Ephraim Mogale Local Municipality

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Published 30 June 2025

General Information

Legal form of entity	South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act No. 117 of 1998)
Nature of business and principal activities	Provision of basic services in terms of Local Municipality function as defined by the Municipal Structures Act. (Act No. 117 of 1998)
Mayoral committee	
	Cllr Moimana GMH (Mayor)
	Cllr Lentsoane R (Speaker)
	Cllr Magane L (Chief Whip)
	Traditional Leaders
	Kgoshi-Lehwelele-Matlala M
	Kgoshi Matlala RD
	Kgoshi Rahlagane MP
	Kgoshi Kekana MF

General Information

Councillors	Cllr Moimana GMH (Mayor)
	Cllr Lentsoane R (Speaker)
	Cllr Magane L (Chief Whip)
	Cllr Ramphela RM(Exco member)
	Cllr Jacobs PR(Exco member)
	Cllr Sedibane FS(Exco member)
	Cllr Mashiane SM
	Cllr Tshiguvho EM(Exco member)
	Cllr Aphane KM
	Cllr Thobejane PM
	Cllr Kutu TC
	Cllr Sebothoma KW
	Cllr Lekoatsipa LR
	Cllr Magatla NL
	Cllr Seloma RM
	Cllr Mahubane SE
	Cllr Maphopha MM
	Cllr Nkoana TP
	Cllr Phahlamohlaka T
	Cllr Mokwana BZ
	Cllr Mmamahlako K
	Cllr Mogale T
	Cllr Letsela NS
	Cllr Dries P
	Cllr Makola ML
	Cllr Modipa SR
	Cllr Mmeshi SJ
	Cllr Maelane KM
	Cllr Mmanaswe TM (Exco member)
	Cllr Mabaso T
	Cllr Rabalao S
	Cllr Lekgoathi L

General Information

Municipal Demacation Code	LIM471
Grading of local authority	Grade 2 Low Capacity Municipality
Accounting Officer	Mr ME Moropa
Chief Finance Officer (CFO)	Mr TT Modisane
Registered office	No. 13 Ficus street Civic centre Marble Hall Limpopo 0450
Business address	No. 13 Ficus street Civic centre Marble Hall Limpopo 0450
Postal address	P.O Box 111 Marble Hall Limpopo 0450
Bankers	First National Bank (Primaty Bank Account)
Attorneys	Popela Maake Inc Attorneys Khumalo Masondo Attorneys Inc Mphoke PK Magane Inc Verveen Attorneys NJ Morero Inc TJ Machete Attorneys Rachoene Attorneys Kgolishi A Mamabolo Attorneys Dabishi Nthambeleni Inc KNT Attorneys Machaka NC Inc Mmakola Matsimela Inc
Auditors	Auditor General South Africa (AGSA), Limpopo Business Unit. Enquiries:Gerhard Ordendaal . Email:godendaal@agsa.co.za

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Abbreviations used:

SALGA	South African Local Government Association
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
WCA	The Workmen's Compensation Act
MPAC	Municipal Public Accounts Committee
SCM	Supply Chain Management
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
UIF	Unemployment Insurance Fund
WCA	Workers Compensation Assistance
VAT	Value Added Tax
AGSA	Auditor General of South Africa
PAYE	Pay as you earn
EPWP	Expanded Public works Programme
PPE	Property, Plant and Equipment
SDL	Skills Development Levy

Accounting Officer's Responsibilities and Approval

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

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

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

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the 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 Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

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

The external auditors are responsible for auditing and reporting on the Municipality's Annual Financial Statements. The Annual Financial Statements have been examined by the Municipality's external auditors and their report is presented as part of these financial statements.

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in notes to these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government’s determination in accordance with this Act.

The Annual Financial Statements set out on page 11, 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 ME Moropa

Audit Committee Report

REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025

The report herein provides the year-end report for the Audit and Performance Committee (herein referred as “the Audit Committee”) as of 30 June 2025.

BACKGROUND AND STATUTORY REQUIREMENTS

The purpose of this report is to communicate to the council the audit committee’s progress in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2025.

The audit committee was established in terms of section 166 of the MFMA which requires every municipality to establish an independent audit committee, which must advise the municipal council, political office bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee has adopted its terms of reference (Audit and Performance Committee Charter) which is regularly reviewed and approved by the council. The audit committee is pleased to present its report for the financial year ending 30 June 2025.

AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of members listed below, including the chairperson, Mr. LM Malapela. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. although additional special meetings may be called as the need arises.

The Audit Committee was able to meet eleven (11) times during the financial year under review as per the approved terms of reference. The meetings include the 7 special and 4 ordinary audit committee meetings. The Chief Audit Executive is the permanent invitee to the audit committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee. The table below shows the attendance of members and scheduled meetings.

The current Audit Committee was appointed during November 2020 for a period of 3 years, and the committee was reappointed for the second term ending October 2026. The members of the audit committee were all independent from the Municipality.

The vacancy on the audit committee was not filled during the year under review, the post became vacant when one member’s office term came to an end in 2023 and the other member passed on 19 May 2025.

Below is the list of members and meeting attendances of the members:

NAME OF THE MEMBER	POSITON	DATE OF CONTRACT AMENDMENT	QUALIFICATIONS	ORDINARY MEETINGS	SPECIAL MEETINGS
Mr. LM Malapela	Chairperson	01 November 2023	CFE-Certified Fraud Examiner ,CIA-Certified Internal Auditor,CCSA-Certification in Control Self Assessment,Master of Philosophy (MPhil: Internal Auditing) , Post Graduate Diploma: Internal Auditing,BTech-Internal Auditing ,National Diploma Internal Auditing	4	7

Audit Committee Report

Adv. GT Moeng	Member	01 November 2023	Master of Business Leadership ,Post Graduate Programme in Executive Development,Advance Management Development Programme,L.L.B Degree ,B. Juris Degree.	4	7
Mr. ML Mokwena	Member	01 November 2023 (Date passed on the 19 May 2025)	Certificate in Municipal Finance , Certificate in Real Estate , Articles of Training BCom Accounting.	3	6
Mr. MA Mmapheto	Member	01 November 2023	National Diploma in: Internal Auditing , B Tech: Internal Audit, Post Graduate Diploma: Internal Audit.	4	7

Mr. Mokwena passed on during May 2025. The Audit Committee values his contributions to the municipality and will forever be sadly missed.

Members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function, and the external auditors, collectively and individually, on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The committee also held a meeting with the honorable mayor and reported to council on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality. The Chief Audit Executive has unrestricted access to the chairperson of the audit committee.

Four (4) ordinary meetings and seven (7) special committee meetings were held during the year. The seven (7) special meetings were amongst others for the purposes of:

- Unaudited Draft Annual Financial Statements (before submission to the AGSA)
- Unaudited Draft Annual Performance Report (before submission to the AGSA)
- AGSA 2023/24 Audit Strategy
- AGSA 2023/24 Audit Report
- 2023/2024 Annual Report
- AGSA 2023/24 Audit Action Plan
- Mid-Year Budget and Performance Report
- 2024/25 Draft adjusted SDBIP and Budget
- 2024/25 Draft IDP and Budget

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager
- All Senior Managers and Operational Managers.
- Other officials (as and when required);
- Chief Audit Executive and Internal Auditor.
- Limpopo Provincial Treasury.
- CoGHSTA.

DISCHARGE OF THE AUDIT COMMITTEE RESPONSIBILITIES
REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

One of the primary responsibilities of the Audit Committee is the review and evaluation of the Annual Financial Statements. The committee reviewed the 2024/25 Annual Financial Statements prior to submission to the Auditor General South Africa on 31 August 2025.

These Annual Financial Statements are prepared by management in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No 12 of 2009) (DORA).

The committee reviewed the quarterly financial reports issued to council during the financial year and continues to provide oversight over the financial controls in preparation of the annual financial statements. Management is responsible for the

Audit Committee Report

preparation of the annual financial statement and should continue to strengthen the controls to ensure that they are prepared in accordance with the applicable accounting frameworks and are free from misstatements and errors.

INTERNAL AUDIT
The Accounting Officer is obliged, in terms of section 165 of the MFMA, to ensure that the municipality has a system of internal audit under the control and direction of the audit committee. The Internal Audit function of Ephraim Local Municipality is established in the Office of the Municipal Manager, and it discharges its mandate in terms of the approved Internal Audit Charter.During the year, the Audit Committee reviewed and approved the internal audit charter, risk based internal audit plan, internal audit methodology, project audit reports and the quarterly internal audit reports to the audit committee.
Internal Audit implemented all the planned assurance engagements for the 2024/25 financial year. The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. The Audit Committee noted some improvement in the effectiveness of the internal controls during the financial year. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. The Committee has noted that there is a need to improve monitoring, oversight and implementation by Management in managing internal controls.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL
The systems of internal controls applied by the Municipality over financial and risk management have improved though there are still some areas that require attention from management. In line with section 62 (c) (ii) of the MFMA, and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.
The Audit Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the findings by the Auditor-General South Africa on internal controls for the year ended 30 June 2025 and the implementation is at 95.5% implemented, 4,5% is not implemented. We are of the view that management is committed to resolving the 5% not yet implemented. Management should implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.
RISK MANAGEMENT
The audit committee is responsible for the oversight of the risk management function. The risk management committee has been established and reports to the audit committee on its activities in assisting the municipality with risk management. A member of the audit committee currently serves on the risk management committee as the independent chairperson and is appointed in writing by the accounting officer.
The Municipality has an effective Risk Management Function that is headed by Risk Officer who reports to the Municipal Manager and the Risk Management Committee. The Audit Committee has reviewed the risk register and the reports from the Risk Management Committee and is generally satisfied with the maturity of the risk management process. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.
PERFORMANCE MANAGEMENT
The audit committee has reviewed and considered the in-year performance reports and performance results reported by management in the quarterly and mid-term performance reports. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported; however, challenges are still experienced with the reliability of information reported and the lack of portfolio of evidence to substantiate the reported performance.
The Audit Committee is pleased that the internal audit function reviewed the quality of the performance targets and indicators and reviewed the alignment of the IDP, Budget and the SDBIP before final submission to council and continues to assist in verifying the reported performance against the supporting evidence. The Audit Committee continues to monitor the implementation of the municipal planned activities through the review of the quarterly performance reports and budget implementation reports.
COMBINED ASSURANCE
The responsibility for coordinating combined assurance rests with Internal Audit and the Combined Assurance Forum. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan.

ICT GOVERNANCE
The Audit Committee reviewed quarterly ICT reports in the year under review. Internal Audit findings relating to ICT were not fully implemented and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. For the year under review management implemented 60% of the ICT risk mitigations measures and 40% were not implemented. The Audit Committee had advised the Accounting Officer to appoint a qualified ICT Steering Committee Chairperson who will help capacitate the unit and improve controls thereof.

REPORTING
The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the

Audit Committee Report

relevant quarter.

APPRECIATION

The Audit Committee wishes to thank Municipal Council, management and staff for their continued commitment to improving effective control of the environment and good governance in the municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.

CONCLUSION

The audit committee acknowledged the co-operation and assistance by the Ephraim Mogale Local Municipality for coordinating the activities of the Committee. We also acknowledge the commitment of the Municipal Manager and Management of Ephraim Mogale Local Municipality in strengthening corporate governance and in maintaining unqualified audit opinion.

The Audit Committee further acknowledged the commitment of good governance led by the Honorable Mayor and the Council and further express gratitude to the Chief Audit Executive and for the support and commitment to the work of the audit committee.

We remain confident that all recommendations that have been made by the Internal Audit and Auditor General of South Africa shall continue to receive necessary attention of management and the council with the quest to achieve clean audit outcomes.

We are committed to fully execute our assurance and oversight function to strengthening Corporate Governance and Clean Administration.

Mr. LM Malapela

Audit Committee Chairperson

Ephraim Mogale Local Municipality

Audit Committee Report

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The operating results and state of affairs of the Municipality are fully set out in the attached Annual Financial Statements and do not in our opinion require any further comment.

Net surplus of the Municipality was 66 588 862 (2024: surplus 49 219 783), as restated. The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and fully elaborated in the Statement of Comparison of Budget and Actual Amounts. The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

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

The ability of the municipality to continue as a going concern is certain for the foreseeable medium-term revenue and expenditure framework and medium-term budget periods as submitted to National Treasury. The ability of the municipality to continue as a going concern is certain for the foreseeable medium-term revenue and expenditure framework and mediumterm budget periods as submitted to the National Treasury.

3. Subsequent events

The accounting officer has not identified events after reporting date as in GRAP 14 guidelines.

4. Accounting policies

The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

5. Accounting Officer

The Accounting Officer of the Municipality during the year and to the date of this report is as follows :

Name	Nationality
Mr ME Moropa	South African

- The Accounting Office Mr ME Moropa was appointed Tuesday, 02 May 2023, to date

Accounting Officer's Report

6. Council, Mayor and Internal Audit

Councillors

The councillors retain full control over the municipality, its plans and strategy;

acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

- is of a unitary structure comprising:

- Mayor

- Speaker.

- Executive committee councillors, and

- Councillors.

Mayor

The roles of the Mayor and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities

Internal Audit

The municipality had a Chief Audit Executive and a full time Internal Auditor for the year under review. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

The Annual Financial Statements set out on page 11, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 June 2025 and were signed on its behalf by:

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	9	36 338 178	36 694 142
Receivables from exchange transactions	8	8 142 087	4 082 314
Receivables from non-exchange transactions	4&5	804 040	4 089 586
Consumer debtors from exchange transaction	6	16 789 038	12 468 201
Consumer debtors from non - exchange transaction	6	79 479 024	73 680 321
Cash and cash equivalents	3	382 921 325	359 462 683
		524 473 692	**490 477 247**
Non-Current Assets			
Investment property	10	81 228 561	79 101 561
Property, plant and equipment	11	893 236 557	875 557 472
Heritage assets	12	213 500	191 160
Eskom Deposits	7	2 316 253	1 861 591
		976 994 871	**956 711 784**
Total Assets		**1 501 468 563**	**1 447 189 031**
Liabilities			
Current Liabilities			
Finance lease obligation	54	8 952 691	8 649 743
Payables from exchange transactions	14	63 428 689	61 115 986
Consumer deposits	15	1 276 313	1 293 811
Employee benefit obligation	18	1 546 882	999 950
Provisions	17	-	2 977 664
		75 204 575	**75 037 154**
Non-Current Liabilities			
Finance lease obligation	54	-	8 952 691
Employee benefit obligation	18	28 183 590	25 196 946
Provisions	17	34 835 970	41 346 666
		63 019 560	**75 496 303**
Total Liabilities		**138 224 135**	**150 533 457**
Net Assets		**1 363 244 428**	**1 296 655 574**
Reserves			
Revaluation reserve		149 510	149 510
Accumulated surplus		1 363 094 931	1 296 506 064
Total Net Assets		**1 363 244 441**	**1 296 655 574**

* See Note 2 & 47

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	56	58 155	95 116
Service charges	19	93 699 285	77 946 160
Rental of facilities and equipment	57	65 875	67 643
Agency fees	55	6 124 052	5 594 755
Other income	20	4 918 035	3 641 288
Interest received	21	29 186 672	27 144 082
Total revenue from exchange transactions		**134 052 074**	**114 489 044**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	47 103 916	48 883 748
Basic Charges	59	12 428 913	11 692 930
Interest on outstanding receivable balances	22	13 281 826	10 203 038
Transfer revenue and other receipts			
Government grants & subsidies	24	267 333 041	242 769 959
Fines, Penalties and Forfeits	58	495 677	453 296
Total revenue from non-exchange transactions		**340 643 373**	**314 002 971**
Total revenue		**474 695 447**	**428 492 015**
Expenditure			
Employee related costs	25	(118 477 123)	(108 962 225)
Remuneration of councillors	26	(15 861 040)	(15 050 571)
Repairs and Maintenance	11	(17 194 135)	(19 173 047)
Depreciation and amortisation	27	(60 546 587)	(62 265 429)
Finance costs	28	(9 525 139)	(8 652 108)
Operating lease Expense	49	(1 424 641)	(1 626 783)
Debt Impairment	29	(22 518 220)	3 337 935
Impairment of assets	11	273 852	(2 128 126)
Bulk purchases	30	(67 608 613)	(56 886 156)
Contracted Services	31	(46 989 589)	(35 143 812)
Grants and Subsidies	50	(1 069 665)	(12 870 282)
General Expenses	32	(59 539 285)	(57 127 466)
Total expenditure		**(420 480 185)**	**(376 548 070)**
Operating surplus		**54 215 262**	**51 943 945**
Profit / (Loss) on disposal of Fixed assets	11	(10 302 899)	(880 816)
Fair value adjustments	33	2 149 340	2 105 730
Actuarial Gain / (Loss)	18	213 789	(3 949 076)
Profit/(loss) on disposal of Inventory	9	(708 343)	-
Gain/(losses) on landfill site Valuation	17	4 780 193	-
Reversal of Financial Assets Impairment	13	16 241 520	-
		12 373 600	**(2 724 162)**
Surplus for the year		**66 588 862**	**49 219 783**

* See Note 2 & 47

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Balance 1 July , 2023	149 510	1 241 247 323	1 241 396 833
Surplus for the year 47	-	49 219 783	49 219 783
Opening balance as previously reported	**149 510**	**1 290 467 106**	**1 290 616 616**
Opening balance as previously reported	149 510	1 290 467 113	1 290 616 623
Adjustments			
Correction of errors 47	-	6 038 956	6 038 956
Restated* Balance at 01 July 2024 as restated*	**149 510**	**1 296 506 069**	**1 296 655 579**
Changes in net assets			
Surplus for the year	-	66 588 862	66 588 862
Total changes	-	66 588 862	66 588 862
Balance at 30 June 2025	**149 510**	**1 363 094 931**	**1 363 244 441**

Note(s)

* See Note 2 & 47

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		139 828 213	142 841 305
Government grants and subsidies		267 333 041	242 769 959
Interest income		28 869 050	26 739 861
Other receipts		4 918 035	3 641 288
		440 948 339	415 992 413
Payments			
Employee costs		(131 556 128)	(121 537 647)
Suppliers		(194 126 779)	(196 100 917)
Finance costs		(1 750 413)	(2 780 721)
		(327 433 320)	(320 419 285)
Net cash flows from operating activities	35	**113 515 017**	**95 573 128**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(98 054 794)	(59 467 856)
Proceeds from sale of property, plant and equipment	10	543 682	853 442
Proceeds from cash investments		16 241 520	-
Deposit (Security held in advance) movement		(137 040)	11 493 555
Net cash flows from investing activities		**(81 406 632)**	**(47 120 859)**
Cash flows from financing activities			
Finance lease payments		(8 649 743)	(7 619 436)
Net increase/(decrease) in cash and cash equivalents		**23 458 642**	**40 832 833**
Cash and cash equivalents at the beginning of the year		359 462 683	318 629 848
Cash and cash equivalents at the end of the year	3	**382 921 325**	**359 462 681**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	334 000	(15 000)	**319 000**	58 155	**(260 845)**	1
Service charges	94 065 000	7 001 000	**101 066 000**	93 699 285	**(7 366 715)**	2
Rental of facilities and equipment	95 000	-	**95 000**	65 875	**(29 125)**	3
Agency fees	6 110 000	-	**6 110 000**	6 124 052	**14 052**	4
Other income	487 000	16 242 000	**16 729 000**	4 918 035	**(11 810 965)**	5
Interest received	29 377 000	(536 000)	**28 869 050**	29 186 672	**317 622**	6
Total revenue from exchange transactions	**130 468 000**	**22 692 000**	**153 188 050**	**134 052 074**	**(19 135 976)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	49 415 000	-	**49 415 000**	47 103 916	**(2 311 084)**	7
Basic Charges	-	-	**-**	12 428 913	**12 428 913**	2
Interest on outstanding receivable balance	10 510 000	-	**10 510 000**	13 281 826	**2 771 826**	8
Transfer revenue						
Government grants & subsidies	255 801 000	-	**255 801 000**	267 333 041	**11 532 041**	9
Fines, Penalties and Forfeits	125 000	-	**125 000**	495 677	**370 677**	10
Licences or Permits	-	80 000	**80 000**	-	**(80 000)**	5
Total revenue from non-exchange transactions	**315 851 000**	**80 000**	**315 931 000**	**340 643 373**	**24 712 373**	
Total revenue	**446 319 000**	**22 772 000**	**469 119 050**	**474 695 447**	**5 576 397**	
Expenditure						
Employee related costs	(118 816 000)	(183 000)	**(118 999 000)**	(118 477 123)	**521 877**	11
Remuneration of councillors	(15 879 000)	(708 000)	**(16 587 000)**	(15 861 040)	**725 960**	12
Repairs and Maintenance	(27 443 689)	-	**(27 443 689)**	(17 194 135)	**10 249 554**	13
Depreciation and amortisation	(65 700 000)	-	**(65 700 000)**	(60 546 587)	**5 153 413**	14
Finance costs	(2 940 000)	-	**(2 940 000)**	(9 525 139)	**(6 585 139)**	15
Operating Lease Expenses	(1 772 002)	-	**(1 772 002)**	(1 424 641)	**347 361**	16
Debt Impairment	(16 639 000)	-	**(16 639 000)**	(22 518 220)	**(5 879 220)**	17
Impairment of Assets	-	-	**-**	273 852	**273 852**	17.1
Bulk purchases	(52 495 000)	(8 060 000)	**(60 555 000)**	(67 608 613)	**(7 053 613)**	18
Contracted Services	(53 602 311)	(1 109 000)	**(54 711 311)**	(46 989 589)	**7 721 722**	19
Grants and Subsidies	(3 484 243)	-	**(3 484 243)**	(1 069 665)	**2 414 578**	20
General Expenses	(67 468 000)	(2 905 000)	**(70 373 000)**	(59 539 285)	**10 833 715**	21
Total expenditure	**(426 239 245)**	**(12 965 000)**	**(439 204 245)**	**(420 480 185)**	**18 724 060**	
Operating surplus	**20 079 755**	**9 807 000**	**29 886 755**	**54 215 262**	**24 328 507**	
Profit / (Loss) on disposal of fixed assets	-	-	**-**	(10 302 899)	**(10 302 899)**	22
Fair value adjustments	-	-	**-**	2 149 340	**2 149 340**	23
Actuarial gains/losses	-	-	**-**	213 789	**213 789**	23.1

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Profit/(loss) on disposal of Inventory	-	-	-	(708 343)	**(708 343)**	24
Gain/(losses) on landfill site Valuation	-	-	-	4 780 193	**4 780 193**	24.1
Reversal of Financial Assets Impairment	-	-	-	16 241 520	**16 241 520**	24.2
	-	**-**	**-**	**12 373 600**	**12 373 600**	
Surplus before taxation	**20 079 755**	**9 807 000**	**29 886 755**	**66 588 862**	**36 702 107**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**20 079 755**	**9 807 000**	**29 886 755**	**66 588 862**	**36 702 107**	

Ephraim Mogale Local Municipality

(Registration number LIM 471)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	33 972 000	(299 000)	**33 673 000**	36 338 178	**2 665 178**	24
Receivables from Exchange transactions	-	-	**-**	8 142 087	**8 142 087**	25.1
Consumer debtors	24 824 000	(3 251 000)	**21 573 000**	4	**(21 572 996)**	25
Receivables from non-exchange transactions	92 415 000	3 623 000	**96 038 000**	804 040	**(95 233 960)**	26
VAT receivable	6 152 000	-	**6 152 000**	-	**(6 152 000)**	27
Consumer debtors	12 274 000	-	**12 274 000**	96 268 062	**83 994 062**	28
Cash and cash equivalents	234 545 000	-	**234 545 000**	382 921 325	**148 376 325**	29
	404 182 000	**73 000**	**404 255 000**	**524 473 696**	**120 218 696**	
Non-Current Assets						
Investment property	136 247 000	-	**136 247 000**	81 228 561	**(55 018 439)**	30
Property, plant and equipment	956 137 000	11 328 000	**967 465 000**	893 236 557	**(74 228 443)**	31
Intangible assets	22 000	-	**22 000**	-	**(22 000)**	32
Heritage assets	170 000	-	**170 000**	213 500	**43 500**	33
Eskom Deposits	677 000	-	**677 000**	2 316 253	**1 639 253**	34
	1 093 253 000	**11 328 000**	**1 104 581 000**	**976 994 871**	**(127 586 129)**	
Total Assets	**1 497 435 000**	**11 401 000**	**1 508 836 000**	**1 501 468 567**	**(7 367 433)**	
Liabilities						
Current Liabilities						
Finance lease obligation	7 619 000	-	**7 619 000**	8 952 691	**1 333 691**	35
Payables from exchange transactions	50 752 000	(186 000)	**50 566 000**	63 428 689	**12 862 689**	35
Consumer deposits	1 518 000	-	**1 518 000**	1 276 313	**(241 687)**	37
Employee benefit obligation	-	-	**-**	1 546 882	**1 546 882**	38
Provisions	19 184 000	-	**19 184 000**	-	**(19 184 000)**	39
	79 073 000	**(186 000)**	**78 887 000**	**75 204 575**	**(3 682 425)**	
Non-Current Liabilities						
Finance lease obligation	19 273 000	-	**19 273 000**	-	**(19 273 000)**	40
Employee benefit obligation	16 070 000	-	**16 070 000**	28 183 590	**12 113 590**	41
Provisions	17 206 000	-	**17 206 000**	34 835 970	**17 629 970**	42
	52 549 000	**-**	**52 549 000**	**63 019 560**	**10 470 560**	
Total Liabilities	**131 622 000**	**(186 000)**	**131 436 000**	**138 224 135**	**6 788 135**	
Net Assets	**1 365 813 000**	**11 587 000**	**1 377 400 000**	**1 363 244 432**	**(14 155 568)**	
Net Assets						
Net Assets						
Reserves						
Revaluation reserve	150 000	-	**150 000**	149 509	**(491)**	43
Accumulated surplus	1 365 663 000	11 587 000	**1 377 250 000**	1 363 094 932	**(14 155 068)**	44

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total Net Assets	**1 365 813 000**	**11 587 000**	**1 377 400 000**	**1 363 244 441**	**(14 155 559)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	130 998 000	3 436 000	**134 434 000**	139 828 213	**5 394 213**	45
Government grants and subsidies	255 801 000	-	**255 801 000**	267 333 041	**11 532 041**	45
Interest income	24 127 000	3 273 000	**27 400 000**	28 869 050	**1 469 049**	45
Other Receipts	12 918 000	15 674 000	**28 592 000**	4 918 035	**(23 673 965)**	45
	423 844 000	**22 383 000**	**446 227 000**	**440 948 339**	**(5 278 662)**	
Payments						
Employee costs and Suppliers	(333 852 000)	(11 070 000)	**(344 922 000)**	(325 682 907)	**19 239 093**	46
Finance costs	(2 940 000)	-	**(2 940 000)**	(1 750 413)	**1 189 587**	46
	(336 792 000)	**(11 070 000)**	**(347 862 000)**	**(327 433 320)**	**20 428 680**	
Net cash flows from operating activities	**87 052 000**	**11 313 000**	**98 365 000**	**113 515 019**	**15 150 018**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(89 921 000)	(11 328 000)	**(101 249 000)**	(98 054 794)	**3 194 206**	47
Proceeds from sale of property, plant and equipment	-	-	**-**	543 682	**543 682**	
Deposit (Security held in advance) movement	-	-	**-**	(137 040)	**(137 040)**	
Proceeds from cash investments	-	-	**-**	16 241 520	**16 241 520**	
Net cash flows from investing activities	**(89 921 000)**	**(11 328 000)**	**(101 249 000)**	**(81 406 632)**	**19 842 368**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(8 649 743)	**(8 649 743)**	
Net increase/(decrease) in cash and cash equivalents	(2 869 000)	(15 000)	**(2 884 000)**	23 458 644	**26 342 643**	
Cash and cash equivalents at the beginning of the year	237 414 000	-	**237 414 000**	359 462 681	**122 048 681**	48
Cash and cash equivalents at the end of the year	**234 545 000**	**(15 000)**	**234 530 000**	**382 921 325**	**148 391 324**	

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand

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

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

Receivables

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 judgments 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. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete inventory

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

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Municipality is the current bid price.

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

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

Value in use of non-cash generating assets

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Goodwill is tested on an annual basis for impairment.

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 18 - Provisions.

Residual values, useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives..

Post-retirement benefits and other long-term benefits

The present value of the post retirement and long-term benefit obligations depend 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 and long-term benefit 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 post retirement and longterm
benefit obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government 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 or other long-term liability. Where there is no market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post retirement and other long-term obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality uses the government bond rate to discount future cash flows.

Allowance for impairment of financial assets

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

Budget Information

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the annual financial statements.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Material Losses

Material losses are losses that occur due to factors other than normal production and utilisation and are regarded as material if their omission or misstatement will affect the decisions made by users of the information. The losses disclosed include that of technical losses and non-technical losses related to water. Losses that occur due to normal production and utilisation are classified as production costs and factored into the municipality's tariffs. They, therefore, do not constitute material losses. If actual production and utilisation losses exceed the normal budgeted production and utilisation losses factored into the tariff, this difference is considered material losses

Service Charges

Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Going Concern

Management considers key financial metrics and approved medium-term budgets, together with the municipality’s dependency on the grants from National and Provincial Government, to conclude that the going concern assumptions used in the compilation
of its annual financial statements, is appropriate.

Residual value of property, plant and equipment

Management has determined that none of its infrastructure assets have an active market value, and the value of the amount at the end of their useful lives would therefore be insignificant

Useful lives of property, plant and equipment and investment property held at cost

The useful lives of assets are based on management’s estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Operating lease commitment.

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

1.3 Investment property

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

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

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

Investment property is initially recognised at cost. 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.

1.3 Investment property (continued)

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

Fair value

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

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

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.

The gains or losses arising from the retirement or disposal of investment property are 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.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- Management's intended usage of the property; and
- the extent to which it is owner occupied.

1.4 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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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.

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

Impairment of Property, Plant and Equipment, Intangible Assets and Heritage Asset

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

Impairment of Non-cash-generating Assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset.
If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount Is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

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

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

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.

Property, plant and equipment is depreciated over the expected useful lives to the estimated residual value. The depreciation charge for each period is recognised in surplus or deficit. Small assets with cost or deemed cost of less than R1,000 will not be subject to perpetual restatement of useful life. Management indicated that due to the nature of these items like chairs and dustbins, once the initial depreciation period has passed it will be deemed to be fully used and any further use to be incidental in nature and that asset values should not be attached to these high risk incidental benefits.

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	10-30 years

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Leased Assets	Straight-line	3-10 years
Plant and machinery	Straight-line	2-15 years
Motor vehicles	Straight-line	7-15 years
Office equipment	Straight-line	5-15 years
IT equipment	Straight-line	5 -15 years
Infrastructure Assets	Straight-line	2-100 years
Community Assets	Straight-line	5-25 years

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

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Site restoration and dismantling cost

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

The related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Significant Accounting Policies

1.6 Heritage assets

Heritage assets are initially measured at cost.

When 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 to initial 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 a 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.

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

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

The municipality derecognised heritage assets 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 the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

1.7 Financial instruments

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

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Eskom deposits	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
VAT Accruals	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

Significant Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Significant Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

The provision for bad debt amount will be an accumulative expression of a percentage of the amount of the debt occurrence at a certain ageing category and an amount that represents an accumulation of individual debt amounts.

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the impairment for the receivables is calculated based on historical collection rate ratios.

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

Significant Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 asset 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 recognised in surplus or deficit in the period of the transfer.

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.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished—i.e., when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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

Initial measurement

1.8 Statutory receivables (continued)

The Municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

Derecognition

Significant Accounting Policies

1.8 Statutory receivables (continued)

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

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

1.9 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.

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.

Significant Accounting Policies

1.9 Inventories (continued)

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.

Inventory - unsold property held for sale

Unsold properties that were approved for sale by the Council is held as inventory. The properties previously held as investment property at market value is transferred in terms of GRAP 16 and GRAP 12 at market value as the deemed cost of the individual properties. The market value is then considered to be the deemed cost is then considered as the carrying value of the item from the date transferred to unsold properties held for sale. 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.

1.10 Value-added Tax (VAT)

VAT is accounted for on an accrual basis and payable on the cash basis.

The municipality is registered for VAT on the payments (cash) basis under the VAT Act (section 15(2A)), declaring output tax upon receipt from customers and claiming input tax upon payment to suppliers. However, the annual financial statements are prepared on the accrual basis per GRAP 1 (paragraph .03), recognizing VAT rights and obligations when underlying transactions occur. Input and output VAT accruals arise from contractual exchange transactions and are classified as receivables/payables from exchange transactions. Upon cash settlement, amounts transfer to the VAT control account, reclassified as statutory receivables or payables with SARS, arising from legislation.

Accruals are measured at the transaction amount per the VAT Act. Statutory items in the VAT control are measured net (output less input) as specified in legislation excluding time value.Input/output VAT accruals are presented separately as current assets/liabilities without offsetting, reflecting distinct transactions.

The net VAT control balance is presented as a statutory receivable/payable from exchange transactions if applicable.
Impairment is assessed for statutory items, reducing carrying amounts for expected credit losses (e.g., uncollectible output VAT).The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

Significant Accounting Policies

1.11 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected
cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

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

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Significant Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost.

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Significant Accounting Policies

1.11 Employee benefits (continued)

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

1.11 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide other long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method to determine is the present value of the obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and contingencies

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

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

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

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

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

Significant Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:
Where the related asset is measured using the cost model::

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
  if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached
the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.
The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.13 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus or deficit. Prior
year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made..

1.14 Accounting by principals and agents

Identification

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

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.

Significant Accounting Policies

1.14 Accounting by principals and agents (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

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

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

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

Significant Accounting Policies

1.15 Revenue from exchange transactions

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.

Unclaimed Deposits

The following procedure will be followed prior to write-off of unclaimed deposits

Should unclaimed monies not be claimed within a period of Three (3) years the monies will be written off from the register to accumulated surplus.

The following process must be followed before any monies are receipted in accumulated surplus:
The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.

Such register must lie open for a period of a month.

The register will be made available for inspection at the main municipal buildings.

The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.

After a 54 month period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transfered to accumulated surplus.

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 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 surveys of work performed.

Interest and dividends

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

Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

- 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, in surplus or deficit, using the effective interest rate method..

1.16 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the 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..

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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

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.

Property rates

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

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

Basic Electricity Levy

Basic electricity charges are levied on all conventional meters based on the customer account category and the type of electrical load (either single-phase or three-phase). These levies are included in the annual tariffs approved by the council .Additionally, a basic vacant levy is charged on all unoccupied residential properties

Basic electricity levies are billed monthly and are not dependent on consumption.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

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

Transfers

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

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)

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

Debt forgiveness and assumption of liabilities

The Municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

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

Government grants

Government grants are recognised as revenue when:

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

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised on receipt when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier. When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier..

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.

Services in-kind

Except for financial guarantee contracts, the Municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the Municipality’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the Municipality disclose the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.17 Investment income

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

1.18 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 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.

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 Municipality's incremental borrowing rate.

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 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. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

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 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.

1.19 Leases (continued)

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

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

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

1.20 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase of sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.21 Comparative figures

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

1.22 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.23 Unauthorised expenditure

Unauthorised expenditure in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA and include:

a) Overspending of the total amount appropriated in the municipality’s approved budget;
b) Overspending of the total amount appropriated for a vote in the approved budget;
c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation” otherwise than in accordance
with any conditions of the allocation; or
f) A grant by the municipality otherwise than in accordance with this Act.

1.23 Unauthorised expenditure (continued)

All expenditure relating to operational unauthorised expenditure is initially recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure relating to capital expenditure is initially recognised as an asset in the statement of financial position in the year the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense or asset, and where council resolves on recovery, it is subsequently accounted for as revenue in the statement of financial performance and debtors in the statement of financial position. When the payment is subsequently received, the payment is receipted against the debtor.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

The unauthorised expenditure note to the financial statements is disclosed excluding VAT..

1.24 Fruitless and wasteful expenditure

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

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

1.25 Irregular expenditure

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

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes..

1.26 Segment information

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

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

Measurement

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

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

Significant Accounting Policies

1.27 Budget information

The approved budget is prepared on an 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 Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.28 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.

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.

1.29 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The municipality did not adopt any new standards and interpretations in the Current financial year.

2.2 Standards and Interpretations early adopted

The municipality did not early adopt any standards and interpretations:

2. New standards and interpretations (continued)

2.3 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 2024 or later periods:

Standard/ Interpretation	Effective date:Years beginning on orafter	Expected impact:
GRAP 1 (amended): Presentation of Financial Statements	01 April 2099	Unlikely there will be a material impact
GRAP 103 Heritage Assets	01 April 2099	Unlikely there will be a material impact
GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2099	Unlikely there will be a material impact
GRAP 107 Mergers	01 April 2099	Unlikely there will be a material impact
GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2099	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	152 694 569	336 619 387
Short-term deposits	230 226 756	22 843 296
	382 921 325	**359 462 683**

The short term deposit for 2024 and 2025 financial year is inclusive of R13 582 000 which is a guarantee for the Eskom bulk account.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank then placed VBS Mutual bank under curatorship in 2018. The Municipality had a short-term deposit of R 83 658 548. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury only guaranteed retail depositors up to R100 000 per depositor, corporate and Municipalities deposits were not guaranteed. The Municipality then impaired the total investment of R 83 658 548 since there was no future cash flow expected from the VBS Mutual bank. The letter issued by the curator on the 11th March 2018 stated that the bank will cease to accrue further interest as at the date it was placed under curatorship. As such the R83 658 548 has been determined using a straight line method to accrue interest since end of February and 11 March 2018.The municipality did not receive any confirmation from the curator, and it was confirmed that the investment should be fully Impaired or written off for the financial year ending 30 June 2020.No additional information was received from the Provincial Government and the curator of the VBS Mutual Bank until during 2022 financial year when part of the investment was recovered amounting to R6 112 400.The recovered amount has led to impairment reversal in the financial year 2021/2022.Financial year 2024/2025 Municipality, recovered again an amount of R16 241 520.00. Management assessed the impairment and concluded that the full balance of the impairment is R61 284 628.00 for the 2024/2025 financial year.

Credit rating		
AAA	152 694 569	336 619 388

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Cash and cash equivalents (continued)

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
FNB Cheque A/C	152 648 131	332 165 217	318 615 064	152 694 569	336 619 388	318 629 848
FNB Call A/C No. 63063720974	24 648 180	22 843 296	-	24 648 180	22 843 296	-
FNB Fixed Deposit A/C No. 76208154733	51 355 370	-	-	51 355 370	-	-
ABSA Fixed Deposit A/C No. 2081917559	51 407 178	-	-	51 407 178	-	-
Nedbank Fixed Deposit A/C No. 03/7881098821/00003	51 391 301	-	-	51 391 301	-	-
Standard Bank Fixed Deposit A/C 038826801002	51 424 726	-	-	51 424 726	-	-
Total	**382 874 886**	**355 008 513**	**318 615 064**	**382 921 324**	**359 462 684**	**318 629 848**

4. Receivables

	2025	2024
Gross balances		
Receivables - other	660 370	660 370
Fines	8 160 741	7 734 566
	8 821 111	**8 394 936**
Less: Allowance for impairment		
Receivables - other	(660 366)	(660 366)
Fines	(7 786 506)	(7 296 744)
	(8 446 872)	**(7 957 110)**
Net balance		
Fines	374 235	437 822
Fines		
31-60 days	43 000	58 000
61-90 days	57 500	40 750
91-120 days	46 400	24 250
121-365 days	8 013 841	7 611 566
> 365 days	(7 786 506)	(7 296 744)
	374 235	**437 822**

Operational Debtors	2025	2024
> 365 days	660 370	660 370

Reconciliation of allowance for impairment		
Balance at beginning of the year	7 957 112	(7 495 666)
Contributions to allowance	(489 762)	(461 446)
	7 467 350	**(7 957 112)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions

Unauthorised debit orders	29 826	29 826
Staff Debtors	399 979	399 979
Government grants and subsidies	-	3 221 959
Fines	374 235	437 822
	804 040	**4 089 586**

Receivables from non-exchange transactions pledged as security

None of the receivables were pledged as security.

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Traffic fines	374 235	437 822

6. Consumer debtors

Gross balances		
Basic Electricity - Non - Exchange	13 042 185	10 831 533
Electricity	6 647 433	5 513 976
Interest from exchange debtors	4 545 288	4 494 064
Interest from non-exchange debtors	54 649 038	45 048 689
Rates	118 718 526	105 888 298
Refuse	12 894 892	11 057 714
VAT and sundry	6 598 263	4 203 147
	217 095 625	**187 037 421**
Less: Allowance for impairment		
Basic Electricity - Non - Exchange	(6 968 275)	(5 877 234)
Electricity	(425 901)	(361 705)
Interest from exchange debtors	(1 827 053)	(2 994 689)
Interest from non-exchange debtors	(30 614 008)	(24 635 655)
Rates	(69 348 442)	(57 575 310)
Refuse	(8 627 895)	(7 455 622)
VAT and sundry	(3 015 989)	(1 988 684)
	(120 827 563)	**(100 888 899)**
Net balance		
Basic Electricity - Non - Exchange	6 073 910	4 954 299
Electricity	6 221 532	5 152 271
Interest from exchange debtors	2 718 235	1 499 375
Interest from non-exchange debtors	24 035 030	20 413 034
Rates	49 370 084	48 312 988
Refuse	4 266 997	3 602 092
VAT and sundry	3 582 274	2 214 463
	96 268 062	**86 148 522**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Consumer debtors (continued)

Included in above is receivables from exchange transactions		
Electricity	6 221 534	5 152 271
Refuse	4 266 998	3 602 092
VAT and sundry	3 582 248	2 214 463
Interest	2 717 784	1 499 375
	16 788 564	**12 468 201**

Included in above is receivables from non-exchange transactions		
Rates	49 370 085	48 312 988
Basic electricity - non exchange	6 073 909	4 954 300
Interest	24 035 030	20 413 035
	79 479 024	**73 680 323**

Net balance	**96 267 588**	**86 148 524**

Rates		
Current (0-30 days)	5 611 859	6 514 610
31-60 days	1 862 742	1 926 983
61-90 days	1 842 302	1 746 980
91-365 days	109 401 624	95 699 725
Impairment	(69 348 442)	(57 575 310)
	49 370 085	**48 312 988**

Electricity		
Current (0-30 days)	5 590 715	4 623 683
31-60 days	156 601	134 920
61-90 days	113 329	59 518
91-365 days	786 789	695 855
Impairment	(425 900)	(361 705)
	6 221 534	**5 152 271**

Interest from exchange debtors		
Current (0 -30 days)	4 202	161 875
31 - 60 days	-	126 475
61 - 90 days	-	122 089
121 - 365 days	4 540 634	4 083 624
Impairment	(1 827 052)	(2 994 688)
	2 717 784	**1 499 375**

Interest from non-exchange debtors		
Current (0 -30 days)	2 152 576	1 745 982
31 - 60 days	1 039 629	961 292
61 - 90 days	1 028 940	927 781
121 - 365 days	50 427 893	41 413 635
Impairment	(30 542 848)	(24 635 655)
	24 106 190	**20 413 035**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Consumer debtors (continued)

Refuse

Current (0 -30 days)	669 539	484 174
31 - 60 days	187 415	183 117
61 - 90 days	177 031	159 535
91 - 365 days	11 860 907	10 230 887
Impairment	(8 627 895)	(7 455 622)
	4 266 997	**3 602 091**

Basic Electricity - non exchange

Current (0-30 days)	1 410 876	1 089 006
31-60 days	302 278	257 619
61-90 days	278 482	222 421
91-365 days	11 050 549	9 262 487
Impairment	(6 968 275)	(5 877 234)
	6 073 910	**4 954 299**

Other

Current (0 -30 days)	1 561 797	930 409
31 - 60 days	239 383	96 752
61 - 90 days	232 852	66 511
91 - 365 days	4 564 232	3 109 475
Impairment	(3 015 989)	(1 988 684)
	3 582 275	**2 214 463**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Consumer debtors (continued)

Summary of debtors by customer classification

	2025	2024
Consumers		
Current (0-30 days)	4 191 722	3 107 916
31-60 days	1 204 907	1 127 838
61-90 days	1 165 579	985 922
91-365 days	71 925 489	61 366 940
	78 487 697	66 588 616
Less: Allowance for impairment	(44 048 383)	(36 815 014)
	34 439 314	**29 773 602**

	2025	2024
Industrial/commercial		
Current (0-30 days)	12 729 915	12 370 307
31-60 days	2 556 768	2 522 013
61-90 days	2 487 180	2 299 164
91-365 days	119 727 923	102 279 307
	137 501 786	119 470 791
Less: Allowance for impairment	(76 163 000)	(63 568 435)
	61 338 786	**55 902 356**

	2025	2024
National and Grovincial Government		
Current (0-30 days)	79 928	71 516
31-60 days	26 372	37 307
61-90 days	20 176	19 750
91-365 days	979 216	849 441
	1 105 692	978 014
Less: Allowance for impairment	(616 179)	(505 447)
	489 513	**472 567**

	2025	2024
Total		
Current (0-30 days)	17 001 565	15 549 738
31-60 days	3 788 047	3 687 158
61-90 days	3 672 935	3 304 836
91-365 days	192 632 627	164 495 688
	217 095 174	187 037 420
Less: Allowance for impairment	(120 827 561)	(100 888 896)
	96 267 613	**86 148 524**

	2025	2024
Reconciliation of allowance for impairment		
Balance at beginning of the year	(100 888 897)	(106 901 878)
Contributions to allowance	(19 938 665)	6 012 982
	(120 827 562)	**(100 888 896)**

Type of exchange

	2025	2024
Consumer debtors from exchange transaction	16 789 038	12 468 201
Consumer debtors from non - exchange transaction	79 479 024	73 680 321
	96 268 062	**86 148 522**

6. Consumer debtors (continued)

Statutory Receviables - Rates

Property rates is tax levied in terms of Local Government Property Rates Act, Act No. 6 of 2004. The Act empowers the municipality to adopt by-laws to give effect to the implementation of its rates policy i.e., levying of property rates on all rateable property in its area (except as provided otherwise within law).

The municipality recognise statutory receivables using GRAP 108 at their transaction amount per approved tariffs through billing.

The municipality measure 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:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) any amounts derecognised

The municipality derecognise a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expire or are waived.

Consumer debtors additional information

Consumer debtors accounts are required to be settled after 30 days, interest is charged after this date at a rate of prime plus 2%. The fair value of trade and other receivables approximates their carrying amounts.

7. Eskom Deposits

	2025	2024
Eskom Deposit	2 316 253	1 861 591

A security deposit is held by Eskom who is the bulk electricity supplier to the municipality. Eskom pays interest annually on the security deposit held.
An amount of R11 493 554 previously held by Eskom as security deposit has been expensed in the 2023/2024 financial year for the purpose of electricity upgrades.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from exchange transactions

Receivables

Input VAT Accrual	1 381 154	888 074
VAT receivable from SARS (Cash basis)	4 816 447	3 194 240
Interest Accrued on Investment i	1 944 486	-
	8 142 087	**4 082 314**

VAT receivable

Input VAT accruals represent the municipality's right to claim VAT on purchases of goods and services from suppliers, recognized on an accrual basis in the financial statements in accordance with GRAP 1 (paragraph .03), even though the municipality is registered on the payments (cash) basis for VAT purposes under the VAT Act (section 15(2A)). These accruals arise from contractual arrangements with suppliers and are initially classified as receivables from exchange transactions under GRAP 104 (paragraph .11), as they stem from enforceable contractual rights to recover VAT once payment is made. VAT accrual is not netted off with output VAT.

Cash basis input VAT refers to the deductible input tax claimed from SARS upon actual payment to suppliers, as permitted for municipalities under the VAT Act (section 15(2A); SARS VAT 419 Guide, Chapter 2.1). In the financial statements, this is recognized on transfer from the input VAT accrual account to the VAT control account, reclassified as a statutory receivable under GRAP 108 (paragraph .01), arising directly from legislation requiring SARS to refund the amount in cash.

Cash basis input VAT is included in the net VAT receivable from SARS, presented above.

Statutory Receivables - VAT

VAT receivable Cash basis is a statutory receivable per GRAP 108.

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

That VAT balance accumulates every time the municipality transact in taxable supplies.

Statutory receivable (VAT) is written off only when SARS reduces an assessment, and the municipality objection is denied by SARS. There are no VAT balances that are past due as at year end.

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Balance of Statutory receivables at year end:

VAT receivable from SARS (Cash basis)	4 816 447	3 194 243

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Inventories

Consumables	1 478 678	764 142
Unsold Properties Held for Resale	34 859 500	35 930 000
	36 338 178	**36 694 142**

Inventory classification - Consumables, are held in stock for use in the municipality's day to day operations. This is then drawn from the account on a needs basis. Unsold Properties - Held for Resale are unsold stands which are held in inventory as the Council resolved to sell the stands in Extension 6.

Valuation of Inventory

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.

Municipality inventory is not pledged as security for any Liabilities.

Inventory movement for the year - consumables

	2025	2024
Opening balance	764 142	774 040
Issues	(1 885 541)	(3 320 807)
Returns	-	14 700
Purchases	2 600 077	3 296 209
Closing Balance	**1 478 678**	**764 142**

Inventory movement for the year - Unsold properties held for sale:

	2025	**2024**
Opening Balance	35 930 000	35 930 000
Sales During the year	(362 157)	-
Profit/(Loss) on Sales	(708 343)	-
Closing Balance	**34 859 500**	**35 930 000**

Notes to the Annual Financial Statements

Figures in Rand

10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	81 228 561	-	81 228 561	79 101 561	-	79 101 561

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	79 101 561	2 127 000	81 228 561

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	77 016 561	2 085 000	79 101 561

Pledged as security

None of the investment property has been pledged as security.

There are no restrictions on the realisability of investment property or the remittance of the revenue and proceeds of disposal. The municipality does not have any contractual obligation to purchase, construct or develop investment property or for repair, maintenance or enhancement as at the end of the period under review. 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

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.

Figures in Rand	2025	2024

10. Investment property (continued)

Details of valuation

The effective date of the revaluations was 30 June 2025. Valuations were performed by an independent valuer, Montani Property Valuers, as registered professional valuer's, that are not connected to the municipality and have recent experience in location and category of the investment property being valued. Montani Property Valuers is registered as - Authorised Property valuers as per Section 22 of the Property valuer's Profession Act 2000 (No 47 of 2000) Registered with the SA Council for the Property Valuation Profession (SACPVP)

The valuation was prepared in accordance with the Guidance Notes of the Appraisal and Valuation Standards manual of the Royal Institution of Chartered Surveyors (RICS) - Global Standards, and in conformity with the Guidance Notes of the International Valuation Standards Council (IVSC) adapted for South African Law and Regulations.

The basis of our valuation is ‘Market Value’, and this is defined by the RICS, SAIV and IVSC as:

‘The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	65 875	67 643

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 975 219	-	5 975 219	5 975 219	-	5 975 219
Buildings	42 142 289	(19 941 730)	22 200 559	39 145 507	(18 498 318)	20 647 189
Plant and machinery	57 518 553	(31 588 894)	25 929 659	44 451 284	(30 375 415)	14 075 869
Motor vehicles	8 089 541	(6 064 330)	2 025 211	7 588 578	(5 919 001)	1 669 577
Office equipment	8 081 518	(5 837 950)	2 243 568	7 523 951	(5 627 306)	1 896 645
IT equipment	11 951 631	(3 492 893)	8 458 738	5 925 558	(2 956 084)	2 969 474
Infrastructure	1 318 126 950	(627 412 417)	690 714 533	1 272 261 221	(582 724 090)	689 537 131
Community	71 797 700	(15 114 114)	56 683 586	74 558 021	(12 938 478)	61 619 543
Work in -Progress (WIP)	56 711 819	-	56 711 819	43 077 725	-	43 077 725
Leased Assets	25 814 273	(5 370 609)	20 443 664	25 814 273	(2 791 303)	23 022 970
Landfill	10 252 385	(8 402 384)	1 850 001	19 468 514	(8 402 384)	11 066 130
Total	**1 616 461 878**	**(723 225 321)**	**893 236 557**	**1 545 789 851**	**(670 232 379)**	**875 557 472**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Derecognition	Changes in Landfill site Valuation	Write offs	Depreciation	Impairment loss	Impairment reversal	Total
Land	5 975 219	-	-	-	-	-	-	-	-	-	5 975 219
Buildings	20 647 189	2 996 782	-	-	-	-	-	(1 443 412)	-	-	22 200 559
Plant and machinery	14 075 869	15 007 383	-	-	-	-	(256 558)	(2 897 035)	-	-	25 929 659
Motor vehicles	1 669 577	1 281 258	(597 877)	-	-	-	-	(327 747)	-	-	2 025 211
Office equipment	1 896 645	762 000	-	-	-	-	(39 333)	(375 744)	-	-	2 243 568
IT equipment	2 969 474	6 305 960	-	-	-	-	(42 772)	(773 924)	-	-	8 458 738
Infrastructure	689 537 131	6 495 252	-	45 495 927	(2 261 690)	-	-	(48 825 939)	(462 062)	735 914	690 714 533
Community	61 619 543	-	-	6 076 139	(7 688 616)	-	-	(3 323 480)	-	-	56 683 586
Work-in-Progress (WIP)	43 077 725	65 206 159	-	(51 572 065)	-	-	-	-	-	-	56 711 819
Leased Assets	23 022 970	-	-	-	-	-	-	(2 579 306)	-	-	20 443 664
Landfill	11 066 130	-	-	-	-	(9 216 129)	-	-	-	-	1 850 001
	875 557 472	**98 054 794**	**(597 877)**	**1**	**(9 950 306)**	**(9 216 129)**	**(338 663)**	**(60 546 587)**	**(462 062)**	**735 914**	**893 236 557**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Derecognition	Changes in Landfill site Valuation	Write offs	Depreciation	Impairment loss	Impairment reversal	Total
Land	5 975 219	-	-	-	-	-	-	-	-	-	5 975 219
Buildings	21 786 657	155 500	-	-	-	-	-	(1 294 968)	-	-	20 647 189
Plant and machinery	14 115 085	2 871 586	-	-	-	-	(31 841)	(2 878 961)	-	-	14 075 869
Motor vehicles	2 868 866	-	(581 068)	-	-	-	-	(618 221)	-	-	1 669 577
Office equipment	2 314 007	83 083	-	-	-	-	(10 951)	(489 494)	-	-	1 896 645
IT equipment	1 338 887	2 199 805	-	-	-	-	(30 620)	(538 598)	-	-	2 969 474
Infrastructure	690 902 816	784 900	-	50 701 063	(1 079 778)	-	-	(49 921 044)	(4 298 846)	2 448 019	689 537 131
Community	62 258 411	2 041 580	-	-	-	-	-	(2 403 149)	(277 299)	-	61 619 543
Work-in-Progress (WIP)	42 447 387	51 331 401	-	(50 701 063)	-	-	-	-	-	-	43 077 725
Leased Assets	25 609 344	-	-	-	-	-	-	(2 586 374)	-	-	23 022 970
Landfill	786 427	-	-	-	-	11 814 323	-	(1 534 620)	-	-	11 066 130
	870 403 106	**59 467 855**	**(581 068)**	**-**	**(1 079 778)**	**11 814 323**	**(73 412)**	**(62 265 429)**	**(4 576 145)**	**2 448 019**	**875 557 472**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed taking longer to complete

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

Project Name	Commence Date	Reason for taking longer	2025	2024
Tshikanoshi Sports Complex	2021/06/30	The project has experienced delays in completion due to budgetary constraints. Expenditure incurred to date primarily relates to design costs. As these costs are not subject to deterioration, management has assessed that no indicators of impairment exist at year-end	5 013 938	5 013 938
Driefontein Internal Road	2022/06/30	Although the project experienced delays due to budgetary constraints, implementation commenced during the 2024/25 financial year. The project is expected to commence in the 2025/26 financial year. Management has assessed that no impairment indicators are present.	4 439 412	1 895 570
Mathukuthela Internal Road	2022/06/30	The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end	2 119 113	2 119 113

Notes to the Annual Financial Statements

Figures in Rand			2025	2024

11. Property, plant and equipment (continued)

Matlala Ramoshebo Internal Route	2022/06/30	Although the project experienced delays due to budgetary constraints, implementation commenced during the 2024/25 financial year. The project is expected to be completed in the 2025/26 financial year. Management has assessed that no impairment indicators are present..	26 473 433	2 073 108
Matlerekeng Internal Bus Route	2022/06/30	The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end	2 110 652	2 110 652
Moeding Unternal Street	2022/06/30	The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end	1 918 568	1 918 568
Mokwaneng Internal Road	2022/06/30	The project has experienced delays in completion due to budgetary constraints. Expenditure incurred to date primarily relates to design costs. As these costs are not subject to deterioration, management has assessed that no indicators of impairment exist at year-end	1 579 523	1 579 523

Notes to the Annual Financial Statements

Figures in Rand			2025	2024
11. Property, plant and equipment (continued)				
Parks Development Landscaping	2022/06/30	The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end	1 776 818	1 776 818
			45 431 457	**18 487 290**

No portion of Property, Plant and Equipment has been pledged as security for Liabilities, other than obligation under finance leases.

	2025	2024
Amounts received from insurance proceeds	583 947	37 500
Terms and conditions		

Reconciliation of Work-in-Progress 2025	Included within Infrastructure	Included within Community	Total
Opening balance	31 489 336	11 588 387	43 077 723
Additions/capital expenditure	57 460 232	7 746 213	65 206 445
Transferred to completed items	(45 497 611)	(6 076 139)	(51 573 750)
	43 451 957	**13 258 461**	**56 710 418**

Reconciliation of Work-in-Progress 2024	Included within Infrastructure	Included within Community	Total
Opening balance	36 886 387	5 561 000	42 447 387
Additions/capital expenditure	45 304 014	6 027 387	51 331 401
Transferred to completed items	(50 701 065)	-	(50 701 065)
	31 489 336	**11 588 387**	**43 077 723**

Expenditure incurred to repair and maintain property, plant and equipment

	2025	2024
Buildings	3 644 310	1 384 535
Plant and machinery	293 784	370 866
Motor vehicles	5 716 470	3 990 549
IT equipment	99 874	41 058
Infrastructure	7 439 696	13 322 651
Community	-	82 389
	17 194 134	**19 192 048**

During the year no instances of delayed maintenance was identified that would have an effect on the lifespan or capacity of any asset. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

Notes to the Annual Financial Statements

Figures in Rand

12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Sculptures	122 180	-	122 180	100 240	-	100 240
Artefacts	500	-	500	500	-	500
Mayoral chains	90 820	-	90 820	90 420	-	90 420
Total	**213 500**	**-**	**213 500**	**191 160**	**-**	**191 160**

Reconciliation of heritage assets 2025

	Opening balance	Revaluation increase/(decrease)	Total
Sculptures	100 240	18 370	122 180
Artefacts	500	-	500
Mayoral chains	90 420	3 970	90 820
	191 160	**22 340**	**213 500**

Reconciliation of heritage assets 2024

	Opening balance	Revaluation increase/(decrease)	Total
Sculptures	83 080	17 160	100 240
Artfects	500	-	500
Mayoral chains	86 850	3 570	90 420
	170 430	**20 730**	**191 160**

12. Heritage assets (continued)

Pledged as security

None of the Heritage assets of the municipality was pledged as security.

Revaluations

Mayoral chains & sculptures

Heritage assets held by the municipality have an unlimited lifespan. The materials utilised in the manufacturing process are the true value of these items and the municipality valued these materials on the following basis.

The mayoral chains were valued by independent valuers, Messer's Benjamin Jewellers of Groblersdal, the effective date being 30 June 2025. The valuations were performed utilising standards set by the Jewellery Council of South Africa of which the company is a member of.

The sculptures (memorial stones) were valued by the independent valuers, Messer's van Wyk Tombstones of Marblehall on a replacement cost value. The effective date of valuation being 30 June 2025. These items were valued utilising cost effective methods as they are relatively low value items and management deemed these valuations fair and reasonable for the items disclosed.

13. Other financial assets

	2025	2024
Residual interest at cost		
VBS Investment During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank then placed VBS Mutual bank under curatorship in 2018. The Municipality had a short-term deposit of R 83 658 548. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury only guaranteed retail depositors up to R100 000 per depositor, corporate and Municipalities deposits were not guaranteed. The Municipality then impaired the total investment of R 83 658 548 since there was no future cash flow expected from the VBS Mutual bank. The letter issued by the curator on the 11th March 2018 stated that the bank will cease to accrue further interest as at the date it was placed under curatorship. As such the R83 658 548 has been determined using a straight line method to accrue interest since end of February and 11 March 2018.The municipality did not receive any confirmation from the curator, and it was confirmed that the investment should be fully Impaired or written off for the financial year ending 30 June 2020.No additional information was received from the Provincial Government and the curator of the VBS Mutual Bank until during 2022 financial year when part of the investment was recovered amounting to R6 112 400.The recovered amount has led to impairment reversal in the financial year 2021/2022.Financial year 2024/2025, Municipality recovered again an amount of R16 241 520.00. Management assessed the impairment and concluded that the full balance of the impairment is R61 304 628 for the 2024/2025 financial year.	61 304 628	77 546 148
	61 304 628	77 546 148
Impairments	(61 304 628)	(77 546 148)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Payables from exchange transactions

Trade payables	16 865 433	16 854 369
Output VAT Accrual	5 293 952	3 828 098
Output VAT Accrual allowance for impairment	(2 202 644)	(1 851 118)
Accrued leave	16 997 825	14 762 822
Accrued 13th cheque	2 300 485	2 234 056
Retentions	14 666 468	18 097 455
Credit balances on receivables	6 495 428	4 731 760
Accrued salaries	470 267	367 834
Other creditors - Library and Town Hall deposits	250 724	238 655
Unallocated deposit account	2 185 514	1 814 816
License and Motor vehicle agency function	105 237	37 239
	63 428 689	**61 115 986**

Output VAT Accrual

Output VAT Accrual	5 293 952	3 828 098
Output VAT Accrual allowance for impairment	(2 202 644)	(1 851 118)
	3 091 308	**1 976 980**

Output VAT accruals represent the municipality's obligation to remit VAT collected on taxable supplies to customers, recognized on an accrual basis in the financial statements per GRAP 1 (paragraph .03), despite the payments basis registration under the VAT Act (section 15(2A)). These accruals arise from contractual sales arrangements and are classified as payables from exchange transactions under GRAP 104 (paragraph .11), reflecting the obligation to collect and hold VAT until customer payment.

Offsetting against input VAT accruals is not permitted, as they lack a direct settlement mechanism (GRAP 1, paragraph .40). The Output VAT accrual impairment include impairments on related receivable

Net VAT Payable accrual

The net VAT accrual payable represents the municipality's potential net position with the South African Revenue Service (SARS), calculated as the difference between input VAT accruals (potential claims on purchases) and output VAT accruals (potential obligations on supplies), prior to cash settlements. This disclosure provides users with insight into the estimated refund or payable to SARS if all underlying transactions were settled in cash, reflecting the economic substance of accrued VAT positions under the accrual basis of accounting. However, actual claims or payments to SARS occur only upon cash movements, as the municipality is registered on the payments basis.

The net position does not represent an immediate statutory payable or receivable but illustrates liquidity implications and future cash flows related to VAT. Components are presented separately in the statement of financial position (input as current asset, output as current liability), with this note reconciling to the potential net for enhanced transparency.

Net VAT Accrual Payable (potential net obligation from SARS)

-	**2025**	**2024**
Output VAT Accrual (potential obligations	-5 293 952	-3 828 098
Input VAT Accrual (potential claim)	1 381 154	888 075
Input VAT Accrual allowance for impairm	2 202 644	1 851 118
-	-1 710 154	-1 088 905

15. Consumer deposits

Electricity	1 276 313	1 293 811

15. Consumer deposits (continued)

On application for the provision of municipal services the prescribed consumer deposit shall be paid. The minimum deposit payable is determined annually by the council and is contained in the tariff book produced annually.

16. Unspent conditional grants and receipts

See note 24 for reconciliation of grants from National/Provincial Government.

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Changes in landfill site valuation	(Gain)/Loss on landfill site valuation	Change in discount factor	Total
Environmental rehabilitation	44 324 330	(9 216 129)	(4 780 194)	4 507 963	34 835 970

Reconciliation of provisions - 2024

	Opening Balance	Interest Charge Annual	Change in discount factor	Total
Environmental rehabilitation	29 177 473	3 332 534	11 814 323	44 324 330

	2025	2024
Non-current liabilities	34 835 970	41 346 666
Current liabilities	-	2 977 664
	34 835 970	**44 324 330**

Environmental rehabilitation provision

The environment rehabilitation provision relates to the decommissioning and rehabilitation of the landfill site situated on part of portion 476 of the Farm Loskop-Noord.

The 2025 valuations were performed by One Pangaea Expertise and Solutions.

Key Financial assumptions

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire duration applicable in the future. The consumer price inflation was obtained from the differential between the averages of the Nominal Bond and the Real Bond (Zero Yield Curves). The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2025.

Discount rate:

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate.

The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date was used. For this landfill the rate associated with the maximum period of 3 years was used, i.e.5% above CPI.

Figures in Rand	2025	2024

18. Employee benefit obligations

Defined benefit plans

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The employer's post-employment benefit health care liability consists of a commitment to pay a portion of the pensioners' postemployment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

The effective date of the Actuarial valuations was Monday, 30 June 2025. Valuations were performed by an independent Actuary, One Pangaea Expertise and Solutions, as registered valuers, affiliated with Actuarial Society of South Africa and are not connected to the Municipality.

Long service awards

According to the rules of the long service awards scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to cash allowances calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

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

	2025	2024
Carrying value		
Present value of the defined benefit obligation – wholly unfunded (Post retirement medical aid plan	(24 088 699)	(21 102 055)
Present value of the defined benefit obligation – partly or wholly funded (Long service award)	(5 641 771)	(5 094 839)
	(29 730 470)	**(26 196 894)**
Non-current liabilities	(28 183 590)	(25 196 946)
Current liabilities	(1 546 882)	(999 950)
	(29 730 472)	**(26 196 896)**

Net expense of the defined benefit obligation (medical aid) recognised in the statement of financial performance

	2025	2024
Current service cost	1 054 002	742 838
Interest cost	2 764 612	2 076 553
Actuarial (gains)/losses	(364 558)	3 703 894
Medical Aid Subsidies paid to pensioners	(467 412)	(312 802)
	2 986 644	**6 210 483**

Changes in the present value of the long service award obligation are as follows:

	2025	2024
Opening balance	5 094 839	4 546 958
Contributions by employer-(Benefits paid)	(532 538)	(557 030)
Net Expense -Contributions and Value adjustments	1 079 470	1 104 911
	5 641 771	**5 094 839**

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

Net expense of the long service award recognised in the statement of financial performance

Current service cost	426 549	397 429
Actuarial (gains)/losses	150 769	245 182
Expected return – Interest	502 152	462 300
Contributions by employer	(532 538)	(557 030)
	546 932	**547 881**

Key assumptions used

Assumptions used at the reporting date:

Discount rate used - Post employment continued medical aid benefits	12.14 %	13.25 %
Discount rates used - Long service leave provision benefits	9.07 %	10.40 %
Normal Salary rate increase	4.49 %	5.85 %
Medical cost trend rates	7.58 %	8.68 %
General earnings inflation rate (long-term)	3.49 %	4.85 %

Other assumptions

Healthcare cost trends

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

2025	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost – medical aid benefit	4 461 822	3 294 963
Effect on the aggregate of the service cost and interest cost – long service leave benefit	990 382	872 520
Effect on the aggregate of the service cost and interest cost-medical aid-discount rate	3 513 057	4 184 485
Effect on the aggregate of the service cost and interest cost-long service leave benefit discount rate	920 879	937 125

2024	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost – medical aid benefit	3 241 312	2 445 982
Effect on the aggregate of the service cost and interest cost – long service leave benefit	920 698	804 365
Effect on the aggregate of the service cost and interest cost-medical aid-discount rate	2 621 792	3 052 795
Effect on the aggregate of the service cost and interest cost-long service leave benefit discount rate	847 982	872 401

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation(Medical Aid Benefit)	24 088 699	21 102 055	14 891 573	20 666 261	18 130 832
Long Service Award (obligation)	5 641 771	5 094 839	4 546 958	5 051 798	4 617 046
	29 730 470	**26 196 894**	**19 438 531**	**25 718 059**	**22 747 878**

18. Employee benefit obligations (continued)

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The Municipality is under no obligation to cover any unfunded benefits.

19. Service charges

Sale of electricity	87 206 113	71 725 589
Solid waste - Refuse removal	6 493 172	6 220 571
	93 699 285	**77 946 160**

20. Other income

Sundry income	521 678	764 520
Retention Forfeits	3 429 896	2 789 443
Fees	234 211	87 325
Recoveries	732 250	-
	4 918 035	**3 641 288**

21. Interest Earned from Exchange Receivables

Interest on Eskom Deposits	317 622	404 221
Interest on current account	17 813 255	22 190 574
Interest from exchange on outstanding receivable balances	1 727 849	2 931 991
Interest on call and Fixed deposits Account	9 327 946	1 617 296
	29 186 672	**27 144 082**

22. Interest Earned from Non-Exchange Receivables

Interest on outstanding receivables balances	13 281 826	10 203 038

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Property rates

Rates received

Agricultural	20 905 927	23 676 658
Business and commercial	14 035 934	13 532 005
Residential	7 684 724	7 103 854
State owned	4 477 331	4 571 231
	47 103 916	**48 883 748**

Valuations

Agricultural	2 451 791 000	3 045 042 000
Business and commercial	499 376 000	500 203 000
Educational	3 860 000	6 020 000
Municipal	179 785 000	169 695 000
Public service infrastructure	4 733 100	4 796 900
Religious	21 600 000	23 490 000
Residential	816 747 000	801 113 000
State owned	831 702 000	908 401 000
Vacant	35 786 000	32 496 000
	4 845 380 100	**5 491 256 900**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Montani Property Valuers, an independent registered valuer performed the valuation in terms of all the legal requirements.

Rates are levied on a month to month basis.

During the current year, it was identified that there are properties that are under Elias Motswaledi’s jurisdiction, that have erroneously been billed . All year’s billing had to be reversed to correct the error signifying a drop in the properties valuations.

Figures in Rand	2025	2024

24. Government grants & subsidies

Operating grants		
Equitable share	201 842 000	191 533 000
Financial Management Grant	3 000 000	3 100 000
Integrated National Electrification Programme	368 000	-
Expanded Public Works Programme Grant	1 549 000	2 560 000
Energy Efficiency and Demand Side Management Grant	-	5 600 000
	206 759 000	**202 793 000**
Capital grants		
Municipal Infrastructure Grant	60 574 041	39 976 959
	267 333 041	**242 769 959**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	65 491 041	51 236 959
Unconditional grants received	201 842 000	191 533 000
	267 333 041	**242 769 959**

Municipal Infrastructure Grant

Current-year receipts	63 796 000	36 775 000
less:Debtor Payment	(3 221 959)	-
Conditions met - transferred to revenue	(60 574 041)	(39 976 960)
Internal funding-(Debtor Treasury)	-	3 201 960
	-	-

This grant is for the provision of Municipal Infrastructure.

The Municipality has spent R3 221 960 from own funding in 2023/2024 financial year and has raised a debtor (National Treasury).

Financial Management Grant

Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	-

The grant is intended to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Expanded Public Works Programme Grant

Current-year receipts	1 549 000	2 560 000
Conditions met - transferred to revenue	(1 549 000)	(2 560 000)
	-	-

The grant is intended to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme Guidelines.

Energy Efficiency and Demand Side Management Grant

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Government grants & subsidies (continued)

Current-year receipts	-	5 600 000
Conditions met - transferred to revenue	-	(5 600 000)
	-	-

The Programme supports Municipalities in their efforts to reduce electricity consumption optimising use of energy.

Integrated National Electrification Programme

Current-year receipts	614 000	-
Withheld schedule 5B	(246 000)	-
Conditions met - transferred to revenue	(368 000)	-
	-	-

The Programme intends reaching universal access to energy for all and addressing electrification backlog.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Employee related costs

13th Cheque	5 348 583	5 013 947
Acting allowances	1 454 816	328 062
Basic	65 178 240	61 425 195
Current service cost - Post employment medical aid incentive scheme	1 054 002	742 838
Current service cost - long service awards bonus	426 549	408 230
Defined contribution plans	12 827 164	12 325 512
EPWP Salaries	2 440 394	2 583 938
Group life insurance	287 130	238 952
Housing benefits and allowances	267 119	268 425
Internships Stipend	528 573	611 381
Leave pay provision charge	5 107 952	4 331 479
Medical aid - company contributions	3 877 249	3 589 910
Other payroll levies Bargaining Council	39 221	34 216
Overtime payments	2 784 000	2 997 985
SDL	895 755	831 267
Short term beneft - Cellphone allowances	2 428 698	1 126 241
Standby allowance	492 318	487 352
Travel, motor car, accommodation, subsistence and other allowances	11 662 043	10 646 803
UIF	515 810	493 508
WCA	861 507	476 984
	118 477 123	**108 962 225**

Remuneration of municipal manager: Moropa ME

13th Cheque	57 436	53 880
Basic	862 813	792 828
Defined contribution plans	123 743	116 946
Other payroll levies Bargaining Council	158	138
SDL	10 134	9 250
Short term benefit - Cellphone allowances	45 804	28 426
Travel, motor car, accommodation, subsistence and other allowances	145 001	157 034
UIF	2 125	2 125
	1 247 214	**1 160 627**

Remuneration of Chief Finance Officer Modisane TT

Basic	737 212	674 175
Defined contribution plans	101 599	96 019
Other payroll levies Bargaining Council	158	138
SDL	8 390	7 541
Short term benefit - Cellphone allowances	45 804	21 751
Travel, motor car, accommodation, subsistence and other allowances	128 952	136 647
UIF	2 125	2 125
	1 024 240	**938 396**

Remuneration Director Community Services – Maphutha Mashaba MY

Basic	737 212	710 274
Defined contribution plans	101 599	98 339
Other payroll levies Bargaining Council	158	144
SDL	8 418	7 905
Short term benefit - Cellphone allowances	45 804	21 751
Travel, motor car, accommodation, subsistence and other allowances	147 928	137 881
UIF	2 125	2 125
	1 043 244	**978 419**

Figures in Rand	2025	2024

25. Employee related costs (continued)

Remuneration of Director Corporate Services: Rampedi MR

Basic	869 588	836 476
Defined contribution plans	124 891	120 883
Other payroll levies Bargaining Council	158	137
SDL	10 142	9 573
Short term benefit - Cellphone allowances	45 804	21 751
Travel, motor car, accommodation, subsistence and other allowances	204 171	197 072
UIF	2 125	2 125
	1 256 879	**1 188 017**

Remuneration Director Planning: Tjebane P

13th Cheque	47 158	44 239
Basic	635 175	662 748
Defined contribution plans	101 599	98 107
Other payroll levies Bargaining Council	158	144
SDL	8 292	7 885
Short term benefit - Cellphone allowances	45 804	21 751
Travel, motor car, accommodation, subsistence and other allowances	197 002	150 953
UIF	2 125	2 125
	1 037 313	**987 952**

Remuneration Director of Infrastructure – Maphutha TP

13th Cheque	45 698	-
Basic	584 517	398 147
Defined contribution plans	100 811	71 667
Other payroll levies Bargaining Council	158	102
Medical aid - company contributions	44 143	31 088
SDL	8 180	5 027
Short term benefit - Cellphone allowances	45 804	-
Travel, motor car, accommodation, subsistence and other allowances	190 645	141 181
UIF	2 125	1 594
	1 022 081	**648 806**

26. Remuneration of councillors

Mayor	1 037 101	1 005 224
Speaker	825 973	826 650
Chief whip	461 198	452 932
Executive Councillors	3 368 009	2 799 324
Councillors	10 168 759	9 966 441
	15 861 040	**15 050 571**

Additional information

The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged section 219 of the Constitution. Refer to note 39 for the detailed breakdown of councillors' remuneration.

27. Depreciation and amortisation

Property, plant and equipment	60 546 587	62 265 429

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Finance costs

Finance leases	1 750 413	2 780 721
Landfill site	4 507 962	3 332 534
Post-retirement medical aid benefit	2 764 612	2 076 553
Long service awards	502 152	462 300
	9 525 139	**8 652 108**

29. Debt impairment

Debt incentive write-off/discount	2 441 319	1 996 289
Contributions to debt impairment allowance	20 076 901	(5 334 224)
	22 518 220	**(3 337 935)**

Included in the above balance for 2025 year is R.489 762.41 being traffic fines impaired, R19 587 139 for debt impairment on Consumer debtors and R.2 441 319.. for debt write-off as a result of Council debt incentive scheme.

Included in the above balance for 2024 year is R461 443.99 being traffic fines impaired, (R5 795 668) for debt impairment on Consumer debtors and R 1 996 289 for debt write-off as a result of Council debt incentive scheme.

30. Bulk purchases

Electricity - Eskom	67 608 613	56 886 156

31. Contracted services

Information Technology Services	11 679 281	11 325 337
Fleet Services and Security services	20 041 259	10 886 531
Valuation services	1 645 239	1 558 239
Specialist Services	1 260 645	825 274
Other Contractors	12 363 165	10 548 431
	46 989 589	**35 143 812**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. General expenses

Assets expensed	359 915	57 800
Audit Commitee	1 430 891	1 585 736
Audit fees	5 926 907	5 991 095
Bank charges	571 733	212 116
CONLOG services	601 878	511 205
Catering and Hire Charges	3 144 634	3 366 760
Cleaning and Municipal operating cost	1 572 473	1 176 591
Conferences and seminars	7 093 929	5 970 344
Consulting - collection cost and legal fees	7 008 465	5 090 302
Consumables	1 079 046	1 192 534
Entertainment	3 198	21 578
Fines and penalties	-	40 220
Fuel and oil	5 996 221	6 426 141
Insurance	4 511 876	3 629 014
Postage and courier	112 708	220 408
Printing and stationery	137 598	107 295
Promotions and sponsorships	341 559	312 957
Protective clothing	1 083 144	2 710 163
Services: adverts and corporate image	3 881 470	4 069 322
Sewerage consumer account	37 390	35 209
Staff welfare	116 540	696 450
Subscriptions and membership fees	1 707 929	1 533 160
Telephone and fax	1 262 766	1 199 788
Training	70 243	115 061
Transport and freight	1 172 628	1 186 874
Travel - local	395 847	444 937
Utilities - Other including electricity connection increase in capacity project	7 137 297	6 564 906
Ward committee stipend	2 781 000	2 659 500
	59 539 285	**57 127 466**

33. Fair value adjustments

Investment property and heritage assets(Fair value model)	2 149 340	2 105 730

34. Auditors' remuneration

Fees	5 926 907	5 991 095

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Cash generated from operations

	2025	2024
Surplus	66 588 861	49 219 783
Adjustments for:		
Depreciation and amortisation	60 546 587	62 265 429
Gain or (Loss)-on sale of assets	10 302 899	880 816
Actuarial gain / losses	(213 789)	3 949 076
Fair value adjustments	(2 149 340)	(2 105 730)
Interest income	(317 622)	(404 221)
Assets Impairement	(273 852)	2 128 126
Debt impairment	22 518 220	(3 337 935)
Finance charges -Landfill interest	4 507 962	3 332 534
Movements in employee benefit liability	(999 950)	(880 634)
Gain in landfill site valuation	(4 780 193)	-
Finance charges -Employee cost provision	3 266 764	2 538 853
Financial assets impairment reversal	(16 241 520)	-
Inventory losses or write-downs	708 343	-
Current service cost	1 480 551	1 151 068
Accrued leave	2 235 003	2 040 217
Accrued 13th cheque	66 429	164 498
Changes in working capital:		
Inventories	(352 379)	9 898
Consumer debtors	(32 637 760)	(9 270 099)
Receivables from exchange transactions	(4 059 773)	(144 059)
Receivables from non exchange transactions	3 285 546	(2 632 129)
Payables from exchange transactions	51 528	(13 283 269)
Consumer deposits	(17 498)	(49 094)
	113 515 017	**95 573 128**

36. Financial instruments disclosure

36.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow

36. Financial instruments disclosure (continued)

Financial assets-Armotised Cost	Carrying Amount 2025	Amortised cost 2025	Carrying ammount 2024	Amortised cost 2024
Receivables from Exchange Transactions	1 944 486	1 944 486	-	-
Receivables from non-exchange transactions	-	-	3 221 959	3 221 959
Consumer debtors	46 897 978	46 897 978	36 949 873	36 949 873
Cash and cash equivalents	382 921 325	382 921 325	359 462 684	359 462 684
Eskom Deposits	2 316 253	2 316 253	1 861 591	1 861 591
	434 080 042	**434 080 042**	**401 496 107**	**401 496 107**

A total amount of R61 284 628 short term deposit owed to the municipality by VBS was fully impaired.

Financial liabilities-Armotised cost	Carrying amount 2025	Amortised cost 2025	carrying amount 2024	Amortised cost 2024
Payables from Exchange transactions	40 568 804	40 568 804	41 774 294	41 774 294
Consumer deposits	1 276 313	1 276 313	1 293 811	1 293 811
Finance Lease	8 952 691	8 952 691	17 602 434	17 602 434
	50 797 808	**50 797 808**	**60 670 539**	**60 670 539**

Fair Values.

The fair values of financial assets and financial liabilities at the end of reporting period are determined as follows:

Fair values for financial assets are based on quoted market prices in active markets for an identical instrument. For financial liabilities the contractual undiscounted cash flow is used. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2025

Maturity Analysis	Within 1 year	2 to 3 Years	Total
Payables from Exchange transactions	40 568 804	-	40 568 804
Consumer deposits	1 276 313	-	1 276 313
Finance Lease	8 952 691	-	8 952 691
	50 797 808	**-**	**50 797 808**

30 June 2024

Maturity Analysis	Within 1 year	2 to 3 Years	Total
Payables from Exchange transactions	41 774 294	-	41 774 294
Consumer deposits	1 293 811	-	1 293 811
Finance Lease	8 649 743	8 952 691	17 602 434
	51 717 848	**8 952 691**	**60 670 539**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Commitments

.

	2025	2024
Already contracted for but not provided for		
• Property, plant and equipment	44 769 227	22 428 075
Total capital commitments		
Already contracted for but not provided for	44 769 227	22 428 075
Total commitments		
Total commitments		
• Authorised capital expenditure	44 769 227	22 428 075
• Operating lease	423 871	886 276
	45 193 098	**23 314 351**

Operating leases - as lessee (expense)

	2025	2024
Minimum lease payments due		
- within one year	423 871	462 405
- in second to fifth year inclusive	-	423 871
	423 871	**886 276**

Rental payments represent rentals payable by the municipality for certain of its Vehicles. Rentals are negotiated for an average term of 3 years. No contingent rent is payable.

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

Refer to note 54

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Contingencies

Contingent assets

Pledges

-	2025	2024
Mathara Monica Mathebela and Khabo Anna Ramosibi Civil Recovery.The municipality instituted civil proceedings against the former municipal manager and Chief Financial Officer for the recovery of R 81 207 600,00 in terms of Section 32 (1) (b) of the Municipal Finance Management Act, 56 of 2003. VBS Curator has paid R 22 353 920.00 into the municipal account. The matter will be kept in abeyance until the liquidation process is finalised. The potential Asset or Recovery is	58 853 680	75 095 200
Loge Construction.The municipal sent a letter of demand to Loge Construction which was appointed to construct Mooihoek-Mashemong internal Street for the duration of 15 months effective from the 17th September 2017 to 17th December 2021, which they failed to complete The appointed consulting engineers, namely, MVE Consulting Engineers conducted an assessment on the progress and payments made at the time of the termination of the contract and it concluded that Loge Construction are still liable to pay back to the municipality an amount R2 206 182.87 which money has to date not been paid to the municipality. The potential Asset or Recovery is.	2 206 183	2 206 183
Total	**61 059 863**	**77 301 383**

Contingent Liability

-	2 025	2 024
Ntshokue John Raphela .Claim for Damages and Specific Performance (High Court, Polokwane). The Plaintiff applied for the position of Chief Internal Auditor, shortlisted, interviewed but not appointed. He was number one recommended by the panel. The Estimated Potential Liability	2 500 000	2 500 000
AfriForum NPC.Applicant approached the High Court, Polokwane for an order permitting its representatives to inspect the Marble Hall waste water treatment plant for the purposes of collecting samples of water/sewage, examine the plant and sending the samples to their water technicians for testing. The purpose Is to ensure that the Marble Hall Water Waste Treatment is properly managed and operated in accordance with terms & conditions of the Water Use License and National Water Act 36 of 1998.The possibility of outflow can not be determined	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Contingencies (continued)

M.L. MasombukaJudicial. Review On the 30 June 2021 the Public Protector issued out a remedial action that the municipality must file a judicial review to set aside the appointment of Ms. Masombuka as the Chief Internal Auditor. The possibility of outflow cannot be determined.	-	-
Hendrick Schoeman Boerdery (PTY) LTD.Declaratory Order the Applicant want the Court to make an order that the current tariff of R 0, 070 that the municipality is charging on the farms is incorrect and that the court must calculate the correct tariff. Notice of motion was served in May 2022. The matter is finalised. The potential Liability is	-	3 070 043
Monica Mathebela.On the 8th of November 2023 the former municipal manager instituted an action against the municipality claiming damages. The potential contingent liability is	1 292 492	1 292 492
Matladi Thabang Projects.The Plaintiff instituted civil proceedings at the High Court, Polokwane for services rendered, namely, the repairs done on the municipality’s fleet. The potential Liability is	1 004 146	1 004 146
KIPP Consulting Engineering.The municipality terminated the contract of the Consulting Engineer on Matlala-Ramoshabo Internal Street. The Plaintiff approached the High Court for an interdict. The Plaintiff lost the case. The Plaintiff referred the matter to arbitration	9 347 888	-
Total	**14 144 526**	**7 866 681**

39. Related parties

Relationships	
Accounting Officer	Refer to Accounting Officer report Paragraph 5
Post employment benefit plan for employees of entity and/or other related parties	All qualifying Employees
Members of key management	Refer to detail disclosure for Councillors Note 39 and Management Remuneration Note 25

39. Related parties (continued)

Remuneration of individual Councillors

.

2025

Councilor Code and Name	Basic Salary	Cell phone & Data Allowance	Medical Contribution	Pension	SDL	Car Allowance & Travel Claim	Grand Total
C000020 Moimana (Mayor)	657 619	47 004		116 051	7 786	216 427	1 044 887
C000049 Magane (Chief whip)	262 423	47 004		46 605	3 543	103 567	463 142
C000021 Lentsoane (Speaker)	698 179	47 004	22 806	57 984	7 182	1 599	834 754
C000010 Jacobs (Exco)	306 760	47 004		31 070	3 886	89 746	478 466
C000013 Sedibane (Exco)	470 396	47 004		83 540	5 975	190 239	797 154
C000034 Tshiguvho (Exco)	470 396	47 004		83 540	5 975	203 681	810 596
C000052 Ramphele (Exco)	470 396	47 004		83 540	5 976	199 893	806 809
C000061 Manasoe (Exco)	283 010	47 004		49 943	3 551	91 476	474 984
C000017 Mabaso	501 052	47 004		55 672	6 491	214 446	824 665
C000023 Makola	198 474	47 004		35 248	2 795	80 400	363 921
C000035 Letsela	227 152	49 250		23 498	3 050	74 184	377 134
C000039 Phahlamohlaka	256 342	47 004		45 237	3 470	106 073	458 126
C000040 Aphane	211 705	47 004		37 598	2 782	62 663	361 752
C000041 Magatla	271 701	47 004		48 253	3 436	96 036	466 430
C000042 Maelane	211 705	47 004		37 598	2 782	70 826	369 915
C000043 Thobejane	226 309	47 004		23 498	3 036	67 634	367 481
C000044 Modipa	211 705	47 004		37 598	2 782	67 559	366 648
C000045 Lekoatsipa	284 023	47 004		52 492	3 446	72 706	459 671
C000047 Mahubane	211 705	47 004		37 598	2 782	67 914	367 003
C000048 Kutu	254 720	47 004		45 237	3 454	122 358	472 773
C000050 Maphopha	254 720	47 004		45 237	3 453	116 424	466 838
C000051 Mmamahlako	254 720	47 004		45 237	3 454	137 952	488 367
C000053 Nkoana	254 720	47 004		45 237	3 453	129 252	479 666
C000054 Mameshi	211 707	47 004		37 598	2 782	63 602	362 693
C000055 Mokwana	254 720	47 004		45 237	3 454	118 536	468 951
C000056 Sebothoma	226 309	47 004		23 498	3 036	68 953	368 800
C000057 Seloma	254 720	47 004		45 237	3 453	108 125	458 539
C000060 Mogale	226 309	47 004		23 498	3 036	65 092	364 939
C000062 Prisloo	211 705	47 004		37 598	2 782	62 663	361 752
C000063 Mashiane	211 669	47 004		38 198	2 772	65 552	365 195
C000065 Rabalago	213 053	47 004		37 598	2 795	62 663	363 113
C000066 Legoathi	213 053	47 004		37 598	2 795	63 940	364 390
Grant Total	**9 473 177**	**1 506 374**	**22 806**	**1 493 571**	**121 445**	**3 262 181**	**15 879 554**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Related parties (continued)

2024

Councillor Code and Name	Basic Salary	Pension	cellphone and Data Allowance	Medical contribution	Car Allowance & Travel Claim	SDL	Grand Total
C000010 Jacobs P (Exco)	372 293	28 706	46 570		2 960	3 938	454 467
C000013 Sedibane F (Exco)	466 576	77 183	46 570		182 247	5 850	778 426
C000017 Mabaso T	387 135	41 103	46 570		160 061	5 066	639 935
C000020 Moimana G (Mayor)	791 834	133 303	46 570		26 077	7 439	1 005 223
C000021 Lentsoane R (Speaker)	709 053	54 886	46 570	8 979		7 163	826 650
C000023 Makola M	198 628	32 568	46 570		75 038	2 758	355 561
C000034 Tshiguvho E (Exco)	466 576	77 183	46 570		188 073	5 850	784 252
C000035 Letsela N	224 425	21 712	46 570		67 386	2 983	363 076
C000037 Mpe J						2	2
C000039 Phahlamohlaka T	254 044	41 795	46 570		96 994	3 397	442 801
C000040 Aphane K	210 838	34 739	46 570		60 664	2 744	355 554
C000041 Magatla N	269 714	44 581	46 570		86 180	3 380	450 425
C000042 Maelane K	210 838	34 739	46 570		62 747	2 744	357 637
C000043 Thobejane P	223 865	21 712	46 570		70 328	2 978	365 452
C000044 Modipa S	210 838	34 739	46 570		61 216	2 744	356 106
C000045 Lekoatsipa L	211 780	34 889	46 570		82 464	2 910	378 613
C000046 Mello M	34 336	7 098	6 262		12 695	448	60 839
C000047 Mahubane S	210 838	34 739	46 570		65 043	2 744	359 933
C000048 Kutu T	254 044	41 795	46 570		114 832	3 397	460 638
C000049 Magane L (Chief Whip)	261 637	43 059	46 570		98 181	3 485	452 932
C000050 Maphopha M	254 044	41 795	46 570		103 340	3 397	449 147
C000051 Mmamahlako K	254 044	41 795	46 570		114 175	3 397	459 982
C000052 Ramphele R (Exco)	466 576	77 183	46 570		186 000	5 850	782 179
C000053 Nkoana T	254 044	41 795	46 570		111 588	3 397	457 395
C000054 Mameshi S	210 838	34 739	46 570		57 898	2 744	352 788
C000055 Mokwana B	254 044	41 795	46 570		107 035	3 397	452 841
C000056 Sebothoma K	224 425	21 712	46 570		68 205	2 983	363 895
C000057 Seloma R	252 894	41 795	46 570		100 751	3 386	445 395
C000060 Mogale J	226 231	21 712	46 570		63 798	3 002	361 313
C000061 Manasoe M	267 782	44 711	46 570		93 081	3 456	455 600
C000062 Prisloo D	204 844	34 739	46 570		61 011	2 683	349 847
C000063 Mashiane S	201 847	34 739	46 570		57 898	2 653	343 707
C000064 Moela J	81 356	14 436	18 695		23 341	1 066	138 893
C000065 Rabalago S	131 748	23 593	29 769		36 893	1 707	223 709
C000066 Legoathi L	93 743	18 932	22 296		29 127	1 258	165 356
Grand Total	**9 347 754**	**1 375 997**	**1 474 122**	**8 979**	**2 727 324**	**116 394**	**15 050 570**

40. Risk management

Financial risk management

Exposure to interest rates, liquidity and credit risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks, the policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

(Refer to Note 36 Additional information on Financial instrument)

Liquidity risk

Liquidity risk is the risk of the Municipality not being able to meet its obligations as they fall due. The Municipality's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Municipality's reputation. This is achieved by the Municipality effectively managing its working capital, capital expenditure and cash flows forecasts.

Refer to Note 36 Financial instrument note for additional information.

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

Other debtors are items that arose from overpayments and transactions resulting in debit balances on creditors payable by the municipality. These items will be investigated for recoverability and they are currently not impaired. These items will be reported to Council during the 2021/22 financial period. These items are currently deemed recoverable but have an inherint credit risk due to the nature of the item.

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank has placed VBS Mutual bank under curatorship in 2018. The Municipality had a short term deposit of R 83 658 548.00. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury have only guaranteed retail depositors up to R100 000 per depositor, corporate and municipalities deposits are not guaranteed. The Municipality has impaired the total investment of R83 658 548.00 since there are no immediate and current cash flow is expected from the VBS Mutual bank Investment.

There are no consumer debtors that are past due as at the end of the reporting period but not impaired. All consumer debtors above 90 days are considered for impairment.

There are no financial assets that are individually determined to be impaired as at the end of the reporting period

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

Financial instrument	2025	2024
VBS Bank -Fully impaired on the Statement of Financial Position and Statement of Financial Perfomance	61 304 628	77 546 148
Eskom deposits	2 316 253	1 861 591

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Notes to the Annual Financial Statements

40. Risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, that may affect the Municipality’s income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

Interest rate risk

As the municipality has significant interest-bearing assets on Call accounts, the municipality’s income and operating cash flows are not substantially independent of changes in market interest rates.

The Municipality’s exposure to the risk of changes in market rates relates primarily to the municipality’s investments with floating interest rates..

Interest rate risk

Financial Assets	Current interest rate	1 year or less	1-3 years	> 3years		Total
Bank Balance-Main Account	6.00 %	152 694 569	-	-	-	152 694 569
Short term deposits-Call account and Short term deposit Accounts	8.30 %	230 226 755	-	-	-	230 226 755

Interest rate risk

Financial Liability	Current interest rate	1 year or less	1-3 years		>3 years	Total
Finance lease	12.75 %	8 952 691	-	-	-	8 952 691

Sensitivity analysis

Financial assets

As at 30 June 2025, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R363 million (2024: R321,8 million) with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2025 would have had no impact on the statement of financial performance, as all Finance lease are at a fixed interest rate.

The Municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The Municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

41. Going concern

We draw attention to the fact that at 30 June 2025, the Municipality had an accumulated surplus (deficit) of 1 363 094 931 and that the Municipality's total liabilities exceed its assets by 1 363 244 441.

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Going concern (continued)

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank has placed VBS Mutual bank under curatorship in 2018. The Municipality had a short term deposit of R 84 073 833.00. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury have only guaranteed retail depositors up to R100 000 per depositor, corporate and municipalities' deposits are not guaranteed. The Municipality has impaired the total investment of R84 076 833.00 since there are no immediate and current cash flow is expected from the VBS Mutual bank Investment.

The municipality will continue to receive grants from national revenue fund to fund its operations and capital projects.

42. Unauthorised expenditure

During the 2024/25 and 2023/24 financial periods no unauthorised expenditure were identified.

43. Fruitless and wasteful expenditure

	2025	2024
Fruitless and wasteful expenditure-Opening Balance	4 804 519	4 823 429
Add-Fruitless and Wasteful Expenditure for the financial period	174 497	2 002
Payment Received	-	(15 032)
Less:Irrecoverable OC3/06/2024	-	(13 684)
Add:Recoverable OC3/06/2024	-	7 804
Add:Recoverable OC04/08/2025	158	-
Closing balance	**4 979 174**	**4 804 519**

Fruitless and wasteful expenditure for current year was brought to council and subsequently referred to MPAC.Council resolution OC04/08/2025 was tabled to council and resolved as follows :Add: Fruitless and Wasteful Expenditure for the financial period R 174 497: Recoverable as per council resolution OC04/08/2025 R158.00

Fruitless and wasteful expenditure for 2022/2023 Financial year was brought to council and subsequently referred to council resolution OC3/06/2024 was tabled to council and resolved as follows : Add: Fruitless and Wasteful Expenditure for the financial period R2 002, Less-Irrecoverable OC3/06/2024 R(13 683), Add: Recoverable as per council resolution OC6/06/2024 R7804.

The Municipality has recovered an amount of R15 032.00 related to services rendered for previous work performed on assets impairment

An opening balance of R4 823 429 include Fruitless and Wasteful Expenditure amount of R4 788 105.00 which is recoverable as per council resolution number OC5/05/2023 and OC2/06/2022.

Fruitless and wasteful expenditure consists of

	2025	2024
Opening Balance	4 804 519	4 823 429
Interest on Eskom Accounts	305	2 002
Interest on Sars	174 192	-
Payment Received	-	(15 032)
Less:Irrecoverable OC3/06/2024	-	(13 684)
Add:Recoverable OC3/06/2024	-	7 804
Add:Recoverable OC04/08/2025	158	-
	4 979 174	**4 804 519**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Irregular expenditure

	2025	2024
Opening balance	7 449 210	25 741 420
Add: 1st Quarter Subsequent Payments (July - September 2024)	1 823 111	846 456
Add: 2nd Quarter Subsequent Payments (October -December 2024)	2 957 180	7 885 379
Add:3rd Quarter Subsequent Payments (Jan-March 2025)	2 326 820	4 932 178
Add: 4th Quarter Subsequent Payments (April-June 2025)	1 794 791	7 566 056
Less: Investigated by MPAC (OC2/11/2024	-	(547 925)
Less: Investigated by MPAC OC03/06/2024)	-	(6 729 528)
Less: Investigated by MPAC SC7/05/2024	-	(4 932 178)
Less: Investigated by MPAC SC1/02/2023)	-	(11 498 869)
Less: Investigated by MPAC SC/02/2024)	-	(17 713 342)
Additonal Irregular Identified during Audit 2024	-	1 899 563
Mpac Investigated and written off (OC2/10/2024)	(1 331 798)	-
Mpac Investigated and written off (SC12/03/2025)	(3 834 693)	-
Mpac Investigated and written off (SC13/13/2025)	(2 561 174)	-
Closing balance	**8 623 447**	**7 449 210**

Analysis of expenditure written off per age classification

	2025	2024
Opening balance	7 449 210	25 741 420
Add: Subsequent payments of previously identified irregular	8 901 902	21 230 158
Add: Irregular identified after 30 June (Audit)	-	1 899 563
Less: Written-Off (Irrecoverable) Irregular *	(7 727 665)	(41 421 931)
	8 623 447	**7 449 210**

-	**Details of theIrregular Expenditure- current year**	**2025**
1	Irregular appointment of employee - senior manager	1 004 367
2	Irregular appointment of employee - accountant	662 218
3	The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services.	3 491 073
4	The differences identified between the tender amount and appointment letter	1 852 220
5	There was no municipal council resolution for approval of contract for more than 3 years during the year under review.	1 892 025
-	**Total**	**8 901 903**

-	**Details of theIrregular Expenditure- 2023/2024**	**2024**
1	Irregular appointment of employee - senior manager	1 088 036
2	Irregular appointment of employee - accountant	695 220
3	The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services.	7 371 042
4	The differences identified between the tender amount and appointment letter	4 796 206
5	There was no municipal council resolution for approval of contract for more than 3 years during the year under review.	1 787 250
6	Tender Documents stated that the bidder must score 70% or more on functionality to be further evaluated for procurement points.	2 493 481
7	Reasons for deviations not in line with the MFMA & SCM regulations	167 000
8	The differences identified between the tender amount and appointment letter	537 976
9	The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services.	2 293 948
10	Contract extended no in line with MFMA section 116	1 899 563
-	-	-
-	**Total**	**23 129 721**

Figures in Rand	2025	2024

44. Irregular expenditure (continued)

During the financial year 2025, Irregular expenditure had an opening Balance of R 7 449 210 with an additional R 8 901 902 because of subsequent payments during the year for the contracts which were declared irregular. All these expenditures were reported to council and Investigated by Municipal Public Accounts Committee. A total amount of R 7 727 667 was written off after investigation and closing balance amounted to R 8 623 447 as at 30 June 2025.

During the financial year 2023/2024 of reporting, the Irregular Expenditure had an Opening Balance of R 25 741 420.00 and . subsequent payments were incurred during the financial year which amounted to R 21 230 158,30 combined from four quarters of the financial year and were all tabled to council as and when reported. Council referred the expenditures to MPAC for further investigation and some of the expenditures were written off, (R 41 421 931) by council.

The Opening Balance of R 25 741 420,01 for financial year 2024 is inclusive of the R 1 919 264 emanating from recoverable Irregular Expenditure amounts as per council resoltuion OC2/06/2022.

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 537 043	1 404 694
Amount paid - current year	(2 537 043)	(1 404 694)
	-	-

Electricity Distribution Loss

	2025	2024
Units	1 697 349	1 350 063
Distribution Loss %	4.90%	4.12%
Amount loss - current year (at average cost)	3 500 558	2 259 465

Distribution losses were below the norm of 7-10% as set by National Treasury in terms of Circular 71. The distribution loss was recorded at 4.90% for the financial year.

Audit fees

Current year subscription / fee	5 926 907	5 991 095
Amount paid - current year	(5 926 907)	(5 991 095)
	-	-

Audit fees paid to the Office of the Auditor General amounted to R5 926 907 for 2024/2025 and R 5 991 095 for the 2023/2024 financial year. There were no outstanding audit fees in the respective year ends.

PAYE and UIF

Current year subscription / fee	19 284 455	17 097 612
Amount paid - current year	(19 284 455)	(17 097 612)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	27 596 844	26 178 872
Amount paid - current year	(27 596 844)	(26 178 872)
	-	-

Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding for more than 90 days at 30 June 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Supply chain management regulations

Paragraph 36(2) of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- Sole suppliers
- Emergency
- Impracticality

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved by the accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Incident		
Sole Provider supplier	179 450	160 290
Impossible or impracticable to follow procedure	37 119	167 000
Emergency supplies	-	167 283
	216 569	**494 573**

Deviations Current Year				
DATE	**NAME OF SUPPLIER**	**DEVIATION**	**AMOUNT**	**REASON FOR DEVIATION**
2024/08/01	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	7 700.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2024/08/22	ILGM	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	4 500.00	ILGM is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2024/08/27	IMSSA	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	12 000.00	IMSSA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2024/09/13	SALGA	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	24 598.00	SALGA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2025/10/16	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	25 347.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.

Notes to the Annual Financial Statements

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

Deviations Current Year				
2024/10/25	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	24 300.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2024/11/29	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	18 711.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2025/02/07	Leadership Academy	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	14 363.50	Leadership Academy is hosting on training on Global Internal Audit Standards and the fees for the training is to be paid directly to them as the training providers
2025/04/14	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	39 500.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
2025/06/13	Adapt IT	Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes".	37 119.10	It was impractical to follow the normal SCM process for the procurement of the training as the municipality already has the system and only the system provider can provide training for their respective system
2025/06/30	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	8 430.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
Grand Total			**216 568.60**	

Deviations 2024/2023				
DATE	**NAME OF SUPPLIER**	**DEVIATION**	**AMOUNT**	**REASON FOR DEVIATION**
20-07-2023	SALGA	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	25 000.00	SALGA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
28-07-2023	SAIMSA	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	11 000.00	Inter Municipal Sports of SA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations.
15-08-2023	Manja Trading	Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes".	38 500.00	VIP Protection for the Municipal Speaker

Figures in Rand	2025	2024

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

15-08-2023	Rateitei Security Servic	Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes".	45 000.00	VIP Protection for the MunicipMayor
15-08-2023	Workshop Electronic	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	23 065.55	Calibration and service of a grade lane machine used to test vehicle and workshop electronic is the only service provider
15-08-2023	EAPA-SA	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	23 998.00	EAPA-SA is the host of the event and registration fees should be paid directly to them
15-08-2023	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	45 630.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of advertising on the notice board for atleast 7 days.
23-10-2023	Mamogobo Alf (Pty) LT	Deviation Reason No 1; "In an emergency"	167 283.00	The municipal dozer is currently damaged and requires significant fixing which will take a while as per the diagnostic report from the manufacturer. The municipality urgently requires the services of a dozer at the landfill site for the services of covering of waste and compaction. The landfill is becoming a health hazard to the officials working at the landfill.
29-06-2024	CIGFARO	Deviation Reason No 2; "If such goods or services are produced or available from a single provider only"	31 596.00	CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of advertising on the municipal website for 7 days.
30-06-2024	Manja Trading	Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes".	38 500.00	VIP Protection for the Municipal Speaker
30-06-2024	Rateitei Security Services	Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes".	45 000.00	VIP Protection for the MunicipMayor
Grand Total	-	-	**494 572.55**	-

46. Budget differences

Material differences between budget and actual amounts

Material differences between budget and actual amounts

Budget difference

1. Variance is as a result of tender document not being purchased in the municipality but being printed directly from E-tender website.

2.The budget on service charges is inclusive of basic electricity.The favourable variance is a result of stoppage of load shedding

3. Rentals variance is mainly as a result of one of rental property of the municipality being burned down by fire.

46. Budget differences (continued)

4. Variance is attributed to more Licensing and registration being conducted than anticipated.

5.The Municipality initially budgeted for VBS refunds to other income which was later reclassified to reversal of impairment . Lisence and permits are part of other income .

6. Immaterial

7. The difference is as a result of continued data cleansing, supplementary valuation roll and implementation of new valuation roll.

8. Interest on outstanding debtor's variance can be attributed to incentives given to customers who wants to settle their long outstanding debt.

9. Variance is as caused capital grant (MIG) being disclosed separate from financial performance from the budget side. MIG was spent 100% in the current year.

10. Under budgeting can be attributed to budgeting fines on cash basis instead of accrual basis.

11. Variance is as a result of vacant positions now filled.

12. Remuneration of councillors is based on government gazette on upper limits for councillors

13. Due to late appointment of service providers that resulted in subdued expenditure,

14. Attributed to some assets being derecognized such as access road on golf club.

15. No provision was made on this non-cash items such as interest on landfill sites.

16. Savings on photocopy machine was realized.

17. Variance is as a result of new valuation roll which derecognised and transferred some properties to sister municipalities.
17.1 Debt impairment budget is included under depreciation and amortisation.

18. More electricity was purchased due to relaxation of load shedding.

19. Attributed to less spending on contracted services than budgeted for resulting in savings.

20. Attributed low number of idigent registered for free basic electricity.

21. Attributed to non-spending of some budget items in general expenditure.

22.Attributed to profit and loss on disposal of assets.

23. Attributed to investment fair value adjudgment in the current year.

23.1. Attributed to current year assessment on employee obligations

24.Based on actual write down or up of inventory fot the year
24.1Attributed to gains and loses on landfill site valuation
24.2 Attributed to refund from VBS investment

25. Budget allocated to receivables instead of Consumer debtors
25.1The variance is due to VAT split as per GRAP standard that require VAT Input accrual receivable) , VAT output acrual payable) and VAT cash basis to be reported seperately

26. Some Budget allocated to receivables instead of Consumer debtors

46. Budget differences (continued)

27. Variance is caused by budget splitting VAT between Current assets and Liabilities.

28. More consumer owing the Municipality at year end.

29. The variance is as a result of less estimate on cash and cash equivalents than realised, mainly as a result of not spending

100% on internal funded projects.

30. Derecognition of investment property where municipality has lost control in terms IGRAP 18 and more budget was provided than the realised investment property fair value.

31. Attributed to less spending on internal capital projects.

32.No procurement of intangible assets was made at year end.

33. Attributed to fair value adjustments.

34. Attributed to deposit held by ESKOM.

35. Variance attributed to the reduction of unallocated deposits which have been allocated to respective consumer accounts as well as retention claims that were paid out.

36. Attributed to more accruals being recognised in the current financial year.

37. Slight difference is because of more estimate on consumer debtors that realized.

38 Variance is as a result of yearly actuarial calculation of employee obligation.

39 No current provision in the year under review.

40.Lease lapsing within the next financial year.

41. Variance is as a result of yearly actuarial calculation of employee obligation.

42. Variance is as a result of splitting provision between short term and long term.

43. Immaterial.

44. variance is emanating from all assets less all liabilities.

45. Variance between budget and actual of service charges could be attributed to having a number of users utilising alternative

source of energy like gas,solar as a consequence of load shedding.

46. The variance on the operating activities is as a result of savings on supplies and employee cost payment.

47 The variance on the investing activities is as a result of spending on capital expenditure.

48. The variance is result of less estimate on cash and cash equivalents than realised

47. Prior period errors

The following prior year errors were identified and adjusted retrospectively

1. Property Plant and Equipment note on the changes in estimates column on the PPE recon has being combined with depreciation , the net effect is zero

2 Note 21 and 22 on interest received has now been separated to align with GRAP 104 to separate between exchange and non-exchange.

3 During the current financial year, the entity identified an error in the prior year’s financial statements relating to the classification of commitments. Operational contracts were incorrectly included as capital commitments.As a result, the comparative figures for capital commitments have been restated to exclude these operational contracts. The correction has no impact on the statement of financial position, performance, or cash flows, but it affects the disclosure of commitments in the notes to the financial statements.

The table below outlines the effect of the restatement.

Description	Previously Reported	Adjustment	Restated Amount
Property, plant and equipment (Note 37)	R 22 899 663	R -1 550 490	R 21 349 173

4.**Payable from Exchange transactions**.During the current financial year, it was identified that prior period retention liability contained errors relating to the overstatement of retention liabilities due to incorrect calculation(R2 041 800) , VAT errors (R874 370). These errors resulted in an overstatement of retention liabilities by R2 916 170.

Correction of Prior Period Errors.

In accordance with GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors, the prior period financial statements have been retrospectively restated to correct these errors. The impact of the correction is as follows:

Description	Previously Reported	Adjustment	Restated Amount
Payables-Retention	R 21 013 633	R -2 916 170	R 18 097 455

The correction has no impact on the current year’s cash flows but ensures the accurate reporting of liabilities in compliance with GRAP.

Effect on Financial Statements.

Statement of Financial Position: Retention liabilities have been reduced by R2 916 170. Payables have been reduced by R2 916 170.

Credit balance on Receivables and Trade Payables amounting to R473 928 and R299 837 respectively which occurred during the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period.The Trade Payables prior period error includes R800 from licensing and motor vehicle agency function

5.**Misstatement of impairment loss**

During the 2024/25 financial year, management restated the prior year's property, plant, and equipment balances due to the following reasons:

In the 2023/24 financial year, assets with a higher value in use than their carrying amounts were incorrectly used to calculate impairment, resulting in a negative impairment loss. This error led to an understatement of impairment loss expense and accumulated impairment loss by R507,520.

Impact on statement of financial performance

Impairment loss:	507 520

Impact on statement of financial position

47. Prior period errors (continued)

Accumulated impairment: (507 520)

Disposal of motor vehicle

During the 2024/25 financial year, management identified that a vehicle that was involved in an accident in 2023 and subsequently written off was not removed from the fixed asset register. This oversight resulted in an overstatement of transport assets cost and accumulated depreciation. The impact included an overstatement of accumulated surplus. Below is the summary of impact on the financial statements.

Impact on statement of financial performance

Depreciation:	(144 622)	
Profit/loss on disposal of assets:		245 223

Impact on statement of financial position

Transport assets: Cost:		(775 974)
Accumulated depreciation :		352 155
Accumulated Surplus:	178 596	

During the 2024/25 financial year, it was discovered that there was duplicate disclosure of changes in estimates in note 11 and 51. Management adjusted note 11 to remove column on changes in estimates and only leave it in note 51. There is no financial impact on the financial statements from this change

In the previous years, there has been historical difference between fixed asset register and financials, infrastructure assets opening costs were adjusted by R91 285 to align the assets cost per register to the financials.

Impact on statement of financial position

Increase in infrastructure assets costs:		91 285
Increase in accumulated surplus:	(91 285)	

6.Debt Impairment has a prior period error of R13 709 005 because during the current year, it was identified that there are properties that are under Elias Motswaledi's jurisdiction, these have been billed . All year's billing is now reversed to correct the error

7.Interest on outstanding receivable balances has a prior period error of R13 709 005 because during the current year, it was identified that there are properties that are under Elias Motswaledi's jurisdiction, these have been billed . All year's billing is now reversed to correct the error

8. Other Income amounting to an adjustment of R2 789 443 is as a result of recoveries from retentions.

9.Property rates adjustment of R6 444 261 was because during the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period

10. Sale of goods was also insignificantlly adjusted in the prior year by R1 384

11.General Expenditure - Contracted Services. During the 2024/25 financial year, management reclassified the prior year's Contracted services- to General Expenses amounting to R90 778, from other contactors to Services: adverts and corporate image,including conference and seminar of R11 292.

Notes to the Annual Financial Statements

47. Prior period errors (continued)

12. Consumer debtors from exchange transactions. During the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period

13. Consumer debtors from non-exchange transactions. During the current financial year,it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billling those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period. it was also identified that there are properties that are under Elias Motswaledi's jurisdiction

14. Vat Receivables An amount of R126 727 was adjusted on VAT when recognising prior year other income

15. Investment Properties During the finacial year it was discovered that there were properties that belong to the municipality in Elandskraal that were ommitted in the previous financial year and now included as part of investmentment properties amounting to R4 724 000.

16. Financial Instruments. Adjustments were made to Financial instruments and restated in retrospect to comply with GRAP 104.Statutory receivables and employee's rights and obligations under employee benefit plans are now excluded.

Financial assets	Audited 2024	Adjustments	Restated 2024
Receivables from non-exchange transactions	4 089 586.00	- 867 627.00	3 221 959.00
Financial liabilities			
Payables from Exchange transactions	61 881 885.00	- 20 107 591.00	41 774 294.00
Finance Lease	8 649 743.00	8 952 691.00	17 602 434.00

17. Contingent Assets. The municipality instituted civil proceedings against the former municipal manager and Chief Financial Officer for the recovery of money invested in VBS Bank.VBS Curator has refunded R 6 112 400.00 in 2022 financial year. The matter will be kept in abeyance until the liquidation process is finalised. Previously reported amount was R81 207 600.00 which was adjusted by R6 112 400.00 to give a rested figure of R75 095 200.00.

An amount of R6 715 175 was adjusted to irregular and fruitless expenditure which was declared recoverable by council.

18.Fruitless and Wasteful expenditure. An Closing balance of R807 of was restated to R4 804 519 due to restating Fruitless expenditure emanating from previous financial year which was declared recoverable by council resolution number OC5/05/2023 and OC2/06/2022.T

19.Irregular Expenditure .A closing balance of R5 529 945 was restated to R7 449 210 due to restating Fruitless expenditure emanating from previous financial years which was declared recoverable by council.

20.VAT .During the current financial year, the municipality identified that in prior periods the input VAT accrual and output VAT accrual were incorrectly netted off and presented as a single "Net VAT Receivable" line item in the statement of financial position. This treatment did not comply with the requirements of GRAP, as the input VAT accrual (right arising from purchases) and output VAT accrual (obligation arising from supplies) represent separate transactions with different counterparties and do not meet the criteria for offsetting.
Furthermore, the netting obscured the fact that, under the municipality's payments-basis registration with SARS, no statutory receivable or payable exists until actual cash is paid to suppliers or received from customers.

The error has been corrected retrospectively by restating the comparative figures for the prior year.

21.**Property Plant and Equipment**.Disposal of assets were categorised into different classes based on nature of disposals. Which inculdes derecognition based on replacement of existing assets, write off assets that were written off as per council resolution and disposals which were due claims from insurance. The above changes were effected on the reconciliation on note 11 and have no financial impact on previously reported balances.

22.Commitments. During the current financial year, the entity identified an error in the prior year's financial statements relating to the classification of commitments. Operational contracts were incorrectly included as capital commitments. An expediture of R1 078 901 was errounously included in the determination of prior year commitment balance..

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Prior period errors (continued)

	Audited 2024	2024 Restated*	prior period errors	Note(s)
Statement of Financial Position				
Consumer debtors from exchange transaction	31 916 802.00	12 468 201.00	- 19 448 601.00	6
Consumer debtors from non - exchange transaction	56 544 405.00	73 680 321.00	17 135 916.00	6
Investment property	74 377 561.00	79 101 561.00	4 724 000.00	10
Payables from exchange transactions	- 61 881 885.00	- 61 115 986.00	765 899.00	14
Property, plant and equipment	876 397 101.00	875 557 472.00	- 839 629.00	11
Receivables from exchange transactions		4 082 314.00	4 082 314.00	8
VAT receivable	380 943.00	-	- 380 943.00	
Accumulated surplus	**977 734 927.00**	**983 773 883.00**	**6 038 956.00**	
Statement of Financial Performance				
Sale of goods	96 500.00	95 116.00	- 1 384.00	56
Other income	851 845.00	3 641 288.00	2 789 443.00	20
Property rates	55 328 009.00	48 883 748.00	- 6 444 261.00	23
Interest on outstanding receivable balances	11 156 236.00	10 203 038.00	- 953 198.00	22
Depreciation and amortisation	- 62 410 051.00	- 62 265 429.00	144 622.00	27
Debt Impairment	- 10 153 760.00	3 337 935.00	13 491 695.00	29
Impairment of assets	- 1 620 606.00	- 2 128 126.00	- 507 520.00	11
Contracted Services	- 35 234 590.00	- 35 143 812.00	90 778.00	31
General Expenses	- 57 025 397.00	- 57 127 466.00	- 102 069.00	32
Profit / (Loss) on disposal of Fixed assets	- 1 126 039.00	- 880 816.00	245 223.00	11
Surplus for the year	**- 100 137 853.00**	**- 91 384 524.00**	**8 753 329.00**	

Reclassifications

Employee related cost has reclassified EPWP salaries and defined contribution plan amounting to R5 899.00 within the same note.
General Expenditure. The classification line item ‘Marketing” on general expenses was merged with classification line-item “services: adverts and corporate image “as the two classifications were deemed to have similar expenditure transactions. Impact of an increase of R2 084 193 on services: adverts and corporate image and removal of ‘Marketing ‘on the face of general expenses transaction- (R2 084 193).

48. Events after the reporting date

There are no events after the reporting date.

49. Lease rentals on operating lease

	2025	2024
Premises		
Contractual amounts	462 405	462 405
Equipment		
Contractual amounts	962 236	1 164 378
	1 424 641	**1 626 783**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Lease rentals on operating lease (continued)

Operating lease payments represent rentals payable by the municipality for certain office equipment and service delivery property. Leases are negotiated for an average term of 3 years. No contingent rent is payable.

50. Grants and subsidies

Other subsidies		
Indigent Relief	619 214	803 069
Eskom upgrade	-	11 493 554
Bursaries and Learnership	450 451	573 659
	1 069 665	**12 870 282**

51. Change in estimate

Property, plant and equipment

During the year ended 30 June 2025 the total useful life of assets were reassessed per asset category

The change has the following effect on the property, plant and equipment note:

Current year:

Increase/ (Decrease) in depreciation expense due to re-assessment of useful life -	Amount
Computer Equipment	-123 349.95
Furniture and Office Equipment	-103 232.09
Machinery and Equipment	-724 178.91
Community Assets	869 339.60
Infrastructure	-1 231 084.78
Other Assets	145 150.15
Grand Total	**-1 167 355.98**

Landfill Provision

During the 2024/25 valuation of landfill site closure provision, the landfill site useful life increased by 3.2 years from 0 to 3.2 years. The increase in expected useful life of the landfill site resulted in significant decrease in the provision amount on 30 June 2025. The increase in useful life of landfill site resulted in R13,996,323 decrease in rehabilitation provision. It is impractical to determine the impact of future period as the rehabilitation provision is depended on various factor.

52. Segment reporting

General information

Identification of segments

The Municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Figures in Rand	2025	2024

52. Segment reporting (continued)

Aggregated segments

The municipality operates throughout the LIM 471 demarcation. Segments were aggregated on the basis of servicesdelivered as management considered that the economic characteristics of the segments throughout LIM 471 were sufficiently similar to warrant aggregation

The following segments were aggregated:

1	Finance:BTO
2	Solid Waste Removal:Solid Waste
3	Finance:Finance
4	Mayor and Council:Council
5	Roads:Roads& Stormwater (650)
6	Health Services:HIV/AIDS
7	Fleet Management:Fleet Mangement
8	Cemeteries Funeral Parlours and Crematoriums:Paks & Cemetries
9	Town Planning Building Regulations and Enforcement and City Engineer:Urban Development
10	Municipal Manager Town Secretary and Chief Executive:Municipal Manager
11	Information Technology:Information Communication Technology (ICT)
12	Housing:Housing and Building
13	Finance:Default
14	Licensing and Regulation:Licencing and Traffic
15	Electricity:Electricity
16	Finance:REVENUE
17	Administrative and Corporate Support:Administration
18	Sports Grounds and Stadiums:Sports Arts and Culture
19	Human Resources:Human Resources
20	Licensing and Regulation:Registration Authority
21	Libraries and Archives:Library
22	Health Services:Health General Services
23	Roads:Roads & Stormwater 2
24	Roads:Roads & Stormwater 1
25	Town Planning Building Regulations and Enforcement and City Engineer:Technical Services
26	Consumer Protection:Community Services Management
27	Administrative and Corporate Support:Corporate Services Management
28	Markerting Customer Relations Publicity and Media Co-ordiantion:Communication
29	Legal Services:Legal Services
30	Supply Chain Management:Stores

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**
Finance	Finance, human resource and IT services to facilitate service
Community services	Police, parks and libraries
Basic services	Basic services, roads, sewage, refuse, electricity
Mayor and council	Community outreach

Measurement of segment surplus or deficit, assets and liabilities

52. Segment reporting (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. There are no non reportable segments.

Notes to the Annual Financial Statements

52. Segment reporting (continued)

Performance information

The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Segment reporting was expanded to enhance fair presentation

Below are the reconciliations of the amounts in the statement of financial position and performance for reportable segments

2025

Statement of Financial Position	Basic services	Community services	Executive & Council	Finance	Grand Total
Assets	**50 042 789**	**- 74 331 723**	**- 124 648 869**	**1 650 406 373**	**1 501 468 570**
Current Assets	**- 363 528 929**	**- 81 806 061**	**- 124 774 037**	**1 094 582 726**	**524 473 699**
Cash and Cash equivalents	- 307 479 356	- 81 276 377	- 144 849 054	916 526 113	382 921 326
Consumer debtors from exchange transactions	- 43 662 030	- 5 506		60 456 577	16 789 041
Consumer debtors from non exchange transactions	- 6 968 275		20 212 500	66 234 798	79 479 023
Inventories	- 5 419 268	- 2 307 484	- 137 484	44 202 417	36 338 180
Receivables from non-exchange transactions		1 783 307		- 979 266	804 041
Receivables from exchange transactions	-	-	-	8 142 087	8 142 087
Non-Current Assets	**413 571 718**	**7 474 337**	**125 168**	**555 823 648**	**976 994 871**
Eskom Deposits				2 316 253	2 316 253
Heritage assets		24 700	125 168	63 632	213 500
Investment property		3 361 500		77 867 061	81 228 561
Property, plant and equipment	413 571 718	4 088 137		475 576 701	893 236 557
Liabilities	**71 687 263**	**1 113 314**	**25 274 719**	**- 236 299 430**	**- 138 224 134**
Current Liabilities	**71 687 263**	**1 113 314**	**25 274 719**	**- 173 279 871**	**- 75 204 575**
Consumer deposits	156 851			- 1 433 164	- 1 276 313
Employee benefit obligation				- 1 546 882	- 1 546 882
Finance lease obligation				- 8 952 691	- 8 952 691
Payables from exchange transactions	- 9 198 520	1 113 314	21 165 719	- 76 509 202	- 63 428 689
Unspent conditional grants and receipts	80 728 931		4 109 000	- 84 837 931	- 0
Non-Current Liabilities	-	-	-	**- 63 019 559**	**- 63 019 559**
Employee benefit obligation				- 28 183 589	- 28 183 589
Finance lease obligation				- 0	- 0
Provisions				- 34 835 970	- 34 835 970
Net Assets	**121 730 052**	**- 73 218 409**	**- 99 374 150**	**1 414 106 944**	**1 363 244 436**

52. Segment reporting (continued)

	Basic services	Community services	Executive & Council	Finance	Grand Total
Statement of Financial Performance					
Revenue	**171 293 396**	**618 710**	**1 577 122**	**301 206 220**	**474 695 448**
Revenue from exchange transactions	97 922 215	123 260	28 122	35 978 478	134 052 075
Agency fees	-	-	-	6 124 052	6 124 052
Interest received	2 045 471	-	-	27 141 201	29 186 672
Other income	3 672 134	59 896	-	1 186 006	4 918 035
Rental of facilities and equipment	-	63 364	-	2 511	65 875
Sale of goods	16 286	-	28 122	13 747	58 154
Service charges	92 188 324	-	-	1 510 961	93 699 286
Revenue from non-exchange transactions	73 371 181	495 450	1 549 000	265 227 742	340 643 373
Basic Electricity Levy	12 428 912	-	-	-	12 428 912
Interest received	-	-	-	13 281 826	13 281 826
Property rates	-	-	-	47 103 916	47 103 916
Transfer revenue and other receipts	60 942 269	495 450	1 549 000	204 842 000	267 828 719
Expenditure	**- 115 317 501**	**- 48 371 684**	**- 48 937 567**	**- 207 853 430**	**- 420 480 183**
Bulk Purchases	- 67 608 613	-	-	-	- 67 608 613
Contracted services	- 1 984 249	- 19 532 698	- 2 112 830	- 23 359 813	- 46 989 590
Debt Impairment	-	-	-	- 22 518 220	- 22 518 220
Depreciation and amortisation	1 807	-	-	- 60 548 394	- 60 546 588
Employee related costs	- 28 696 053	- 21 694 243	- 21 690 890	- 46 395 937	- 118 477 123
Finance costs	-	-	-	- 9 525 139	- 9 525 139
General Expenses	- 9 216 013	- 3 345 246	- 9 251 357	- 37 726 666	- 59 539 282
Grants and Subsidies	- 619 214	-	-	- 450 451	- 1 069 665
Impairment of assets	276 257	-	-	- 2 405	273 852
Operating Lease Expense	-	-	-	- 1 424 641	- 1 424 641
Remuneration of councillors	-	-	- 15 861 040	-	- 15 861 040
Repairs and Maintenance	- 7 471 423	- 3 799 497	- 21 450	- 5 901 764	- 17 194 134
	- 5 170 112	**1 771 351**	**18 370**	**15 753 991**	**12 373 600**
Actuarial Gain / (Loss)	-	-	-	213 789	213 789
Fair Value adjustments	-	1 774 970	18 370	356 000	2 149 340
Gain/(losses) on landfill site Valuation	4 780 193	-	-	-	4 780 193
Profit / (Loss) on disposal of Fixed assets	- 9 950 305	- 3 619	-	- 348 975	- 10 302 899
Profit/(loss) on disposal of Inventory	-	-	-	- 708 343	- 708 343
Reversal of Financial Assets Impairment	-	-	-	16 241 520	16 241 520
Surplus for the Year	**50 805 783**	**- 45 981 623**	**- 47 342 075**	**109 106 781**	**66 588 865**

52. Segment reporting (continued)

2024

Statement of Financial Position	Basic services	Community services	Executive & Council	Finance	Grand Total
Assets	**88 297 185**	**- 52 131 629**	**- 111 494 530**	**1 522 518 005**	**1 447 189 031**
Current Assets	**- 254 610 014**	**- 49 506 707**	**- 111 601 328**	**906 195 296**	**490 477 247**
Cash and Cash equivalents	- 245 235 880	- 48 945 634	- 114 677 723	768 321 921	359 462 683
Consumer debtors from exchange transaction	1 406 044	- 5 820		11 067 978	12 468 201
Consumer debtors from non - exchange transaction	- 6 432 909		3 187 060	76 926 170	73 680 321
Inventories	- 4 347 268	- 1 912 385	- 110 664	43 064 459	36 694 142
Receivables from non-exchange transactions		1 357 132		2 732 454	4 089 586
Receivables from exchange transactions	-	-	-	4 082 314	4 082 314
Non-Current Assets	**342 907 199**	**- 2 624 922**	**106 798**	**616 322 709**	**956 711 784**
Eskom Deposits				1 861 591	1 861 591
Heritage assets		20 730	106 798	63 632	191 160
Investment property		1 590 500		77 511 061	79 101 561
Property, plant and equipment	342 907 199	- 4 236 152		536 886 425	875 557 472
Liabilities	**6 174 318**	**1 113 314**	**1 586 904**	**- 159 407 994**	**- 150 533 457**
Current Liabilities	**6 174 318**	**1 113 314**	**1 586 904**	**- 83 911 690**	**- 75 037 154**
Consumer deposits	146 822			- 1 440 633	- 1 293 811
Employee benefit obligation				- 999 950	- 999 950
Finance lease obligation				- 8 649 743	- 8 649 743
Payables from exchange transactions	6 027 497	1 113 314	1 586 904	- 69 843 700	- 61 115 986
Provisions				- 2 977 664	- 2 977 664
Non-Current Liabilities	-	-	-	**- 75 496 303**	**- 75 496 303**
Employee benefit obligation				- 25 196 946	- 25 196 946
Finance lease obligation				- 8 952 691	- 8 952 691
Provisions				- 41 346 666	- 41 346 666
Net Assets	**94 471 504**	**- 51 018 315**	**- 109 907 626**	**1 363 110 011**	**1 296 655 574**

Ephraim Mogale Local Municipality

(Registration number LIM 471)
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Segment reporting (continued)

Statement of Financial Performance	Basic services	Community services	Executive & Council	Finance	Grand Total
Revenue	**135 666 049**	**593 795**	**2 618 692**	**289 613 479**	**428 492 015**
Revenue from exchange transactions	**78 390 214**	**146 445**	**58 692**	**35 893 693**	**114 489 045**
Agency fees	-	-	-	5 594 755	5 594 755
Interest received	404 221	-	-	26 739 861	27 144 082
Other income	26 135	78 802	-	3 536 351	3 641 288
Rental of facilities and equipment	-	67 643	-	-	67 643
Sale of goods	13 698	-	58 692	22 726	95 116
Service charges	77 946 161	-	-	-	77 946 161
Revenue from non-exchange transactions	**57 275 835**	**447 350**	**2 560 000**	**253 719 786**	**314 002 971**
Basic Electricity Levy	11 692 930	-	-	-	11 692 930
Interest received	-	-	-	10 203 038	10 203 038
Property rates	-	-	-	48 883 748	48 883 748
Transfer revenue and other receipts	45 582 905	447 350	2 560 000	194 633 000	243 223 255
Expenditure	- **120 626 504**	- **32 815 515**	- **46 677 644**	- **176 428 406**	- **376 548 068**
Bulk Purchases	- 56 886 156	-	-	-	- 56 886 156
Contracted services	- 120 078	- 9 112 405	- 3 218 161	- 22 693 168	- 35 143 812
Debt Impairment	-	-	-	3 337 935	3 337 935
Depreciation and amortisation	-	-	-	- 62 265 429	- 62 265 429
Employee related costs	- 26 095 233	- 19 003 748	- 18 764 825	- 45 098 418	- 108 962 225
Finance costs	-	-	-	- 8 652 108	- 8 652 108
General Expenses	- 11 861 496	- 3 017 639	- 9 644 087	- 32 604 244	- 57 127 466
Grants and Subsidies	- 12 296 624	-	-	- 573 658	- 12 870 282
Impairment of assets	-	-	-	- 2 128 126	- 2 128 126
Operating Lease Expense	-	-	-	- 1 626 783	- 1 626 783
Remuneration of councillors	-	-	- 15 050 570	-	- 15 050 570
Repairs and Maintenance	- 13 366 916	- 1 681 724	-	- 4 124 407	- 19 173 047
	- **115 268**	**2 105 730**	-	- **4 714 625**	- **2 724 163**
Actuarial Gain/ (Loss)	-	-	-	- 3 949 076	- 3 949 076
Fair Value adjustments	-	2 105 730	-	-	2 105 730
Inventories losses/write-downs	-	-	-	-	-
Profit/(Loss) on disposal of fixed assets	- 115 268	-	-	- 765 549	- 880 817
					-
Suplus for the year	**14 924 277**	- **30 115 990**	- **44 058 952**	**108 470 448**	**49 219 784**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Regulation 45 disclosure

As per Section 45 of the MFMA SCM Regulations the notes to the Annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 12 months indicating,

- The name of that person
- The capacity in which that person is in the service of the state/municipality; and
- The amount of the award

The information regarding awards made for the financial year is indicated below.

Service Provide/goods description	Name/relation/Organ of state	2025	2024
Dr LG Nemukongwe-Appointment of a panel of maximum three service providers for Medical Examindation for a period of 36 months (8/3/483)	Nemukongwe, MB - Spouse to the director	17 975	
KIPP Consulting EngineersAppointment of a panel of Civil Engineering Consultants for Infrastructure Development Projects for period of 36 Months (8/3/453)	Metene, PZ - Spouse to the director Dept. of Economic Affairs and Social Development	3 582 250	119 209
Matshetso Supply and Delivery of 100kWh Meters (Re-advert) (8/3/472)	Mashwene, RM - Spouse to the director Limpopo - Health		295 248
Tshete le Barwa General Trading Supply and delivery of two ride on mowers (8/3/465)	Tsiane, TM - Spouse to the director Dept. of Science and Technology		488 600
Tshete le Barwa General Trading Supply, delivery, and installation of one guard house (Re-advert)	Tsiane, TM - Spouse to the director Dept. of Science and Technology		98 000
Munsoft -Financial Management and Internal Control system	M, Rerani Spouse to director Dept of Chief Justice	13 278 417	8 638 737
Musanda Travel Agency_x0002_Travel Management services for 36 months	Director's Spouse - Ledwaba, MP - Department of Education	91 876	486 096
CONLOG Vending Management System for a period of 36 months	Virvasha Moodley, spouse to the directorDept. of Health	632 255	577 677
Limpopo Floor Care Trading & Projects- Refreshment - water and energy drinks for IMSSA Games	Spouse to director Matlala Hospital,		
Limpopo Floor Care Trading & Projects- Supply of a Digital Photo Camera	Spouse to director Matlala Hospital,		
Ken and Son Business Enterprise- Supply and Delivery of Road Marking Paint	Spouse to director Matlala Hospital,		
Ken and Son Business Enterprise- Catering	Spouse to director Matlala Hospital,		

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

53. Regulation 45 disclosure (continued)

Mphodics Supplies- Catering	Maria Aphane - business associate - Ephraim Mogale Municipality		
Sekankoe Engineering HighMast Lights at Matseding_x0002_High Mast Lights at Matseding	Director's Spouse - Khalaki, ME- Dept. of Labour Mpumalanga		
Phamela Engineerin	Mukwevho, N - Spouse to the director	3 309 721	
Electrateq Supply and delivery of electrical materials	Both, M - Spouse to the director SAPD	17 774	18 931
Kwaila Holdings Supply and delivery of water tankers; Installation of tiles; Supply of building materials	Langa, RZ - spouse to the director Gauteng Dept of Health		86 307
Matlukanobha Trading Hire of tables, tent, toilets and supply of bottled water	Baloyi, MV - spouse to the director Sekhukhune District Municipality	85 200	25 000
National Service Master Catering services and supply of cateridges	Matemane, MM - spouse to the director Dept of Health		37 580
OBARO Handel Supply of materials	Bronkhorst, JE - spouse to the director Laerskool Tygerpoort	24 382	40 369
Puleng Development Catering services	Khumalo, PM - spouse to the director SANDF		28 800
SALAfish Trading Supply of bottled water; tents, mobile toilets	Mashung, NG - spouse to the director Dept of Kokstad	23 000	4 000
SEB IT Consultancy Vetting of candidates; Branded municipal clocking books; Catering services	Sebei, TME - spouse to the director Elias Motsoaledi Local Municipality	18 693	44 200
Teknoplanet Supply of Cartridges	Tlale, SJ - spouse to the director North West Education		15 600
Sekhukhune Times Publication of adverts in newspaper	Motseo, GN Limpopo Education	155 373	88 862
Gijima Holdings Competency Assessment of director	Zilwa, LC - child to the director Dept of Health		7 200
PL Moswathupa	Moswathupa Lebotsa Patrick, - children to the director	15 500	
Daph Phuti Sponges	Mphela, KP and Tshabalala, P - children to the director Socio-Economic Development and WillowRidge High School		28 500

Figures in Rand	2025	2024

54. Finance lease obligation

Minimum lease payments due		
- within one year	9 533 476	10 400 156
- in second to fifth year inclusive	-	9 533 476
Less Future Finance charges	(580 785)	(2 331 198)
	8 952 691	**17 602 434**
Non-current liabilities	-	8 952 691
Current liabilities	8 952 691	8 649 743
	8 952 691	**17 602 434**

It is municipality policy to lease certain motor vehicles and equipment under finance leases. Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.
The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets.

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:
For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note .
The fair value of finance lease liabilities approximates their carrying amounts.

55. Accounting by principals and agents

Agency Fees	6 124 052	5 594 755

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

Details of the arrangments are as follows:

Entity as agent

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

Revenue recognised

The aggregate amount of revenue that the Municipality recognised as compensation for the transactions carried out on behalf of the principal is R6 124 052 for 2025 year and 5 594 755 for 2024 year.

Liabilities recognised:

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R-340 912. at as 30 June 2025 and R 37 239 for 30 June 2024.

Entity as principal

Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

56. Sale of goods

Sale of goods comprises of items such as sale of tender document and refuse plastic.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

57. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities and equipment	65 875	67 643

58. Fines, Penalties and Forfeits

Municipal Traffic Fines	495 677	453 296

59. Basic Charges

Basic Electricity Levy	9 733 439	9 227 927
Basic Charges Vacant Stand	2 695 474	2 465 003
	12 428 913	**11 692 930**