consideration in determining whether the recoverable service amount of the aaset is lower than its carrying amount.

Accounting policy on impairment of assets and accounting policy subsequent measurement, amortisation and impairment intangible assets describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality.

Significant estimates and judgements are made relating to impairment testing of property, plant and equipment and intangible assets.

Useful lives of assets

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

Residual value

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceed.

1.6 **Investment property**

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

Initial Recognition

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

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

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

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner uccupied property becomes an investment proprty, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.6 Investment property (continued)

Subsequent measurement - fair value (Land)

Land is subsequently measured using the fair value model. The municipality revalues the land every four years.

Land is not depreciated as it has an indifinite useful life.

These adjustments are not depreciated, as fair value measurement reflects the current market conditions.

Subsequent measurement - cost model (Buildings)

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	0-30 years

Derecognition/Disposal

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

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

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

Transfers to or from investment property occur only when there is a change in use.When an owner-occupied property becomes an investment property, it is reclassified and accounted for at fair value at the date of reclassification. The difference between the carrying amount and the fair value is treated in accordance with GRAP 16 and GRAP 17.

1.7 **Property, plant and equipment**

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment are accounted for as property, plant and equipment.

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

The following accounting procedure will be followed when the land and buildings properties are re-valued at an amount that exceeds the current value carried in the financial statements:

- The accumulated depreciation at the time of revaluation will be set - off against the gross carrying amount of the fixed property.
- The carrying value on the balance sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original and the re-valued amount will be credited against a future depreciation reserve.

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

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

The revaluation'surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulate surplus or deficit when the asset is derecognised.

Subsequent measurement

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

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

Land is not depreciated as it is deemed to have an indefinite useful life but is subsequently measured at fair value, in line with the revaluation model under GRAP 17.

Land is revalued every 4 years and revaluations are performed by independent and qualified valuers.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalizes the new benefits associated with the asset.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	3-30 years
Community assets	Straight-line	2-30 years
Infrastructure	Straight-line	5-100 years
Moveable assets	Straight-line	3-30 years

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

1.8 **Intangible assets**

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.8 Intangible assets (continued)

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

Internally generated goodwill is not recognised as an intangible asset.

Significant Accounting Policies

1.8 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-15 years

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

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

1.9 **Heritage assets**

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

Significant Accounting Policies

1.9 Heritage assets (continued)

Derecognition

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

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

1.10 **Financial instruments**

The municipality classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Initial recognition and measurement

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest. Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Receivables from exchange and non-exchange are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which is measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Significant Accounting Policies

1.10 Financial instruments (continued)

Fair value estimation

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, 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, and recievables, 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 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.

Receivables from exchange and non-exchange transactions

Receivables are categorised as financial assets: 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 receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Impairment loss

An impairment of receivables is accounted for by reducing the carrying amount of 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 uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determines impairment of receivables in accordance with the debt write off policy.

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents 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 and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: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 categorized as financial liabilities: other financial liabilties carried at amortised cost.

Significant Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

the contractual rights to the cash flows from the financial asset expire, are settled or waived;

the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity;

derecognise the asset; and

recognise separately any rights and obligations created or retained in the transfer.

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

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

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

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

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

1.11 **Leases**

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

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

Significant Accounting Policies

1.11 Leases (continued)

Finance leases - lessor

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

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.12 **Inventories**

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

Significant Accounting Policies

1.12 Inventories (continued)

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

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

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

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

1.13 **Employee benefits**

Identification

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post Retirement Medical Obligation

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Significant Accounting Policies

1.13 Employee benefits (continued)

Long service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee period entitlement is not used in full. An employees accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employees employment term. Accumulated leave is vesting.

Staff Bonusses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on the bonus accrued at year end for each employee.

Provision for Performance Bonusses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

1.14 **Provisions and contingencies**

Provisions

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

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

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

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

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

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

Significant Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and liability

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

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 70.

1.15 **Revenue from exchange transactions**

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

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

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

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

Measurement

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

Sale of goods

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

Rendering of services

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by variety of methods. Depending on the nature

Surveys of work performed

Services performed to date as a percentage of total services to be performed:

The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total cost of the transaction

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

1.16 **Revenue from non-exchange transactions**

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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

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

Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Transfers

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

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

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

Fines

Fines are measured at the transaction amount and the related asset as statutory receivables if not received in cash.

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

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

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

1.16 Revenue from non-exchange transactions (continued)

Unauthorised, irregular, fruitless and wasteful expenditure

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 when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

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

Unconditional grants

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

Conditional grants

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

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

1.17 **Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.18 **Investment income**

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

1.19 **Unauthorised expenditure**

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure will be incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The unauthorised expenditure is disclosed in a note to the Financial Statements.

Significant Accounting Policies

1.20 **Fruitless and wasteful expenditure**

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. The expenditure is classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wastefull expenditure will be de-recognised as soon as the nature of the fruitless and wastefull expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wastefull expenditure is disclosed in a note to the Annual Financial Statements.

1.21 **Irregular expenditure**

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

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation as stated in National Treasury circular 68 including:

(a) Municipal Finance Management Act, Act 56 of 2003, and its regulations;

(b) Municipal Systems Act, Act 32 of 2000, and its regulations;

(c) Public Office-Bearers Act, Act 20 of 1998, and its regulations; and

(d) The municipality's supply chain management policy, and any by-laws giving effect to that policy.

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

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 National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been 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.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

Significant Accounting Policies

1.22 **Segment information**

The mandate of the municipalitybis 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 and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individual significant segments for purposes of reporting in terms of GRAP 18 (segment reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

Governance and administration

Community and public safety

Economic and environmental services

Trading services

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

Measurement

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

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

1.23 **Budget information**

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

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

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

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

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

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Explanations for material differences of 5% between the final budget amounts and actual amounts are included in the notes to the financial statements.

Significant Accounting Policies

1.24 **Related parties**

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

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

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

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

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

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

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

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

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

1.25 **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.

1.26 **Impairment of cash-generating assets**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

Significant Accounting Policies

1.26 Impairment of cash-generating assets (continued)

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.27 **Impairment of assets**

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

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

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

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

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

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

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

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

Identification

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

Significant Accounting Policies

1.27 Impairment of assets (continued)

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

Significant Accounting Policies

1.27 Impairment of assets (continued)

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

1.28 **Commitments**

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

Commitments are not recognised in the staatement of Financial Position as a liability but are included in the disclosure notes.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Commitments are disclosed inclusive of Vat.

1.29 **Value Added Tax**

Vat is accounted for on an accrual basis and registered for on cash basis.

1.30 **Distribution losses**

Distribution losses are losses that result from differences between purchases and consumption both billed and estimated.

1.31 **Commission expense**

Commission expense is accounted for on an accrual basis.

1.32 **Statutory receivables**

Identification

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

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- impairment losses; and
- amounts derecognised.

Significant Accounting Policies

1.33 **Accounting by principals and agents**

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

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

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

Recognition

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

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

1.34 **Construction contract revenue and payable**

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.34 Construction contract revenue and payable (continued)

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

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

1.35 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.36 VAT output accrual

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the municipality, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.37 Internal reserves

	2025 R	2024 R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	To be determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
• GRAP 107 Mergers	To be determined	Unlikely there will be a material impact

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 184 600	(650 058)	1 534 542	2 066 000	(606 754)	1 459 246

Reconciliation of investment property - 2025

	Opening balance	Revaluation surplus	Depreciation	Total
Investment property	1 459 246	118 600	(43 304)	1 534 542

A revaluation of land was performed during the year ended 30 June 2025 by an independent professional valuer, registered and in good standing with the SA Council for the Property Valuers Profession (reg no.6446). The valuation was based on market evidence of recent prices of similar properties in similar locations and condition.

3. Investment property (continued)

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	1 502 668	(43 422)	1 459 246

Included in investment propertty are the following:

2025	Cost	Accumulated depreciation	Revaluation surplus	Total
Land	766 000	-	118 600	884 600
Buildings	1 300 000	(650 058)	-	649 942
	2 066 000	**(650 058)**	**118 600**	**1 534 542**

2024	Cost	Accumulated depreciation	Total
Land	766 000	-	766 000
Buildings	1 300 000	(606 754)	693 246
	2 066 000	**(606 754)**	**1 459 246**

Pledged as security

The municipality does not have any investment property pledged as security.

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

	2025 R	2024 R

3. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from investment property	183 076	183 076

There is no contractual obligations for repairs to the investment property that is leased out.

There are no restrictions on the realisability of investement property or the remittance of revenue.

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	42 895 892	-	42 895 892	40 669 198	-	40 669 198
Buildings	48 058 311	(14 695 220)	33 363 091	44 260 637	(13 079 709)	31 180 928
Infrastructure	340 643 295	(76 647 481)	263 995 814	330 326 375	(63 475 204)	266 851 171
Community	66 107 983	(19 740 266)	46 367 717	66 952 183	(14 846 931)	52 105 252
Other property, plant and equipment	63 196 078	(26 307 777)	36 888 301	57 359 456	(29 119 891)	28 239 565
Work in progress	33 668 091	(664 264)	33 003 827	7 577 750	(650 601)	6 927 149
Total	**594 569 650**	**(138 055 008)**	**456 514 642**	**547 145 599**	**(121 172 336)**	**425 973 263**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	40 669 198	-	-	2 226 694	-	-	-	42 895 892
Buildings	31 180 928	-	-	-	3 797 675	(1 615 512)	-	33 363 091
Infrastructure	266 851 171	12 175 132	(1 151 197)	-	-	(13 778 347)	(100 945)	263 995 814
Community	52 105 252	-	(675 955)	-	-	(2 620 113)	(2 441 467)	46 367 717
Other property, plant and equipment	28 239 565	14 557 150	(2 265 250)	-	-	(3 636 303)	(6 861)	36 888 301
Work in progress	6 927 149	26 090 341	-	-	-	-	(13 663)	33 003 827
	425 973 263	**52 822 623**	**(4 092 402)**	**2 226 694**	**3 797 675**	**(21 650 275)**	**(2 562 936)**	**456 514 642**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Impairment loss	Total
Land	40 669 198	-	-	-	-	-	40 669 198
Buildings	33 243 527	705 646	-	(1 281 139)	(1 487 106)	-	31 180 928
Infrastructure	216 341 637	62 269 742	-	-	(11 760 208)	-	266 851 171
Community	54 734 262	-	-	-	(2 629 010)	-	52 105 252
Other property, plant and equipment	30 027 935	2 359 440	(509 955)	-	(3 063 656)	(574 199)	28 239 565
Work in progress	7 577 750	-	-	-	-	(650 601)	6 927 149
	382 594 309	**65 334 828**	**(509 955)**	**(1 281 139)**	**(18 939 980)**	**(1 224 800)**	**425 973 263**

In accordance with the requirements of GRAP 21 and GRAP 26, the municipality reviewed the condition of its assets at the reporting date (30 June 2025) to identify any indicators of impairment. A comprehensive asset condition assessment was undertaken by a professional valuer, which highlighted physical deterioration in several asset classes.Where the asset’s condition resulted in a significant decline in service potential, the recoverable service amount was determined and compared with the carrying amount. Impairment losses were recognise

A revaluation of land was performed during the year ended 30 June 2025 by an independent professional valuer, registered and in good standing with the SA Council for the Property Valuers Profession (reg no.6446). The valuation was based on market evidence of recent prices of similar properties in similar locations and condition.t

	2025 R	2024 R

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Total
Opening balance	6 927 148	6 927 148
Additions/capital expenditure	26 090 341	26 090 341
Impairment	(13 663)	(13 663)
	33 003 826	**33 003 826**

Included in work in progress is the following: Electrification of Fatima, Construction of Ramokgopa landfill site phase 1, upgrading of Morebeng landfill site and installation of wifi.

Included in WIP there is Electrification project of Fatima in Mohodi which the construction has been completed, however it is not yet available for use as Eskom has not yet energized the area.During the 2024/2025 physical asset verification it was noted that 366 households at Fatima Village Phase 1 electrification project, cables had been stolen. The nature of the asset is an Infrastructure asset.An independent valuer was used and the net replacement cost was determined based on an active market.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	7 577 749	7 577 749
Impairment	(650 601)	(650 601)
	6 927 148	**6 927 148**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	14 450 285	14 636 290

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

5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 766 115	(2 465 412)	300 703	3 646 149	(3 082 018)	564 131

	2025 R	2024 R

5. Intangible assets (continued)

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Computer software, other	564 131	(108 297)	(155 131)	300 703

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	733 235	(169 104)	564 131

	2025 R	2024 R

6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	414 500	-	414 500	408 500	-	408 500

Reconciliation of heritage assets 2025

	Opening balance	Revaluation increase	Total
Mayoral chain	408 500	6 000	414 500

Reconciliation of heritage assets 2024

	Opening balance	Revaluation increase	Total
Mayoral chain	406 995	1 505	408 500

Restrictions on heritage assets

There is no restrictions on heritage assets.

Pledged as security

The Mayoral chain were not heritage assets pledged as security.

Revaluations

Mayoral chain

The effective date of the revaluation was 2025/06/30. Revaluations were performed by Tsietsi Madonsela of Lutendo Property Group, a professional valuer with practice number 6446.

The method used to determine fair value of the Mayoral chain is determined at fair value of 3 financial years (2023-2025) using CPI as the value.

The market condition on 30 June 2025 were fair and undistorted. The CPI accurately reflected the changes in the Mayoral chain's value. No legal issues affecting the chain's value. The valuation excluded vat, transfer fees and extraordinary wear in valuation.

No direct comparable market exist for Mayoral chain. CPI was used to estimate changes relying on historical cost from 2023 and economic adjustment instead of active market prices.

The revaluation surplus relating to the heritage asset is as follows:

Opening balance	408 500	406 995
Revaluation increase	6 000	1 505
Closing balance	**414 500**	**408 500**

	2025 R	2024 R

7. Non-Current Employee benefits

Post-employment Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the Medial Aid funds. The municipality operates an unfunded define benefit plan for qualifying employees. The projected unit credit method has been used i.e the defined benefit obligation in respect of eligible employees is accrued over their expected working lifetimes. The average expected remaining working-lifetime of the employees is 16.8 years.

The number of individuals entitled to a post-employment medical aid subsidy at this valuation was as follows according to the information provided:

Number Individuals

In-service members (eligible employees on medical aid)	162	159
In-service non-members (eligible employees w/o medical aid)	13	12
Continuation members (retirees and surviving dependants)	2	2
	177	**173**

The defined benefit obligation was estimated to be as follows :

Carrying value		
In-service members (eligible employees on medical aid)	15 919 000	12 612 000
In-service non-members (eligible employees w/o medical aid)	206 000	155 000
Continuation members (retirees and surviving dependants)	531 000	491 000
	16 656 000	**13 258 000**
Non-current liabilities	(16 425 000)	(13 115 000)
Current liabilities	(231 000)	(143 000)
	(16 656 000)	**(13 258 000)**

The municipality makes montly contributions for health care arrangements to the following medical aid schemes:

Bonitast

LA Health;

Sizwe-Hosmed;

Samwumed; and

Keyhealth.

The future service cost for the ensuing year is estimated to be R1 026 000 whereas the Interest Cost is estimated to be R1 885 000. The municipality's accrued unfunded liability at 30 June 2025 is estimated at R 16 656 000. The current-service cost for the year ending 30 June 2025 is estimated at R 975 000. It is estimated to be R1 026 000 for the ensuing year.

	2025 R	2024 R

7. Non-Current Employee benefits (continued)

The Amounts recognised in the statement of financial position are as follows

Present value of unfunded obligations	16 656 000	13 258 000
Non-current liabilities	16 425 000	13 115 000
Current liabilities	231 000	143 000
	16 656 000	**13 258 000**

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

Opening balance	13 258 000	11 850 000
Benefits paid	(53 953)	(48 377)
Net expense recognised in the statement of financial performance	3 451 953	1 456 377
	16 656 000	**13 258 000**

Net expense recognised in the statement of financial performance

Service Cost		
Current service cost	975 000	911 000
Net Interest expense / revenue		
Interest cost	1 629 000	1 488 000
Remeasurements		
Actuarial (gains) losses	847 953	(942 623)
	3 451 953	**1 456 377**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,40 %	12,35 %
Health care cost (CPI+1.5%)	7,20 %	7,81 %
Net effective discount rate	3,90 %	4,21 %

Discount rate

Grap 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment DBO. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently , a discount rate of 11.4% per annum has been used. The corresponding index-linked yield at this term is 5.2%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

The effect of a 1% movement in the assumed rate of health care cost of inflation is as follows:

	-1% decrease	**+1% increase**
Effect on the defined benefit obligation	14 735 000	18 299 000
Effect on the aggregate of the interest rate	1 430 000	1 806 000
Effect on the aggregate of the current service cost	835 000	1 095 000
Total liability	**16 999 999**	**21 200 001**

	2025 R	2024 R

7. Non-Current Employee benefits (continued)

The effect of a 1 year movement in the assumed post-employment mortality is as follows:

	-1 year	**+1 year**
Effect on the defined benefit obligation	17 033 000	16 270 000
Effect on the aggregate of the interest rate	1 666 000	1 591 000
Effect on the aggregate of the current service cost	994 000	953 000
Total liabilty	**19 692 999**	**18 814 001**

The effect of a 1% movement in the assumed rate if discount rate is as follows:

	-1 % decrease	**+1% increase**
Effect on the defined benefit obligation	14 344 000	19 548 000
Effect on the aggregate of the interest rate	1 759 000	1 514 000
Effect on the aggregate of the current service cost	1 164 000	824 000
	17 266 999	**21 886 001**

The effect of a 1-year movement in the assumed rate of Average retirement age of is as follows:

	-1 year decrease
Effect on the defined benefit obligation	18 094 000
Effect on the aggregate of the interest rate	1 783 000
Effect on the aggregate of the current service cost	960 000
	20 836 999

The effect of a 10% movement in the assumed rate of membership contribution is as follows:

	-10% decrease
Effect on the defined benefit obligation	14 578 000
Effect on the aggregate of the interest rate	1 429 000
Effect on the aggregate of the current service cost	855 000
	16 861 990

Key risks

Actuarial risk: The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes,leading to higher-than-expected obligations.

Health cost inflation risk: The risk that the cost of medical care increases faster than anticipated, which would increase the municipality's liability.

Longevity risk: The risk that retirees live longer than expected,increasing the duration and total cost of medical benefits.

Regulatory risk: Changes in healthcare regulations or government-provided benefits could impact the cost or structure of the municipality's obligation.

Cashflow timing: The timing of cash outflows for post-employment medical benefits is uncertain, as it depends on the longevity of retirees and the timing of medical claims.

	2025 R	2024 R

7. Non-Current Employee benefits (continued)

Cashflow amounts: The amounts payable under these plans can fluctuate significantly due to factors such as changes in healthcare cost, changes in retiree demographics, and modifications in plan benefits.

8. Inventories

Stationary		
Opening balance	100 187	160 493
Purchased	2 009 027	1 491 982
Issued	(1 746 488)	(1 552 288)
	362 726	**100 187**
Smart meters		
Opening balance	55 814	-
Purchased	-	165 217
Issued	(55 814)	(109 403)
	-	**55 814**

Inventory pledged as security

No inventories were pledged as collateral and no inventories were written off during the year.

9. Receivables from exchange transactions

Accrued interest - investment	418 283	330 603
CDM water debtor	-	306 928
Consumer debtors - Electricity	52 559	278 199
Consumer debtors - Refuse	342 391	1 399 720
Consumer debtors - Other dervice charges	15 746	80 945
Other debtors	2 314 088	-
	3 143 067	**2 396 395**

Other debtors of R2 314 088 relates to assets auctioned after year end.

CDM water debtor reconciliation

CDM water debtor	-	13 747 602
Less: 70% commission	-	(9 623 321)
Less: impairment	-	(3 743 761)
	-	**380 520**

No receivables from exchange transactions has been held as collateral.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(24 480 818)	(17 743 965)
Provision for impairment	-	(6 736 853)
	(24 480 818)	**(24 480 818)**

Notes to the Financial Statements

	2025 R	2024 R
10. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	120 217 472	101 683 588
Consumer debtors - Electricity	3 492 860	3 495 571
Consumer debtors - Refuse	22 753 938	21 726 730
Consumer debtors - Other service charges	1 046 395	1 017 382
	147 510 665	**127 923 271**
Less: Allowance for impairment		
Consumer debtors - Rates	(118 408 498)	(94 059 351)
Consumer debtors - Electricity	(3 440 301)	(3 217 372)
Consumer debtors - Refuse	(22 411 547)	(20 327 010)
Consumer debtors - Other service charges	(1 030 649)	(936 437)
	(145 290 995)	**(118 540 170)**
Net balance		
Consumer debtors - Rates	1 808 974	7 624 237
Consumer debtors - Electricity	52 559	278 199
Consumer debtors - Refuse	342 391	1 399 720
Consumer debtors - Other service charges	15 746	80 945
	2 219 670	**9 383 101**
Statutory receivables included in consumer debtors above are as follows:		
Statutory receivables	31 404 452	8 133 109
Financial asset receivables included in consumer debtors above	**(29 184 782)**	**1 249 992**
Total consumer debtors	2 219 670	9 383 101
Property rates		
Current (0 -30 days)	1 246 319	3 683 099
31 - 60 days	586 586	1 766 060
61 - 90 days	598 471	1 732 266
+90 days	117 786 096	95 011 035
	120 217 472	**102 192 460**
Electricity		
Current (0 -30 days)	26 899	28 947
31 - 60 days	13 447	14 436
61 - 90 days	13 978	14 408
+90 days	3 438 537	3 437 780
	3 492 861	**3 495 571**
Refuse		
Current (0 -30 days)	277 477	635 221
31 - 60 days	132 082	312 075
61 - 90 days	140 610	309 944
+90 days	22 203 769	20 827 403
	22 753 938	**22 084 643**

	2025 R	2024 R
10. Consumer debtors disclosure (continued)		
Other service charges		
Current (0 -30 days)	7 507	17 561
31 - 60 days	3 758	7 021
61 - 90 days	3 761	6 985
+90 days	1 031 369	985 815
	1 046 395	**1 017 382**
11. Receivables from non-exchange transactions		
Traffic fines	992 418	903 912
Other debtors - third party refunds	1 174 236	762 547
Eskom deposit	1 232 900	1 226 713
Other debtors - under banking	70	42 175
Consumer debtors - property rates	1 808 974	7 624 237
	5 208 598	**10 559 584**
Statutory Receivables included in receivables from Non - Exchange transactions are as follows:		
Property Rates	1 808 974	7 624 237

Local Government: Municipal Property Rates Act no 6 of 2004 provides the municipality with power to levy rates. Section 2 subsection 1 of the Act states that a metropolitan or local municipality must exercise its power to levy a rate on property subject to :(a) section 229 and any other applicable provision of the Constitution,(b) the provision of this Act and (c) the rates policy it must adopt in terms of section 3. The amounts are being determined through the calculations of the rates amounts by using the council approved tarrif rate multiply by the municipal approved general /supplementary valuation roll figures. Interest is being charged at 10% of the outstanding previous billed amount. Statutory receivables impaired is being conducted based on the number of payments made by customer and the long outstanding amounts which are 90 days plus.

Methodology used:

1. Debtors Payments behaviour/patterns. No(0) payment made in the previous six months-100% Provision for outstanding balance which are more than 90 days.

2. Debtors Payments behaviour/patterns. One(1) payment made in the previous six months-98% Provision for outstanding

balance which are more than 90 days.

3. Debtors Payments behaviour/patterns. Two(2) payments made in the previous six months-97% Provision for outstanding balance which are more than 90 days.

4. Debtors Payments behaviour/patterns. Three(3) payments made in the previous six months-96% Provision for outstanding balance which are more than 90 days.

5. Debtors Payments behaviour/patterns. Four(4) payments made in the previous six months-95% Provision for outstanding balance which are more than 90 days.

6. Debtors Payments behaviour/patterns. Five(5) payments made in the previous six months-94% Provision for outstanding

	2025 R	2024 R

11. Receivables from non-exchange transactions (continued)

balance which are more than 90 days.

7. Debtors Payments behaviour/patterns. Six(6) payments made in the previous six months-93% Provision for outstanding balance which are more than 90 days.

8. Debtors Payments behaviour/patterns. Seven(7) payments made in the previous six months-92% Provision for outstanding balance which are more than 90 days.

9. Debtors Payments behaviour/patterns. Eight(8) payments made in the previous six months-91% Provision for outstanding balance which are more than 90 days.

10. Debtors Payments behaviour/patterns. Nine(9) payments made in the previous six months-90% Provision for outstanding balance which are more than 90 days.

11. Debtors Payments behaviour/patterns. Ten (10) and more payments made in the previous six months-89% Provision for outstanding balance which are more than 90 days.

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Property Rates reconcilliation

	2025			2024		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Agricultural properties	17 101 555	(16 844 219)	257 336	14 908 397	(13 722 687)	1 185 710
Business and commercial	11 444 018	(11 271 814)	172 204	10 094 894	(9 379 969)	714 925
Farm properties	1 943	(1 914)	29	1 943	(1 788)	155
National government	74 381 744	(73 262 484)	1 119 260	58 026 841	(53 515 869)	4 510 972
Public service infrastructure	136 753	(134 695)	2 058	152 011	(139 917)	12 094
Residential development	16 156 693	(15 913 575)	243 118	17 800 996	(16 535 737)	1 265 259
Residential Vacant land	994 766	(979 798)	14 968	698 506	(763 384)	(64 878)
Total	**120 217 472**	**(118 408 499)**	**1 808 973**	**101 683 588**	**(94 059 351)**	**7 624 237**

Property rates ageing - 2025

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	506	253	253	17 100 543	17 101 555
Business and commercial	441 429	201 792	200 621	10 600 177	11 444 019
Farm properties	-	-	-	1 943	1 943
National government	8 580	4 527	7 934	74 360 703	74 381 744
Public service infrastructure	8 796	4 398	4 398	119 161	136 753
Residential development	720 934	344 004	354 035	14 737 721	16 156 694
Residential vacant land	66 075	31 612	31 232	865 847	994 766
Total	**1 246 320**	**586 586**	**598 473**	**117 786 095**	**120 217 474**

Property rates ageing - 2024

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	313 715	156 482	156 219	14 281 981	14 908 397
Business and commercial	455 605	206 919	206 335	9 226 035	10 094 894
Farm properties	-	-	-	1 943	1 943
National government	1 940 332	927 214	907 602	54 251 693	58 026 841
Public service infrastructure	8 473	4 236	4 236	135 066	152 011
Residential development	879 372	422 671	417 522	16 081 431	17 800 996
Residential vacant land	85 602	48 538	40 352	524 014	698 506
Total	**3 683 099**	**1 766 060**	**1 732 266**	**94 502 163**	**101 683 588**

	2025 R	2024 R

11. Receivables from non-exchange transactions (continued)

Property Rates impairment reconcilliation

	2025			2024		
	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment
Agricultural properties	(13 722 687)	(3 121 531)	(16 844 219)	(10 455 217)	(3 267 470)	(13 722 687)
Business and commercial	(9 379 969)	(1 891 845)	(11 271 814)	(6 357 135)	(3 022 834)	(9 379 969)
Farm properties	(1 788)	(126)	(1 914)	(1 492)	(296)	(1 788)
National government	(53 515 869)	(19 746 615)	(73 262 484)	-	(53 515 869)	(53 515 869)
Public service infrastructure	(139 917)	5 222	(134 695)	-	(139 917)	(139 917)
Residential development	(16 535 737)	622 162	(15 913 575)	(10 711 068)	(5 824 669)	(16 535 737)
Residential Vacant land	(763 384)	(216 414)	(979 798)	(297 755)	(465 629)	(763 384)
Total	**(94 059 351)**	**(24 349 147)**	**(118 408 499)**	**(27 822 667)**	**(66 236 684)**	**(94 059 351)**

Statutory Receivables included in receivables from Non Exchange transactions are as follows		
Traffic fines	990 688	903 912

Statutory Receivables included in receivables from Non Exchange transactions are as follows		
Traffic Fines	992 418	903 912

Section 3 of National Road traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of licences, examining of vehicles, examiner for driving licences. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office, falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of licences and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on historical collections of the outstanding amounts.

Methodology used:

Year one (1) collection percentage

Year two (2) collection percentage

Year tree (3) collection percentage

Collection percentages for the three financial years will be consolidated and divided by three (3) which is the total number of years to obtain a reasonable collection percentage.

The reasonable remaining balance will be multiplied by the total remaining percentage after the consideration/deduction of the aggregated collected rate. (100% less the reasonable collectable calculated percentage) to obtain the total impairment/provision for doubtful debt amount

	2025 R	2024 R

11. Receivables from non-exchange transactions (continued)

Traffic fines reconcilliation		
Gross balances - Fines	6 707 577	6 026 076
Less: Allowance for impairment		
Traffic Fines Opening Balance	(5 122 165)	(4 517 324)
Traffic fines (Provision) / Reversal	(579 275)	(604 841)
	1 006 137	**903 911**

12. VAT receivable

VAT receivable	2 060 038	11 091 928
VAT input accrual	2 160 770	1 333 377

Statutory receivables arise from legislation supporting regulatiions or similar means and require settlement by another entity or financial asset. The transactions that give rise to the above statutory receivables were in reference to Value Added Tax Act (VAT). The vat receivable amount has been determined as prescribed in the VAT Act, which the current prescribed 15% VAT rate was charged on valuable goods or services and the amount disclosed is the net of VAT receivable.

The VAT input accrual balance is as a result of transactions being accounted for on the accrual basis. These are amounts that will become due to (Output VAT) or from (Input VAT) SARS upon the actual realisation or payment of cash from these transactions.

Reconciliation of VAT receivable

2025	Opening balance	Amounts claimed	Amounts received	Total
South African Revenue Service	4 158 070	16 243 207	(18 341 239)	2 060 038

2024	Opening balance	Amounts claimed	Amounts received	Total
South African Revenue Service	9 117 983	17 153 133	(15 179 187)	11 091 929

13. VAT output accrual

VAT output accrual	4 281 962	8 267 234
VAT output accrual reconciliation		
VAT output accrual	775 550	5 074 084
Provision for doubtful debt impairment	3 506 412	3 193 150
	4 281 962	**8 267 234**

Statutory payables arise from legislation supporting regulatiions or similar means and require settlement by another entity or financial asset. The transactions that give rise to the above statutory receivables were in reference to Value Added Tax Act (VAT). The vat payable amount has been determined as prescribed in the VAT Act, which the current prescribed 15% VAT rate was charged on valuable goods or services and the amount disclosed is the net of VAT payable.

The VAT output balance is as a result of transactions being accounted for on the accrual basis. These are amounts that will become due to (Output VAT) or from (Input VAT) SARS upon the actual realisation or payment of cash from these transactions.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025 R	2024 R

14. Cash and cash equivalents (continued)

Bank balances - cash book balance	15 356 950	6 859 123
Short-term deposits	116 034 917	132 725 641
Grants bank account	1 253 182	756 252
	132 645 049	**140 341 016**

No cash and cash equivalents are held as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Nedbank primary account - 146 700 0442	15 327 860	6 859 123	905 255	15 356 950	6 859 053	1 145 541
Nedbank grants account - 101 399 4825	1 253 332	756 401	2 909 260	1 253 182	756 322	2 909 180
Nedbank call investment deposit	116 034 918	132 725 640	108 207 304	116 034 918	132 725 641	108 207 304
Total	**132 616 110**	**140 341 164**	**112 021 819**	**132 645 050**	**140 341 016**	**112 262 025**

15. Revaluation reserve

Opening balance	47 735 370	47 733 865
Transfer in during the year	2 351 294	1 505
	-	-
	50 086 664	**47 735 370**

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure grant	1 347 588	35 120
Finance management grant	61 358	8 410
EPWP	986	2 392
Municipal disaster relief grant	-	835 729
	1 409 932	**881 651**

Movement during the year

Balance at the beginning of the year	881 651	4 695 020
Movement in government grants and subsidies	528 281	(3 813 369)
	1 409 932	**881 651**

The unspent grants are cash-backed by short term deposits. The municipality complied with the conditions attached to all grants received to the extent revenue recognised. Please refer to note 32 for more detail on unspent grants.

	2025 R	2024 R

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	7 930 999	1 851 000	(1 342 710)	588 919	505 791	9 534 000
Rehabilitation of Landfill Site	28 429 799	2 917 762	-	3 797 672	-	35 145 234
	36 360 798	**4 768 762**	**(1 342 710)**	**4 386 591**	**505 791**	**44 679 235**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 322 925	5 087 000	(1 543 357)	(649 835)	714 267	7 930 999
Rehabilitation of Landfill Site	26 810 415	2 900 523	-	(1 281 139)	-	28 429 799
	31 133 340	**7 987 523**	**(1 543 357)**	**(1 930 974)**	**714 267**	**36 360 798**

Non-current liabilities	44 679 234	36 360 798

Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 35 145 234 :2025 (2024: R 28 429 798) to restore the site at the end of its useful life, estimated to be in the 2044 (Soekmekaar landfill site) and 2045 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

Long Service Awards

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 171 employees were eligible for Long Service Awards.

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. These awards are considered defined benefit plans because the municipality's obligation to pay these benefits depends on the length of the service.

The Long service awards are not a funded arrangement i.e there is no plan asset in place to meet this defined benefit obligation(DBO). The Projected Unit Credit Methods has been used to value the DBO.

Key actuarial assumptions used:

Rate of interest		
Discount rate	9,9%	11,13%
CPI inflation rate	3,9%	5,28%
General earnings inflation rate	6,3%	6,28%

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Liability		
Present value of unfunded obligations	10 529 000	9 515 000
Net liability / (asset)	**10 529 000**	**9 515 000**

	2025 R	2024 R

17. Provisions (continued)

Reconciliation of present value of liability:

Reconciliation of present value of liability		
Present value of liability at beginning of the year	9 515 000	5 257 000
Total expenses	-	3 543 733
Current service cost	878 000	481 000
Past service cost	-	4 065 000
Interest cost	973 000	541 000
Benefits paid	(1 342 710)	(1 543 357)
Actuarial losses/gain	505 791	714 267
Present value of liability	10 529 000	9 515 000
Less transfer of current portion	(995 000)	(1 548 000)
Balance at end of year	**9 534 000**	**7 967 000**

As there is no plan asset, the net benefit liability is equal to the defined benefit obligation.

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

Opening balance	9 515 000	5 257 000
Benefits paid	(1 342 791)	(1 543 267)
Net expense recognised in the statement of financial performance	2 356 791	5 801 267
	10 529 000	**9 515 000**

Net expense recognised in the statement of financial performance

Service cost		
Current service cost	878 000	481 000
Past service cost	-	4 065 000
Net interest expense/revenue		
Interest cost	973 000	541 000
Remeasurements		
Actuarial (gains) losses	505 791	714 267
	2 356 791	**5 801 267**

The effect of a 2 Years movement in the assumed rate of average retirement is as follows:

The effect of a 1-year movement in the assumed rate of Average retirement age is as follows:

	x 0.5	**x 2**
Effect on the defined beneft obligation	11 114 000	9 627 000
Effect on the aggregate of the interest rate	1 039 000	872 000
Effect on the aggregate of the current service cost	960 000	756 000
Total Liability	13 113 000	11 255 000

The effect of a 1% movement in the assumed general earnings inflation rate cost of inflation is as follows :

	-1% decrease	**+1 decrease**

	2025 R	2024 R

17. Provisions (continued)

Effect on the defined benefit obligation	9 974 000	11 136 000
Effect on the aggregate of the interest rate	918 000	1 034 000
Effect on the aggregate of the current service cost	821 000	942 000
	11 712 999	**13 112 001**

A 1% decrease in the general earnings inflation to 4.28% would result in a calculated defined benefit obligation of R9 016 000, representing a R500 000 decrease or a 5% change from the current obligation. Conversely, a 1% increase in the general earnings inflation ratte to 6.28% would yield a defined benefit obligation of R10 061 000, reflecting a R546 000 increase or a 5.7% change from the current obligation.

The effect of a 1% movement in the assumed discount rate is as follows:

	-1% decrease	**+1% increase**
Effect on the defined benefit obligation	11 158 000	9 962 000
Effect on the aggregate of the interest rate	943 000	999 000
Effect on the aggregate of the current service cost	935 000	828 000
	13 035 999	**11 789 001**

The effect of a 2 Years movement in the assumed rate of average retirement is as follows:

	-2 years decrease	**+2 years increase**
Effect on the defined benefit obligation	10 095 000	10 925 000
Effect on the aggregate of the interest rate	901 000	1 018 000
Effect on the aggregate of the current service cost	820 000	911 000
	11 815 998	**12 854 002**

The effect of a 1-year movement in the assumed rate of Average retirement age is as follows:

	X 0.5	**X2**
Effect on the defined beneft obligation	11 114 000	9 627 000
Effect on the aggregate of the interest rate	1 039 000	872 000
Effect on the aggregate of the current service cost	960 000	756 000
	13 113 000	**11 255 000**

Key risks

Actuarial risk : The municipality faces these risk that actuarial assumptions, such as healthcare cost inflation, mortality rates, and retirement ages, may differ from actual outcomes,leading to higher-than-expected obligations.

Inflation risk: If the awards are linked to salary levels, there is a risk that inflation could increase the obligation if salaries rise faster than anticipated.

Longevity risk: Although long service awards are typically paid during employment , the risk of employees staying longer than expected(leading to higher obligation) remains.

Regulatory risk and contractual risk: Changes in labour laws or employment contracts could impose additional obligation on the Municipality.

Cashflow timing: Long service award obligations can lead to cash outflows that are difficult to predict. The timing of these outflows depends on when employees reach required service milestones and when the awards are actually paid out.

Cashflow amounts: The amounts payable under long service award plans may fluctuate due to changes in employee demographics ,turnover rates and salary increases. Additionally the obligation may increase if more employees stay longer with company than initially expected.

	2025 R	2024 R

18. Other liability

Unallocated receipts	27 843	56 623
Salary suspense account	460	271
	28 303	**56 894**

19. Current employee benefits

The movement in current employee benefits is reconciled as follows:		
Current portion of medical aid provision	231 000	143 000
Current portion of long service provision	987 916	1 576 836
Leave provision for the year	10 340 043	9 867 712
	11 558 959	**11 587 548**
The movement in leave provision is reconciled as follows:		
Balance at the beginning of the year	9 867 712	9 816 876
Contribution of current portion	629 126	674 437
Expenditure of the year	(156 795)	(623 601)
	10 340 043	**9 867 712**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

20. Payables from exchange transactions

Payables	3 737 216	5 375 147
Amounts received in advance	8 966 803	9 674 736
Retention	8 965 437	11 569 221
Electricity not used	538 585	513 194
CDM creditor	555 266	783 392
Department of transport and community safety	324 430	324 430
Bonus	2 574 405	2 305 627
	25 662 142	**30 545 747**

The Municipality acts as an agent for Capricorn District Municipality and Department of Transport and Community Safety, please refer to note 42 principals and agents.

21. Consumer deposits

Electricity	507 776	509 126

Notes to the Financial Statements

	2025 R	2024 R
22. Revenue		
Service charges	13 301 601	13 054 305
Rental of facilities and equipment	231 134	263 522
Interest received - debtors	693 047	899 627
Commission received	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Interest received - investment	13 918 818	12 651 194
Property rates	29 864 221	28 276 060
Government grants & subsidies	230 590 193	248 044 255
Interest, Dividends and Rent on Land	734 380	1 142 945
Construction contracts	16 893 850	16 338 719
	312 154 158	**327 130 753**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	13 301 601	13 054 305
Rental of facilities and equipment	231 134	263 522
Interest received - debtors	693 047	899 627
Commission received	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Interest received - investment	13 918 818	12 651 194
Construction contracts	16 893 850	16 338 719
	50 965 364	**49 667 493**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	29 864 221	28 276 060
Interest, Dividends and Rent on Land	734 380	1 142 945
Licences or permits	733 275	370 778
Transfer revenue		
Government grants & subsidies	230 590 193	248 044 255
	261 922 069	**277 834 038**
23. Service charges		
Sale of electricity	12 003 878	10 418 630
Refuse removal	1 297 723	2 635 675
	13 301 601	**13 054 305**
24. Rental of facilities and equipment		
Premises		
Cattle grazing	-	40 312
Community assets	231 134	223 210
	231 134	**263 522**

Notes to the Financial Statements

	2025 R	2024 R
25. Fines, penalties and forfeits		
Other fines,penalties and forfeits	1 810	278
Traffic fines	724 350	370 500
Illegal connection fines	7 115	-
	733 275	**370 778**
26. Licences and permits (exchange)		
Department of transport and community safety	4 406 545	4 855 114
Trading	94 836	-
	4 501 381	**4 855 114**
27. Interest from non-exchange receivables		
Interest received - service debtors	734 380	1 142 945
28. Agency services		
Commission received	206 931	204 363

The municipality only recognises 30% of its revenue billed for the year as commission received. The other 70% is being paid against the CDM debtors as per the service level agreement between CDM and the municipality.

29. Other income		
Building plan approvals	4 042	2 904
Clearance certificates	9 366	13 241
Actuarial gains	-	942 623
Skills development refund	201 122	288 964
Grave fees	17 850	12 710
Library membership fees	265	150
Town planning fees	451 272	31 443
Incidental cash surplus	113 544	108 614
Other income 11	421 141	-
	1 218 602	**1 400 649**
30. Interest income - investment		
Interest revenue		
Interest received-external investment	13 918 818	12 651 194

Notes to the Financial Statements

	2025 R	2024 R

31. Property rates

Rates received

Residential	2 574 598	4 713 138
Commercial	1 279 792	1 250 105
State	21 303 991	19 059 246
Small holdings and farms	4 653 055	3 203 691
Public service infrastructure	52 785	49 880
	29 864 221	**28 276 060**

Valuations

Residential	630 154 144	706 331 000
Commercial	183 912 640	207 744 000
State	439 516 000	427 100 000
Municipal	79 931 000	24 905 000
Small holdings and farms	2 218 923 682	2 155 420 800
Public service infrastructure	8 722 000	8 723 000
	3 561 159 466	**3 530 223 800**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023 performed by Mod Hope Properties. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

	2025 R	2024 R
32. Government grants & subsidies		
Operating grants		
Equitable share	187 594 124	178 108 460
Municipal infrastructure grant (MIG)	2 023 686	344 192
Finance management grant (FMG)	2 138 642	2 291 590
Extended public works programme (EPWP)	1 385 014	1 216 608
LGSETA grant	-	61 446
	193 141 466	**182 022 296**
Capital grants		
Municipal infrastructure grant (MIG)	37 448 727	44 801 688
Municipal disaster relief grant (MDRG)	-	21 220 271
	37 448 727	**66 021 959**
	230 590 193	**248 044 255**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	42 996 069	69 935 795
Unconditional grants received	187 594 124	178 108 460
	230 590 193	**248 044 255**

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

Municipal infrastructure grant (MIG)

Balance unspent at beginning of year	35 120	5 852
Current-year receipts	40 820 000	45 181 000
Conditions met - transferred to revenue (operational)	(2 023 686)	(344 192)
Conditions met - transferred to revenue (capital)	(37 448 726)	(44 801 688)
Adjustments	(35 120)	(5 852)
	1 347 588	**35 120**

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

Finance management grant (FMG)

Balance unspent at beginning of year	8 410	7 764
Current-year receipts	2 200 000	2 300 000
Conditions met - transferred to revenue (operational)	(2 138 642)	(2 291 590)
Adjustments	(8 410)	(7 764)
	61 358	**8 410**

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

Extended public works programme (EPWP)

Balance unspent at beginning of year	2 392	11 344
Current-year receipts	1 386 000	1 219 000

	2025 R	2024 R
32. Government grants & subsidies (continued)		
Conditions met - transferred to revenue	(1 385 014)	(1 216 608)
Adjustments	(2 392)	(11 344)
	986	**2 392**

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

Municipal disaster relief grant (MDRG)

Balance unspent at beginning of year	835 729	4 500 000
Current-year receipts	-	17 556 000
Conditions met - transferred to revenue	-	(21 220 271)
Adjustments	(835 729)	-
	-	**835 729**

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

Integrated national electrification programme (INEP)

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

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

Integrated transport plan

Balance unspent at beginning of year	-	108 614
Conditions met - transferred to revenue	-	(108 614)
	-	**-**

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

LGSETA grant

Balance unspent at beginning of year	-	61 446
Conditions met - transferred to revenue	-	(61 446)
	-	**-**

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

33. Interest income - debtors

Service charges	82 625	42 440
Waste management	438 921	424 211
Electricity	171 501	173 924
Interest received - SARS	-	259 052
	693 047	**899 627**

34. Construction contract revenue and payable

Contracts in progress at statement of financial position date

	2025 R	2024 R

34. Construction contract revenue and payable (continued)

Revenue recognised in the period	16 893 850	16 338 719

The municipality determines the contract revenue recognised in the period based on the stage of completion.

The municipality determines the stage of completion of the contract, by calculating the proportion of the contract cost incurred to date for the work performed to the total contract cost.

Contracts in progress

Aggregate amount of costs incurred	15 204 465	14 743 169
Amount of advances received	20 674 000	19 168 000
Amount of retention	1 689 385	1 595 551
Integrated National Electrification Programme (INEP) payable		
Balance unspent at the beginning of the year	329 107	67 500
Current year receipts	17 977 391	16 667 826
Conditions met - transferred to revenue (operational)	(16 893 850)	(16 338 719)
Adjustments	(378 473)	(67 500)
	1 034 175	**329 107**

	2025 R	2024 R

35. Employee related costs

Basic	72 839 434	68 052 018
Bonus - 13th cheque	6 187 334	5 708 829
Medical aid - company contributions	6 303 726	5 854 108
UIF	371 753	378 134
Interns salaries: FMG	408 400	542 014
Leave pay provision charge	629 123	674 437
Defined contribution plans	3 957 742	3 113 265
Travel, motor car, accommodation, subsistence and other allowances	8 809 894	8 436 164
Overtime payments	628 344	726 252
Long-service awards	1 851 000	5 086 910
Acting allowances	438 548	416 715
Housing benefits and allowances	250 448	256 608
Standby allowance	440 511	409 010
Laptop allowance	750 803	541 222
Pension funds - company contributions	13 948 172	12 980 481
Telephone/cellphone allowance	2 066 117	1 276 110
Industrial/bargaining council	24 590	23 546
	119 905 939	**114 475 823**

Remuneration of municipal manager

Annual Remuneration	947 332	996 025
Motor car and other allowances	493 427	500 653
Performance Bonuses	78 944	78 944
	1 519 703	**1 575 622**

The Municipal Manager is appointed on a 5 year fixed contract starting 1 January 2023 to 31 December 2027.

Remuneration of chief finance officer

Annual Remuneration	777 808	652 286
Motor car and other allowances	422 415	314 349
Performance Bonuses	64 817	59 246
Acting: Nkalanga	-	15 000
Leave pay	-	131 094
	1 265 040	**1 171 975**

Remuneration of manager - local economic development

Annual Remuneration	710 953	729 598
Motor car and other allowances	394 410	354 810
Performance Bonuses	59 246	59 246
	1 164 609	**1 143 654**

Remuneration of manager - corporate services

Acting: NJ Modisha	-	45 000
Acting: MF Manyelo	82 500	15 000
	82 500	**60 000**

Remuneration of manager - community services

Notes to the Financial Statements

		2025 R	2024 R
35.	**Employee related costs (continued)**		
	Annual Remuneration	-	111 416
	Motor car and other allowances	-	79 475
	Leave pay	-	139 059
	Acting: PT Molopa	82 500	52 500
		82 500	**382 450**
	Remuneration of manager - tecnical services		
	Acting: MJ Mabetwa	82 500	67 500
	Included in long service awards are:		
	Current service cost	878 000	481 000
	Interest cost	973 000	541 000
	Past service cost	-	4 065 000
		1 851 000	**5 087 000**
	Included in defined benefit contribution plan are:		
	Actuarial gain/loss - long service	505 791	714 267
	Interest cost	1 629 000	1 488 000
	Service cost	975 000	911 000
		3 109 791	**3 113 267**
36.	**Remuneration of councillors**		
	Executive Mayor	994 994	994 254
	Chief Whip	443 653	443 453
	Mayoral Committee Members	4 337 026	4 335 626
	Speaker	805 397	805 197
	Councillors	7 604 515	7 613 993
		14 185 585	**14 192 523**
37.	**Depreciation and amortisation**		
	Property, plant and equipment	21 650 275	18 939 980
	Investment property	43 304	43 422
	Intangible assets	155 131	169 107
		21 848 710	**19 152 509**
38.	**Impairment loss**		
	Impairments		
	Property, plant and equipment	2 562 935	1 224 800
39.	**Finance costs**		
	Other - interest cost	2 931 326	2 918 882
	Fruitless and wasteful expenditure - interest paid	4 487	1 127
		2 935 813	**2 920 009**

Notes to the Financial Statements

		2025 R	2024 R
40.	**Debt impairment**		
	Traffic fines	560 967	604 841
	Provision	26 750 826	17 215 088
		27 311 793	**17 819 929**
41.	**Bad debts written off**		
	Bad debts written off	247 790	78 304
42.	**Bulk purchases**		
	Electricity - Eskom	16 015 294	14 156 808
43.	**Contracted services**		
	Outsourced Services		
	Administrative and Support Staff	14 725 681	13 553 971
	Catering Services	311 418	187 195
	Consultants and Professional Services		
	Business and Advisory	13 150 795	12 329 119
	Contractors		
	Maintenance - property plant and equipment	14 450 285	14 636 290
	Electrical	17 052 111	16 339 687
	Employee Wellness	3 764 459	1 749 636
		63 454 749	**58 795 898**
44.	**Loss on assets written off / disposal**		
	Loss on write-off of assets as per council resolution	2 635 433	509 955
	Profit on disposal	(770 042)	-
		1 865 391	**509 955**

	2025 R	2024 R

45. General expenses

Accomodation and meals	5 586 587	4 565 375
Advertising	699 079	562 828
Advertising: recruitment	201 749	273 101
Auditors remuneration	5 496 526	4 782 074
Bank charges	206 252	189 818
Commission paid	1 126 246	910 260
Cleaning materials	924 110	863 411
Consumables	252 602	241 061
Transport - events	-	391 450
Plant hire	-	29 900
Insurance	1 180 820	808 063
Ward committee expenses	2 230 800	2 266 800
Environmental & waste management	1 766 118	1 417 670
Free basic electricity	3 656 512	3 090 121
Fuel and oil: municipal fleet	2 566 644	3 167 258
Postage and telephone	13 407	5 420
Protective clothing	1 394 422	885 652
Licences - vehicle	206 350	259 883
Internship programme	-	86 173
Membership fees	16 471	17 833
Telephone management	1 072 859	1 107 765
Training SMME	-	197 250
Affiliation & membership fees: SALGA	1 137 238	1 106 691
Subscriptions and system licencing	3 351 794	2 207 666
Training and conferences	1 429 848	1 519 056
Public participation	510 254	398 660
Operating lease expense	619 775	562 515
Tracking device system	89 885	70 523
Consulting and professional fees	1 747 948	1 552 288
Skills development levy	1 036 826	974 871
Servitudes and land surveys	295 000	-
	38 816 122	**34 511 436**

46. Accounting by principals and agents

Capricorn District Municipality

The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

	2025 R	2024 R

46. Accounting by principals and agents (continued)

No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)	-	-
Revenue Recognised as compensation for the transactions carried on behalf of the principal	237 971	709 102
Revenue received or to be received on behalf of the principal	515 730	2 613 406
	753 701	**3 322 508**
No expenditure paid or incurred on behalf of the principal	-	-
Opening balance	13 747 602	11 917 588
Revenue receivable	515 730	2 613 406
Amounts written of settlements or waivers of amounts due	(459 013)	-
Amounts received	(793 237)	(783 392)
	13 011 082	**13 747 602**
Payables held on behalf of the principal	-	-
Opening balance	783 392	783 392
Payables current year	555 266	-
Cash paid	(783 392)	-
	555 266	**783 392**

The amount due to Capricorn District Municipality is included in Note 19 Payables from exchange transactions.

The municipality retaining 30% on the revenue Collected from water Services and Sanitation for the duration of the Contract. 70% of the revenue collected and to be collected from water services and sanitation shall be paid over to the district. (CDM) for the duration of the contract. The rights ,duties and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas , all the assets regarding the Provision of water are owned and maintained by the district CDM.

Department of Transport and Community Safety

The Municipality is involved in an agency relationship with Department of Transport and community safety for the issuing of licenses.

The Municipality retain 20% Commission on licencing motor vehicles,100% on :MTN and Temporary/Special Permits,Licence Number for Motor Vechile,Roadworthiness Certificate,Drivers Licence Card,Driving License, Professional Driving Permit, Learner's License, Registration/Licencing of a Vehicle and Duplicate TRN and BRNC and 80% is being transffered to the Department of Road and Transport and community safety on monthly basis.Traffic Fine revenue is control and 100% earned by the municipality.

Revenue recognised as compensation for the transactions carried out on behalf of the principal	4 558 806	4 855 114
Revenue received or to be received on behalf of the principal	6 589 915	6 574 716
	11 148 721	**11 429 830**
Opening balance	324 430	522 780
Expenses incurred	830 573	324 430
Cash Paid	(324 430)	(522 780)
	830 573	**324 430**

The amount due to the Department of Transport and Community Safety is included in note 19 payables from exchange transactions.

ONTEC

Notes to the Financial Statements

	2025 R	2024 R

46. Accounting by principals and agents (continued)

There are no resources under the custodianship of the agent, nor have they been recognised as such.Consequently, there will be no cost implications in the event of termination of the agreement.

Fees paid as commission to agent	1 082 540	616 668

The municipality is involved in an agency relationship with ONTEC (Pty)Ltd where the municipality acts as the principal.

Molemole municipality appointed ONTEC (Pty)Ltd for vending of prepaid electricity to its Customers (third party) on its behalf.

ONTEC (Pty)Ltd is entitled to R59 097.35 (incl Vat) for the collection of revenue through their vending system.

Notes to the Financial Statements

	2025 R	2024 R

47. Related parties

Remuneration of management

Management class: Councillors

47. Related parties (continued)

2025

Name	Basic salary	Allowances	Total
ME Paya (Mayor)	710 993	284 001	994 994
D Matlou (Speaker)	568 795	236 602	805 397
EM Rathaha (Chief Whip)	297 487	146 166	443 653
PT Rathete (MPAC)	522 533	221 181	743 714
SR Nakana (MPAC)	288 754	143 255	432 009
ML Moabelo (Exco)	533 246	224 753	757 999
NF Rampyapedi (Exco)	533 246	224 753	757 999
SW Mafona (Exco)	297 487	146 166	443 653
MO Motolla (Exco)	297 487	146 166	443 653
BM Hlapa (Exco)	533 246	224 753	757 999
MC Matjee	224 996	122 003	346 999
MP Makgato	115	86	201
PS Masoga	224 996	122 002	346 998
ME Ramarutha	224 996	122 002	346 998
MS Machaka	224 996	122 002	346 998
MY Senamolela	224 996	122 002	346 998
NG Sekgota	224 996	122 002	346 998
TM Mapholletja	224 996	122 002	346 998
MJ Poopedi	224 996	122 002	346 998
MM Selabe	224 996	122 002	346 998
MV Ramusi	224 996	122 002	346 998
MC Nong	224 996	122 002	346 998
MS Ngobene	224 996	122 002	346 998
SP Chepape	224 996	122 002	346 998
TG Malebana	224 996	122 002	346 998
ME Rahlana	224 996	122 002	346 998
RI Mabitsela	224 996	122 002	346 998
TO Kgopane	224 996	122 002	346 998
MS Letlalo	224 996	122 002	346 998
ME Machethe	224 996	122 002	346 998
GM Modiba	224 996	122 002	346 998
MJ Kubyana	224 996	122 002	346 998
T Motlalamobi	205 700	111 655	317 355
	9 514 005	**4 671 580**	**14 185 585**

47. Related parties (continued)

2024

Name	Basic salary	Allowances	Total
ME Paya (Mayor)	710 993	283 261	994 254
D Matlou (Speaker)	568 795	236 402	805 197
EM Rathete (Chief Whip)	297 487	145 966	443 453
PT Rathete (MPAC)	522 532	220 983	743 515
SR Nakana (MPAC)	288 754	143 055	431 809
ML Moabelo (Exco)	533 246	224 553	757 799
NF Rampyapedi (Exco)	533 246	224 553	757 799
SW Mafona (Exco)	297 487	145 966	443 453
MO Motolla (Exco)	297 487	145 966	443 453
BM Hlapa (Exco)	533 246	224 553	757 799
MC Matjee	224 996	121 802	346 798
MP Makgato	214 869	116 365	331 234
PS Masoga	224 996	121 802	346 798
ME Ramarutha	224 996	121 802	346 798
MS Machaka	224 996	121 802	346 798
MY Senamolela	224 996	121 802	346 798
NG Sekgota	224 996	121 802	346 798
TM Mapholletja	224 996	121 802	346 798
MJ Poopedi	224 996	121 802	346 798
MM Selabe	224 996	121 802	346 798
MV Ramusi	224 996	121 802	346 798
MC Nong	224 996	121 802	346 798
MS Ngobene	224 996	121 802	346 798
SP Chepape	237 132	109 666	346 798
TG Malebana	224 996	121 802	346 798
ME Rahlana	224 996	121 802	346 798
RI Mabitsela	224 996	121 802	346 798
TO Kgopane	224 996	121 802	346 798
MS Letlalo	224 996	121 802	346 798
ME Machethe	224 996	121 802	346 798
GM Modiba	224 996	121 802	346 798
MJ Kubyana	224 996	121 802	346 798
	9 535 194	**4 657 329**	**14 192 523**

47. Related parties (continued)

Refer to note "Remuneration of councillors"

Management class: Executive management

2025

Name	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Total
Municipal manager	947 332	78 944	493 427	1 519 703
Chief Financial Officer	777 808	64 817	422 415	1 265 040
	1 725 140	**143 761**	**915 842**	**2 784 743**

2024

Name	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Leave payout	Total
Municipal manager	996 025	78 944	500 653	-	-	1 575 622
Chief Financial Officer	652 286	59 246	314 349	15 000	131 094	1 171 975
	1 648 311	**138 190**	**815 002**	**15 000**	**131 094**	**2 747 597**

*Refer to note "Employee related costs"

Management class: Individual executive directors

2025

	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Total

47. Related parties (continued)

Name					
Local economic development	710 953	59 246	394 410	-	1 164 609
Corporate services	-	-	-	82 500	82 500
Community services	-	-	-	82 500	82 500
Technical services	-	-	-	82 500	82 500
	710 953	**59 246**	**394 410**	**247 500**	**1 412 109**

2024

	Basic salary	Bonuses and performance related payments	Motor car and other allowances	Acting allowance	Leave payout	Total
Name						
Local economic development	729 598	59 246	354 810	-	-	1 143 654
Corporate services	-	-	-	60 000	-	60 000
Community services	111 416	-	79 475	52 500	139 059	382 450
Technical services	-	-	-	67 500	-	67 500
	841 014	**59 246**	**434 285**	**180 000**	**139 059**	**1 653 604**

*Refer to note "Employee related costs"

Key management and councillors receive and pay for services on the same terms and conditions as other rate payers / residents.

48. Budget differences

Budget vs Actual comparison variances explanations above 5% and budget adjustment reasons

Revenue from exchange transactions

Service charges

No material variance.

Construction contracts

The initial budget was under government grants and subsidies. Reclassification was done from non-exchange transactions to exchange transactions which is guided by the disclosure in terms of MSCOA Circular 16.

	2025 R	2024 R

48. Budget differences (continued)

Rental of facilties and equipment

The rental of facilities and equipment is budgeted under other income vote

Interest Income debtors

Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.

Agency services

Dis-continued of water billing by Capricorn district Municipality in Mogwadi and Morebeng lead to the reduction of the total water billed on monthly basis. Negative actual amount is due to erroneous journals processed and are currently being corrected.

Licences and permits

The delay in the opening of the new traffic management office led to the revenue predicted not being fully realised.

Other income

The municipality initially budget as per estimates from previous financial year on revenue from Skills development levy. The training provided in the 2024/25 financial year was less that the 23/24 financial year, which resulted in the under collection of revenue.

Interest received - external investment

The municipality anticipated to collect more money from government properties, which will enable the municipality to invest more cash available, However due to halting of payments from the departments, less cash was available for investment.

Revenue from non-exchange

Property rates

Corrections done on the general valuation roll through the implementation of the supplementary valuation roll lead to the decrease on the actual billing compared to the initial budgeted amount.

Interest received debtors

Implementation of Credit Control and debt collection Council resolution regarding the amount committed by customers to be paid on monthly basis lead to the interest amount to less from month to month. This resolution offered an incentive of waiving interest once a customer has entered into an arrangement for an old debt.

Government grants and subsidies

The budget is inclusive of the construction contract (INEP) which is now reclassified under exchange transactions.

Fines, penalties and forfeits

Upload of the traffic fine issued by traffic officers process has not been fully finalized as the traffic management system was implemented in third quarter and the review of the captured information was finalised in fourth quarter.

Expenditure

Employee related costs

	2025 R	2024 R

48. Budget differences (continued)

No material variance

Remuneration of councillors

The budget is inclusive of councillor's upper limits increases which has not yet been gazetted at year end.

Depreciation and amoritisation

Depreciation for the fourth quarter has not been considered. Journals will be processed before finalisation of the AFS.

Impairment loss

Recognition of impairment losses on municipal capital assets following a recent assessment which revealed that certain assets no longer met the criteria for full carrying value due to damage, obsolescence, or reduced service potential. These impairments are mainly because the municipality is unable to budget the 8% of total value of property, plant and equipment national treasury requirement due to budget constraints. As a result, the impairment was recorded as an accounting requirement in compliance with GRAP standards, leading to an over-expenditure in the affected votes.

Finance cost

The municipality appointed an expert with regard to revaluation of the rehabilitation costs for the landfill site for the purpose of preparation of the 2024/25 Annual financial statements. As a result, the value of the provision increased in the 2024-25 as compared to the 2023-24 report.

Debt impairment

The unauthorized expenditure is as a result of an increase in debtors,The Municipality have billed the goverment debtors for 2024/2025 financial year and the municicpality have not received payment from goverment debt. The municipality have received a cominic from the goverment indicating that they have halted all payment procesess as they are busy with the verification and registrations of their properties The municipality is still struggling with the privately owned properties like Farmers who does not pay their accounts.

Bad debts written off

Budget assumptions were made based on the previous year discounts provided for ratepayers that had entered into payment arrangement, However in the current year under review there was less cusstomers who made arrangements as compared to the prior year.

Budget estimated on previous year discounts provided for ratepayers that had arrangements.

Bulk purchases

No material variances.

Contracted services

The municipality realised savings on some of the projects and there is also four electricity projects that were rolled over which significantly contributed to the underspending.

General expenditure

The municipality realised savings on some of the projects that is affected by cost containment policy.

49. Segment information

General information

	2025 R	2024 R

49. Segment information (continued)

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end management monitors the operating results of these segments for the pupose of making decisions about resources allocations and assessment of performance. Revenues and expenditure relating to these business units are allocated at a transactional level. Cost relating to the governance and administration of the municipality are not allocated to these functional segments.

The grouping of these segment is consistent with the functional classification of government activities activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

The municipality operates in the Limpopo province.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Community and public safety	Community and socila services, sport and recreation and public safety
Economic and environmental services	Planning and development, road transport and environmental protection
Governance and administration	Executive and council, finance and administration and internal audit
Trading services	Energy sources, water management, waste water management and waste management

49. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
Revenue					
Service charges	1 297 723	-	-	12 003 878	13 301 601
Rental of facilities and equipment	231 134	-	-	-	231 134
Construction contracts	-	-	-	16 893 850	16 893 850
Interest income	438 921	-	82 625	171 501	693 047
Commission received	-	-	-	206 931	206 931
Licences and permits	4 406 545	94 836	-	-	4 501 381
Other income	24 548	464 679	729 374	-	1 218 601
Interest income - investments	-	-	13 918 818	-	13 918 818
Property rates	-	-	29 864 221	-	29 864 221
Interest debtors - non-exchange	-	-	734 380	-	734 380
Government grants and subsidies	1 385 014	-	189 732 766	39 472 412	230 590 192
Fines, penalties and forfeits	726 160	-	-	7 115	733 275
Total segment revenue	**8 510 045**	**559 515**	**235 062 184**	**68 755 687**	**312 887 431**
Entity's revenue					**312 887 431**

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Expenditure					
Employee related costs	34 198 576	6 766 022	57 599 348	21 341 990	119 905 936
Remuneration of councillors	-	-	14 185 585	-	14 185 585
Depreciation and amortisation	2 224 537	25 314	2 441 721	17 157 137	21 848 709
Impairment loss	63	-	6 798	2 556 074	2 562 935
Finance cost	-	-	2 935 813	-	2 935 813
Debt impairment	-	-	27 252 364	-	27 252 364
Bad debt written off	-	-	247 789	-	247 789
Bulk purchases	-	-	-	16 015 294	16 015 294
Contracted services	1 233 095	3 955 156	29 323 693	28 942 805	63 454 749
Loss on assets written off / disposal	416 483	56 453	(61 643)	1 475 311	1 886 604
General expenditure	3 726 182	631 640	28 695 186	5 763 112	38 816 120
Total segment expenditure	**41 798 936**	**11 434 585**	**162 626 654**	**93 251 723**	**309 111 898**
Total segmental surplus/(deficit)	**(33 288 891)**	**(10 875 070)**	**72 435 530**	**(24 496 036)**	**3 775 533**
Assets					
Inventories	-	-	1 085 702	(722 975)	362 727
Receivable from exchange transactions	342 390	-	2 748 116	52 559	3 143 065
Receivable from from non-exchange transactions	-	-	5 208 598	-	5 208 598
Vat receivable	(1 305 364)	-	4 111 886	(746 483)	2 060 039
Vat input accrual	(56 796)	-	2 063 468	154 099	2 160 771
Cash and cash equivalent	-	-	132 645 049	-	132 645 049
Property, plant and equipment	66 241 005	(48 919)	66 907 899	323 414 658	456 514 643
Intangible assets	656	(11 187)	296 952	14 285	300 706
Heritage assets	-	-	414 500	-	414 500
Investment property	290 000	(43 422)	1 312 964	(25 000)	1 534 542
Total segment assets	**65 511 891**	**(103 528)**	**216 795 134**	**322 141 143**	**604 344 640**
Total assets as per Statement of financial Position					**604 344 640**

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Liabilities					
Payables from exchange transactions	-	-	(25 662 143)	-	(25 662 143)
Consumer deposits	-	-	(501 449)	(6 327)	(507 776)
Unspent conditional grants and receipts	-	-	(2 103 344)	693 412	(1 409 932)
Other liability	-	-	(28 303)	-	(28 303)
Current employee benefits	(3 076 513)	(596 928)	(5 627 941)	(2 257 577)	(11 558 959)
Provisions	(35 145 235)	-	(9 533 999)	-	(44 679 234)
Non current employee benefits	-	-	(16 424 999)	-	(16 424 999)
Construction contracts revenue and payable	-	-	-	(1 034 175)	(1 034 175)
VAT output accrual	-	-	(4 281 962)	-	(4 281 962)
Total segment liabilities	**(38 221 748)**	**(596 928)**	**(64 164 140)**	**(2 604 667)**	**(105 587 483)**
Total liabilities as per Statement of financial Position					**(105 587 483)**

2024

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total

49. Segment information (continued)

Revenue					
Service charges	2 635 675	-	-	10 418 630	13 054 305
Rental of facilities and equipment	223 210	40 312	-	-	263 522
Interest income	424 211	-	475 416	-	899 627
Commission received	-	-	-	204 363	204 363
Licences and permits	4 855 114	-	-	-	4 855 114
Other income	19 349	47 588	1 302 087	31 625	1 400 649
Interest income	-	-	12 651 194	-	12 651 194
Property rates	-	-	28 276 060	-	28 276 060
Interest debtors - non-exchange	-	-	1 142 945	-	1 142 945
Government grants and subsidies	1 216 608	-	180 461 496	66 366 151	248 044 255
Construction contracts	-	-	-	16 338 719	16 338 719
Fines, penalties and forfeits	370 778	-	-	-	370 778
Total segment revenue	**9 744 945**	**87 900**	**224 309 198**	**93 359 488**	**327 501 531**
Entity's revenue					**327 501 531**
Expenditure					
Employee related costs	31 831 009	6 398 400	56 752 362	19 494 046	114 475 817
Remuneration councillors	-	-	14 192 523	-	14 192 523
Depreciation and amortisation	1 868 563	790 213	2 027 551	14 466 185	19 152 512
Impairment loss	78 704	-	11 632	1 134 464	1 224 800
Finance cost	-	-	2 920 009	-	2 920 009
Debt impairment	-	-	17 819 929	-	17 819 929
Bad debt written off	-	-	-	78 304	78 304
Bulk purchases	-	-	-	14 156 808	14 156 808
Contracted services	1 302 471	2 880 804	28 406 258	26 206 365	58 795 898
Loss on assets written off/disposal	-	-	77 740	432 214	509 954
General expenditure	3 442 790	560 480	24 923 776	5 584 391	34 511 437
Total segment expenditure	**38 523 537**	**10 629 897**	**147 131 780**	**81 552 777**	**277 837 991**
Total segmental surplus/(deficit)	**(28 778 592)**	**(10 541 997)**	**77 177 418**	**11 806 711**	**49 663 540**

	Community and public safety	Economic and environmental services	Governance and administration	Trading services	Total
49. Segment information (continued)					
Assets					
Inventories	-	-	823 162	(667 160)	156 002
Receivable from exchange transactions	1 399 720	-	206 348	790 327	2 396 395
Receivable from non-exchange transactions	-	-	10 559 583	-	10 559 583
Vat receivable	(921 861)	-	12 586 617	(572 827)	11 091 929
Vat input accrual	(383 503)	-	1 890 535	(173 656)	1 333 376
Cash and cash equivalent	-	-	140 341 015	-	140 341 015
Property, plant and equipment	63 602 949	(216 267)	62 448 302	300 138 273	425 973 257
Intangible assets	5 007	50 517	488 695	19 912	564 131
Heritage assets	-	-	408 500	-	408 500
Investment property	290 000	(43 422)	1 237 668	(25 000)	1 459 246
Total segment assets	**63 992 312**	**(209 172)**	**230 990 425**	**299 509 869**	**594 283 434**
Total assets as per Statement of financial Position					**594 283 434**
Liabilities					
Payables from exchange transactions	-	-	(30 545 747)	-	(30 545 747)
Consumer deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	-	-	15 524	(897 175)	(881 651)
Other liability	-	-	(56 894)	-	(56 894)
Current employee benefits	(2 839 347)	(614 902)	(6 163 513)	(1 969 786)	(11 587 548)
Vat output accrual	-	-	(8 267 234)	-	(8 267 234)
Provisions	(28 429 799)	-	(7 930 999)	-	(36 360 798)
Non-current employee benefits	-	-	(13 115 000)	-	(13 115 000)
Construction contracts revenue and payable	-	-	-	(329 107)	(329 107)
Total segment liabilities	**(31 269 146)**	**(614 902)**	**(66 565 312)**	**(3 203 745)**	**(101 653 105)**
Total liabilities as per Statement of financial Position					**(101 653 105)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Notes to the Financial Statements

	2025 R	2024 R
50. Cash generated from operations		
Surplus	3 775 529	49 663 537
Adjustments for:		
Depreciation and amortisation	21 848 710	19 152 509
Gain on sale of assets and liabilities	1 886 604	509 955
Impairment loss	2 562 929	1 224 800
Movement in current provision and retirement benefits liability	(28 588)	784 674
Movemment in non-current provision and retirement benefits liability	7 830 763	7 832 597
Changes in working capital:		
Inventories	(206 724)	4 488
Receivables from exchange transactions	1 567 422	815 874
Receivables from non-exchange transactions	5 350 987	2 133 220
VAT	4 219 224	4 959 913
Unspent conditional grants and receipts	528 281	(3 880 869)
Payables from exchange transactions	(4 883 605)	9 951 160
Consumer deposits	(1 350)	-
Other liability	(28 590)	(67 195)
Construction contract revenue and payable	705 068	329 107
	45 126 659	**93 413 770**
51. Cash flow statement receipts - sale of goods and services		
Service charges	13 301 601	13 054 305
Construction contracts	16 893 850	16 338 719
Rental of facilities and equipment	231 134	263 522
Interest income - debtors (exchange)	693 047	899 627
Agency fees	206 931	204 363
Licences and permits	4 501 381	4 855 114
Other income	1 218 602	1 400 649
Property rates	29 864 221	28 276 060
Interest income - debtors (non-exchange)	734 380	1 142 945
Fines, penalties and forfeits	733 275	370 778
Debt Impairment	(27 252 364)	(17 819 929)
Bad debts written off	(247 790)	(78 304)
Movement in receivables from exchange transactions	1 567 422	815 874
Movement in receivables from non-exchange	5 350 986	2 133 220
	47 796 676	**51 856 943**
52. Cash flow statement receipts - Grants		
Government grants and subsidies	230 590 193	248 044 255
Unspent conditional grants and receipts	528 281	(3 880 869)
	231 118 474	**244 163 386**
53. Cash flow statement payments - employee costs		
Employee related costs	(119 905 939)	(114 475 823)
Remuneration of councillors	(14 185 585)	(14 192 523)
	(134 091 524)	**(128 668 346)**
54. Cash flow statement payments - suppliers		

	2025 R	2024 R
54. Cash flow statement payments - suppliers (continued)		
Bulk purchases	(16 015 294)	(14 156 808)
Contracted services	(63 454 749)	(58 795 898)
General expenses	(38 816 122)	(34 511 631)
Movement in inventories	(206 724)	4 488
Movement in payables from exchange transactions	(4 883 605)	9 951 160
Movement in consumer deposits	(1 350)	-
Movement in other liability	(28 591)	(67 195)
Movement in current provisions and employee benefits	(28 593)	784 674
Movement in construction contracts payable	705 068	329 107
Movement in non-current provisions and employee benefit obligation	7 830 762	7 832 596
	(114 899 198)	**(88 629 507)**
55. Cash flow statement payments - VAT		
VAT receivable	(9 031 890)	1 973 945
VAT input accrual	827 394	1 333 337
VAT output accrual	3 985 272	(8 267 234)
	(4 219 224)	**(4 959 952)**

56. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	3 143 067	3 143 067
Receivables from non-exchange transactions	5 208 598	5 208 598
Cash and cash equivalents	132 645 049	132 645 049
	140 996 714	**140 996 714**

Financial liabilities

	At amortised cost	Total
Payables	25 662 142	25 662 142

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	2 396 395	2 396 395
Receivables from non-exchange transactions	10 559 584	10 559 584
Cash and cash equivalents	140 341 016	140 341 016
	153 296 995	**153 296 995**

Financial liabilities

	2025 R	2024 R

56. Financial instruments disclosure (continued)

	At amortised cost	Total
Payables	30 545 747	30 545 747

57. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Roads	5 455 033	1 679 301
• Electricity	20 000	20 000
• Solid waste infrastructure	19 078 704	1 682 876
• Information and communication infrastructure	-	2 075 172
	24 553 737	**5 457 349**
Total capital commitments		
Already contracted for but not provided for	24 553 737	5 457 349

Authorised operational expenditure

Already contracted for but not provided for		
• Operating expenditure	8 921 040	5 892 745
Total operational commitments		
Already contracted for but not provided for	8 921 040	5 892 745

Total commitments

Total commitments		
Authorised capital expenditure	24 553 737	5 457 349
Authorised operational expenditure	8 921 040	5 892 745
	33 474 777	**11 350 094**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	619 752	137 295
- in second to fifth year inclusive	774 690	-
	1 394 442	**137 295**

Operating lease payments represent rentals payable by the municipality for printing machines. Lease period is for a term of three years and there is no escalation annually over the lease term. No contingent rent is payable.

Rental expenses relating to operating leases		
Minimum lease payments	464 814	137 295

58. Change in estimate

Property, plant and equipment

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.The effect of changing the remaining useful life of assets for the Municipality during 2024/2025 is R76,103.97

	2025 R	2024 R

59. Changes in accounting policy

There are no changes in accounting policy.

60. Prior-year adjustments

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

Statement of Financial Position - 2023

Accumulated Surplus

PPE opening balance adjustment

PPE opening balance restatement

Recognition of take-on assets that were previously not in the FAR

Derecognition of land that does not belong to the municipality

Statement of Financial Position - 2024

Property, Plant and Equipment

De-recognition of Land that is not owned by the municipality as per the deeds search.

Recognition of take-on assets that were previously not included in the Fixed Assets Register.

Restatement of depreciation in 2023/24 as a result of take-on assets that were not in the register.

Landfill Cost Restatement

Correction of Landfill sites asset cost opening balance as per Landfill Site calculation report.

Restatement of 2023/24 cost of the landfill as per 30 June 2024 landfill site calculation.

Restatement of depreciation in 2023/24 as a result of cost adjustment of Cost of asset.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Receivables from non-exchange

Integrated billing for February and April 2025 which was posted against the accumulated surplus vote.

XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.

Restatement of prior year electricity receipts that was posted in the current financial year.

VAT Receivable

Recognition of VAT receivable for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

VAT on XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.

	2025 R	2024 R

60. Prior-year adjustments (continued)

VAT on the treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

Recognition of VAT on an invoice for CarTrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Payables from Exchange transactions

Recognition of an invoice for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Recognition of an invoice for SITA that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Eskom interest that was raised in June of 2024 and subsequently reversed by Eskom in July of 2025.

Recognition of an invoice for CarTrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Unspent Conditional grants and receipts

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Construction contracts payable

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

The circular gives guidance to the allocation on municipalities that does not have licenses to sell electricity but have the capacity to implement the project.

Receivable from exchange

Restatement of CDM impairment for the previous financial year.

Reduction of Revenue billed on accrual basis in relation to CDM

Refuse removal tariff correction in relation from prior year billing.

Statement of Comprehensive Income

Finance Costs

Recognition of landfill provision finance cost expense as per revised 2024/25 financial year landfill restoration cost

calculation.

Construction contact and grants and subsidies

The treatment of INEP grant is as per MFMA Mscoa Circular 16 that was issued by National Treasury on the 13 October 2024.

General Expenses

	2025 R	2024 R

60. Prior-year adjustments (continued)

Reversal of Eskom interest that was raised in June of 2024 and subsequently reversed by Eskom in July of 2025.

Recognition of an invoice for CarTrack that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

XLP invoice amount was deducted with a credit note from the supplier however the expenditure occurred was not accounted for in the 2023/24 financial year.

Contracted Services

Recognition of an invoice for Legal services that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Recognition of an invoice for SITA that was not accrued in the 2023/24 financial year and paid in the 2024/25 financial year.

Service Charges

Refuse removal tariff correction in relation from prior year billing.

Restatement of prior year electricity receipts that was posted in the current financial year.

Depreciation and Amortization

Restatement of 2023/24 cost of the landfill as per 30 June 2024 landfill site calculation.

Restatement of depreciation in 2023/24 as a result of cost adjustment of Cost of asset.

Remuneration of Councillors

Remuneration was paid November 2024 in respect of remuneration that was due in the 2023/24 financial year that was not accrued.

Debt Impairment

Reversal of impairment as a result of CDM new agreement which indicates municipalities are not allowed to disclose debtors.

Agency Services

Impairment of commission revenue raised for agency services provided to CDM that was raised as an accrual.

Statement of financial position

2023

	As previously reported	**Correction of error**	**Restated**
Accumulated surplus	386 922 239	8 309 193	395 231 432
Accumulated surplus			
PPE opening balance adjustment			(1 935 004)
PPE opening balance restatement			(11 495 562)
Recognition of take-on assets that were previously not in the FAR			3 746 873
Derecognition of land that does not belong to the municipality			1 374 500
			(8 309 193)

	2025 R	2024 R

60. Prior-year adjustments (continued)

2024

		As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange	11	10 963 889	(404 307)	-	10 559 582
VAT receivable	12	6 481 927	-	4 610 001	11 091 928
VAT input accrual	12	-	197 473	1 135 905	1 333 378
VAT output accrual	13	-	(2 521 330)	(5 745 906)	(8 267 236)
Receivables from exchange	9	2 827 901	(431 505)	-	2 396 396
Property, plant and equipment	4	419 026 036	6 947 228	-	425 973 264
Payables from exchange transactions	20	28 530 675	2 000 193	15 073	30 545 941
Unspent conditional grants and receipts	16	1 260 124	-	(378 473)	881 651
Construction contracts payable	34	-	(49 366)	378 473	329 107
Other liability	18	71 967	-	(15 073)	56 894
Provisions	17	36 290 024	70 774	-	36 360 798
Accumulated surplus		443 128 814	1 766 153	-	444 894 967
		948 581 357	**7 575 313**	**-**	**956 156 670**

Statement of financial performance

2024

		As previously reported	Correction of error	Re-classification	Restated
Construction contracts	34	-	(2 450 808)	18 789 527	16 338 719
Commission received	28	709 102	(504 739)	-	204 363
Service charges	23	13 271 171	(216 867)	-	13 054 304
Property rates	31	28 784 932	(508 872)	-	28 276 060
Government grants and subsidies	32	266 833 782	-	(18 789 527)	248 044 255
Contracted services	43	57 356 989	1 438 909	-	58 795 898
Remuneration of councillors	36	13 823 244	369 279	-	14 192 523
Finance cost	39	2 070 009	850 000	-	2 920 009
Debt impairment	40	18 251 076	(431 147)	-	17 819 929
General expenses	45	34 459 461	52 170	-	34 511 631
Depreciation and amortisation	37	19 794 572	582 739	(1 224 800)	19 152 511
Impairment loss	38	-	-	1 224 800	1 224 800
Surplus for the year		**455 354 338**	**(819 336)**	**-**	**454 535 002**

Cash flow statement

2024

		As previously reported	Correction of error	Re-classification	Restated
Cash flow from operating activities					
Sale of goods and services	51	35 481 743	(2 414 328)	18 789 527	51 856 942
Grants	52	263 331 386	-	(19 168 000)	244 163 386
Suppliers	54	(87 681 477)	3 633 607	(4 581 439)	(88 629 309)
Employee and councillors costs	53	(128 299 067)	(369 279)	-	(128 668 346)
Finance cost	39	(2 070 009)	(850 000)	-	(2 920 009)
VAT	55	-	-	4 959 912	4 959 912
		80 762 576	**-**	**-**	**80 762 576**

Notes to the Financial Statements

	2025 R	2024 R

60. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

	2025 R	2024 R

60. Prior-year adjustments (continued)

Statement of financial position

Receivables from non-exchange - note 11	
Balance previously reported	10 963 899
Error on 23/24 billing now corrected	(508 872)
23/24 XLP expenditure deducted with a credit	(57 637)
23/24 Ontect correction	78 002
Raising of Ontec debtor	84 201
	10 559 593
Receivables from exchange - note 9&10	
Balance previously reported	2 827 901
23/24 refuse removal tarrif correction	(357 913)
23/24 CDM impairment adjustment	431 147
23/24 CDM agency services adjustment	(504 738)
	2 396 397
Property, plant and equipment - note 4	
Balance previously reported	419 026 036
Derecognition of land that does not belong to the municipality	(1 374 500)
PPE opening balance adjustment	1 935 004
23/24 PPE depreciation restatement	(224 794)
Opening balance restatement	11 495 562
Landfill cost restatement	(779 226)
Recognition of take-on ssets that were previously not in the FAR	(3 746 873)
Recognition of take-on ssets that were previously not in the FAR	(357 945)
	425 973 264
Payables from exchange transactions - note 20	
Balance previously reported	28 530 675
Legal costs not previously accounted for now corrected	1 621 350
SITA	7 222
Reversal of eskom interest	98
Raising of accrual for councillors upperlimits	369 278
Recognition of accrual for Cartrack	2 245
Reclassification of salary control account to payables	15 073
	30 545 941
Unspent conditional grants and receipts - note 16	
Balance as previously reported	1 260 124
INEP reclassification	(378 473)
	881 651
Construction contracts revenue and payable - note 35	
Balance previously reported	-
INEP reclassification to advance payments	378 473
Correction of INEP Output VAT treatment as per mSCOA circular 16	(49 366)
	329 107

Other liability - note 18

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Balance previously reported		71 967
Reclassification of salary control account to payables		(15 073)
		56 894
Provisions - note 17		
Balance previously reported		36 290 024
Landfill cost restatement		(779 226)
Landfill restoration provision interest charge		850 000
		36 360 798
VAT receivable - note 12		
Balance previously reported		6 481 927
Reclassification		4 610 001
		11 091 928
VAT input accrual - note 12		
Balance previously reported	-	-
Legal costs	-	188 721
SITA	-	942
23/24 XLP expenditure deducted with a credit	-	7 517
Recognition of accrual for Cartrack	-	293
Reclassification	-	1 135 904
	-	**1 333 377**
VAT output accrual - note 13		
Balance previously reported	-	-
Correction of INEP Output VAT treatment	-	(2 500 173)
23/24 ontec correction	-	(10 174)
Ontec debtor	-	(10 983)
Reclassification	-	(5 745 904)
	-	**(8 267 234)**
Accumulated surplus		
Balance previously reported		443 128 814
INEP reclassification from grants to construction contracts		18 789 527
INEP reclassification from grants to construction contracts		(18 789 527)
Correction of INEP Output VAT treatment		(2 450 808)
Error on 23/24 billing now corrected		(508 872)
Legal costs		(1 432 629)
SITA		(6 280)
Remuneration of councillors upperlimits		(369 279)
Debt impairment		431 147
Commission received		(504 739)
23/24 XLP expenditure deducted with a credit		(50 120)
Reversal of Eskom interest		98
Derecognition of land that does not belong to the municipality		(1 374 500)
23/24 refuse removal tarrif correction		(357 913)
23/24 PPE depreciation restatement		(224 794)
Recognition of take-on assets that were previously not in the FAR		(357 945)
PPE opening balance adjustment		1 935 004
Opening balance restatement		11 495 562
Recognition of take-on assets that were previously not in the FAR		(3 746 873)
Landfill restoration provision interest charge		(850 000)

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Recognition on Cartrack accrual		(1 952)
23/24 Ontect correction		67 828
Recognition of Ontect debtor		73 218
		444 894 967

	2025 R	2024 R

60. Prior-year adjustments (continued)

Statement of financial performance

Service charges	
Balance previously reported	13 271 171
Raising Ontec debtor for 23/24	73 218
23/24 Ontec correction	67 828
23/24 refuse removal tarrif correction	(357 913)
	13 054 304
Construction contracts	
Balance previously reported	-
INEP reclassification from grants to construction contracts	18 789 527
Correction of INEP output VAT treatment	(2 450 808)
	16 338 719

Prior year correction of INEP ransactions from grants and subsidies to sale of goods and services as construction revenue as per Mscoa Circular 16

Government grants and subsidies	
Balance previously reported	266 833 782
INEP reclassification from grants to construction contracts	(18 789 527)
	248 044 255

Prior year correction of INEP ransactions from grants and subsidies to sale of goods and services as construction revenue as per Mscoa Circular 16

Agency services	
Balance previously reported	709 102
23/24 CDM impairment adjustment	(504 739)
	204 363
Property rates	
Balance previously reported	28 784 932
Error on 23/24 billing now corrected	(508 872)
	28 276 060
Contracted services	
Balance previously reported	57 356 989
Legal costs not previously accounted for now corrected	1 432 629
SITA	6 280
	58 795 898
Remuneration of councillors	
Balance previously reported	13 823 244
An amount for remuneration of councillors paid in respect of June 2024 not accrued for now corrected	369 279
	14 192 523
Debt impairment	
Balance previously reported	18 251 076

	2025 R	2024 R
60. Prior-year adjustments (continued)		
23/24 CDM impairment adjustment		(431 147)
		17 819 929
Depreciation and amortisation		
Balance previously reported		19 794 572
Reclassification of impairment loss		(1 224 800)
23/24 PPE depreciation restatement		224 794
Recognition of take-on assets that were previously not in the FAR		357 945
		19 152 511
Impairment loss		
Balance previously reported		-
Reclassification of impairment loss		1 224 800
		1 224 800
General expenses		
Balance previously reported		34 459 461
Reversal of Eskom interest		98
23/24 XLP expenditure deducted with a credit note		50 120
Recognition of accrual for Cartrack		1 952
		34 511 631
Finance cost		
Balance previously reported		2 070 009
Landfill restoration provision interest charge		850 000
		2 920 009

	2025 R	2024 R
60. Prior-year adjustments (continued)		
Cash flows statement		
Sale of goods and services		
Balance previously reported		35 481 743
Construction contracts		16 338 719
Property rates		(508 872)
Debt impairment		(431 147)
Commission received		(504 739)
Service charges		(216 867)
Receivables from exchange		1 293 799
Receivables from non-exchange		404 307
		51 856 943
Grants		
Balance previously reported		263 331 386
Unspent conditional grants and receipts		(378 473)
Government grants and subsidies		(18 789 527)
		244 163 386
Employee costs		
Balance previously reported		(128 299 067)
Remuneration of councillors		(369 278)
		(128 668 345)
Suppliers		
Balance previously reported		(87 681 477)
Contracted services		(1 438 908)
General expenses		(52 169)
VAT		(2 636 055)
Payables from exchange transactions		2 015 266
Construction contracts revene and payable		329 106
Provisions		70 774
Other liability		(15 073)
PPE - Other changes, movements		779 226
		(88 629 310)
Finance cost		
Balance previously reported		(2 070 009)
Landfill restoration provision interest charge		(850 000)
		(2 920 009)
VAT		
Balance previously reported		-
Reclassification		4 959 912
		4 959 912

	2025 R	2024 R

60. Prior-year adjustments (continued)

Commitments

Capital Commitments	
Balance previously reported	5 364 754
A compliant contractual commitment disclosure	92 595
	5 457 349
Operational Commitments	
Balance previously reported	4 540 360
A compliant contractual commitment disclosure	1 352 385
	5 892 745

Change in accounting policy

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

61. Risk management

Financial risk management

Liquidity risk

The risk that the municipality may encounter difficulties in raising sufficient funds in meetings its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the municipality's obligations in the needs of its capital and operating expenditure,creditors at large including employees is critical for the municipality to continue as a going concern of which cannot be compromised. The municipality manages liquidity risk through proper management of working capital ,capital expenditure and monitoring of actual versus forecast cash flows.

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.

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions				
• Outflow	25 662 142	-	-	-
Other financial liabilities				
• Outflow	280 303	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions				
• Outflow	30 545 747	-	-	-
Other financial liabilities				
• Outflow	56 894	-	-	-

	2025 R	2024 R

61. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, recievables from exchange and non-exchange transactions and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts.Debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due impaired:

Non-exchange receivables	**2025 Percentage**	**2025 Amount**	**2024 Percentage**	**2024 Amount**
Rates	100 %	120 217 472	100 %	101 683 588
Exchange receivables	**2025 Percentage**	**2025 Amount**	**2024 Percentage**	**2024 Amount**
Electricity	13 %	3 492 860	13 %	3 495 571
Refuse	83 %	22 753 938	83 %	21 726 730
Other service charges	4 %	1 046 395	4 %	1 017 382
	100 %	**27 293 193**	**100 %**	**26 239 683**

No receivables are pledged as security for financial liabilities.

Due to the short term nature of t other receivables the carrying value disclosed in note 10 & 11 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

Non-exchange receivables	**2025 Percentage**	**2025 Amount**	**2024 Percentage**	**2024 Amount**
Rates	100 %	118 408 499	100 %	94 059 351
Exchange receivables	**2025 Percentage**	**2025 Amount**	**2024 Percentage**	**2024 Amount**
Electricity	13 %	3 440 301	13 %	3 217 372
Refuse	83 %	22 411 547	83 %	20 327 010
Other service charges	4 %	1 030 649	4 %	936 437
	100 %	**26 882 497**	**100 %**	**24 480 819**

	2025 R	2024 R

61. Risk management (continued)

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Interest rate risk

The municipality is not exposed to interest rate risk as it does not have interest bearing liabilities.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

62. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 448 670 492 and that the municipality's total assets exceed total liabilities by R 498 757 156.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors.

The following factors support going concern assumption:
- There is no intention to cease operation and municipal budget for MTERF period is support this.
- The municipality has a healthy solvency and liquidity ratio.
- The municipality continue to achieve net surplus for 2025 and 2024 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

63. Events after the reporting date

There are material events after the reporting date which requires disclosures.

During the year under review, the Municipal Council resolved (prior to 30 June 2025) to dispose of a non-current asset with a carrying amount of R1 544 046. The asset met the criteria for classification as held for sale in accordance with GRAP 100 as at 30 June 2025.

Subsequent to year-end, but before the date of submission of the financial statements for audit, the asset was sold on 30 July 2025 for R2 314 088, resulting in a gain on disposal of R770 042. As this sale confirms conditions that existed at year-end, it is considered an adjusting event in terms of GRAP 14 (Events After the Reporting Date), and the gain has been recognized in the 2025 reporting period.

	2025 R	2024 R
64. Unauthorised expenditure		
Opening balance as previously reported	7 490 494	-
Add: Unauthorised expenditure - current	30 334 440	18 205 394
Less: Amount written off - current	(37 458 408)	(10 714 900)
Closing balance	**366 526**	**7 490 494**
Analysed as follows: non-cash		
Employee related cost	366 526	3 490 227
Depreciation and impairment of assets	3 341 443	-
Finance charges	585 978	-
Loss on write-off of property, plant and equipment	1 356 603	-
Provision of impairment	24 683 890	14 341 612
	30 334 440	**17 831 839**
Analysed as follows: cash		
Bulk purchases	-	373 555
65. Irregular expenditure		
Opening balance as previously reported	-	2 988 978
Add: Irregular expenditure - current	238 500	-
Less: Amount written off - prior period	-	(2 988 978)
Closing balance	**238 500**	**-**
Analysis of balance of irregular expenditure incurred		
The bidder submitted municipal rates of both the director and the company, however the statement of the company did not reflect the ageing	238 500	-

The bidder submitted municipal rates of both the director and the company, however the statement of the company did not reflect the ageing which is in contravention of Regulation 28 SCM.

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 2 988 978 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Invitation to bid did not stipulate minimum threshold for local content (Contravenes with Regulation 8 of PPPA Constitution)	-	2 816 782
The price quoted by service provider are not reasonable (Contravenes with section 217 0f the Constitution)	-	172 196
	-	**2 988 978**
66. Fruitless and wasteful expenditure		
Add: Fruitless and wasteful expenditure identified - current	4 487	5 707
Less: Amount recovered - current	-	(4 580)
Less: Amount written off - current	(4 487)	(1 127)
Closing balance	**-**	**-**

	2025 R	2024 R

66. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure is presented inclusive of VAT.

Analysis of fruitless and wasteful expenditure incurred

Interest on late payments	4 487	1 478
Renewal of license disk	-	4 229
	4 487	**5 707**

Amount written-off

Interest on late payments	-	1 127

67. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 137 238	1 106 691
Amount paid - current year	(1 137 238)	(1 106 691)
	-	**-**

Audit fees

Opening balance	5 216	-
Current year subscription / fee	6 321 005	5 499 385
Amount paid - current year	(6 321 005)	(5 494 169)
Amount paid - previous years	(5 216)	-
	-	**5 216**

PAYE and UIF

Current year subscription / fee	23 854 681	21 613 918
Amount paid - current year	(23 854 681)	(21 613 918)
	-	**-**

Pension and Medical Aid Deductions

Current year subscription / fee	20 251 897	18 834 586
Amount paid - current year	(20 251 897)	(18 834 586)
	-	**-**

VAT

VAT receivable	2 060 038	11 091 928

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year from 1 July 2024 to 30 June 2025, the municipality had no councillor account in arrears for more than 90 days.

	2025 R	2024 R

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

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Sole provider	461 878	302 002

68. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of Molemole Local Municipality:

2025

Supplier name	Employee name	Relationship	Position	Department	Amount
Pin Afrika Consulting Engineers	Ntjana Selinah Khutso	Spouse	Senior Licensing	Community Services	600 862

2024

Supplier name	Employee name	Relationship	Position	Department	Amount
Sweetsiba Projects	Moyahabo Daniel Lehong	Spouse	General Assistant	Technical Services	6 970

69. Distribution losses

Electricity Distribution Losses (Units)		
Units Purchased	5 909 622	5 562 775
Units sold	(5 231 699)	(4 953 737)
	677 923	**609 038**
Percentage distribution loss	11 %	11 %
Electricity Distribution Losses (Rand)		
Purchased	16 015 294	14 156 808
Sold	(13 829 820)	(12 534 806)
	2 185 474	**1 622 002**
Percentage distribution loss	14 %	11 %

	2025 R	2024 R

70. Contingencies

Contingent liabilities

Name of legal representatives	Litigant	Nature of dispute	Status	Progress	Estimated amount 2025	Estimated amount 2024
GSM Mohlabi Inc. Attorneys	Akani Retirement Administration Fund	Alleged failure on the part of the Municipality to pay an employee pension benefits.	Active	Parties still awaiting for the next court date to adjudicate on the matter.	125 211	125 211
Mohale Inc.Attorneys 0 15 590 0760	Lephalale Investment (PTY) LTD	Counter claim against action for recovery of land by the Municipality.	Active	Parties still awaiting for the next court date to adjudicate on the matter.	2 500 000	2 500 000
GSM Mohlabi Inc.Attorney	Masala Ramabulana	Alleged breach of contract committed against the plaintiff.	Active	Parties still awaiting a trial date after submission of supporting documents.	5 039 537	5 039 537
Maribana Makgoka Attorneys	Exila Travel Agency	Alleged breach of contract	Active	The municipality has written to the complainant to settle the matter out of court. Awaiting for a response from the complainant.	529 145	-
					8 193 893	**7 664 748**

Contingent assets

Name of legal representatives	Litigant	Nature of dispute	Status	Progress	Estimated amount 2025	Estimated amount 2024
Mohale Inc.Attorneys 01 5 590 0760	Lephalale Investment (Pty) Ltd.	Recovery of land that was sold to the defendant for his company to construct a mall at a site that belong to the Municipality.	Active	Parties still awaiting for the next court date to adjudicate on the matter.	1 281 512	1 270 079