Fetakgomo Tubatse Local Municipality
(Registration number LIM 476)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Councillors list	EXECUTIVE COMMITTEE
	Cllr Maila EE - The Mayor
	Cllr Mphethi ND - The Chief Whip
	Cllr Shoba MV - The Speaker
	Cllr Moeng QM
	Cllr Mashego RM
	Cllr Mabelane MM
	Cllr Mampa DM
	Cllr Mojalefa LH
	Cllr Mokome KE
	Cllr Makofane IT
	Cllr Mabelane JM
	Cllr Shai ML
	Cllr Radingwana MR - MPAC Chairperson
	OTHER COUNCILLORS
	Cllr Moopane MK
	Cllr Nkosi MD
	Cllr Magagula TB
	Cllr Malapane OT
	Cllr Magane IP
	Cllr Magaba AM
	Cllr Modipa FM
	Cllr Thobejane LM
	Cllr Mashabela VM
	Cllr Tjie MR
	Cllr Sebopela MM
	Cllr Nchabeleng NC
	Cllr Makofane T
	Cllr Mokgotho K
	Cllr Mokoena MS
	Cllr Ngwatla TJ
	Cllr Tjie TM
	Cllr Lekgau AK
	Cllr Mokgotho LL
	Cllr Ratshotshi LM
	Cllr Mokoena DF
	Cllr Kgwete MP
	Cllr Makutu TS
	Cllr Hlase ST
	Cllr Mabowa SI
	Cllr Tshehla MS
	Cllr Mmushi MJ
	Cllr Magabe MS

General Information

	Cllr Mohlala TH Cllr Phasha MA Cllr Mathipa MP Cllr Thobela KML Cllr Phasha MM Cllr Matheba AM Cllr Matlakaneng MM Cllr Mamphekgo TL Cllr Tlape MM Cllr Maepa ML Cllr Makofane NN Cllr Rantho LJ Cllr Mgiba NP Cllr Motene PP Cllr Mashego OT Cllr Sefiti MY Cllr Thamaga ST Cllr Kupa SM Cllr Molapo TI Cllr Kupa RB Cllr Malepe KP Cllr Sekgala SM Cllr Thobejane ME Cllr Ngwatle MP Cllr Komana WT Cllr Mogashoa ML Cllr Phasha TE Cllr Phahlamohlake TP Cllr Maredi SE Cllr Masha MM Cllr Mashaba GP Cllr Mola N Cllr Madalane ET Cllr Ngwatle AD Cllr Makofane PJ Cllr Bothma C
Grading of local authority	Grade 4
Accounting Officer	Magooa RM
Chief Finance Officer (CFO)	Makgopa ML
Registered office	Fetakgomo Tubatse Local Municipality 1 Kastania Street Burgersfort
Business address	1 Kastania Street Burgersfort 1150
Postal address	P. O. Box 206

General Information

	Burgersfort 1150
Bankers	Standard Bank FNB Bank Burgersfort
Auditors	Auditor-General South Africa
Attorneys	Noko Maimela Inc Machaba Inc ML Mateme Inc Kgolishi A Mamabolo Kgoroeadira Mudau Mmakola Attorneys Lebea and Associates Attorneys Maloka Sebola Inc Mphambane Mokone Attorneys Mohale Inc Montani Attorneys Ramakgwakgwa Attorneys Ka Mbonani Cooper Inc Shitlhelani TH Inc TJ Machete Attorneys Verveen Attorneys

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

The accounting officers are 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 officers to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements 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 officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of fraud or error 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 officers are 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 officers have reviewed the municipality’s cash flow forecast for the year to 30 June 2026 and in the light of this review and the current financial position, they are 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 independently reviewing 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 on page 8.

The annual financial statements set out on pages s 12 to 130 , 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:

Magooa RM
Acting Accounting Officer

Audit Committee Report

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and there should be at least 4 meetings as per its approved terms of reference. During the current year 14 meetings were held and all members, including chairperson attended all 14 meetings

Name of member	Number of meetings attended
1, Ms. Ramutsheli MP - Audit and Performance Committee Chairperson	14
2, Mr Maharaj S - Audit and Performance Committee Member	14
3, Mr, Morabane N - Audit and Performance Committee Member	14
4, Ms, Mabuza JM - Audit and Performance Committee Member	14
5,Mr, Mathabathe MG - Audit and Performance Committee Member	14

Audit committee responsibility

The audit committee reports that it has complied with its duties and responsibilities prescribed by section 166(2)(a) of the MFMA.

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

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act were reviewed and assessed.

The effectiveness of internal control

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

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

Evaluation of annual financial statements

The Audit Committee has reviewed and discussed the unaudited Annual Financial Statements, to be submitted to the Auditor-General South Africa, with the Accounting Officer and Senior Management of the municipality. The Committee also reviewed the municipality’s compliance with the laws and legislations.

The Audit Committee has reviewed, discussed the draft unaudited Annual Performance Report prepared by the municipality before submission to the Auditor-General of South Africa and reviewed the reasons provided by management for material deviation from planned targets.

Internal audit

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

Audit Committee Report

Auditor-General of South Africa

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

Chairperson of the Audit Committee

Date:

Report of the Auditor General

To the Provincial Legislature of Fetakgomo Tubatse Local Municipality

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The Municipality is engaged in local service delivery as enshrined in the Constitution of the Republic of South Africa with its core functions and primary revenue sources being collection of property rates and taxes and refuse collection and operates principally in Burgersfort, South Africa.

Net surplus of the municipality was R 165 387 009 (2024: surplus R 63 404 729).

2. Going concern

We draw attention to the fact that on 30 June 2025, the municipality had an accumulated surplus of R 2 877 579 918 and that the municipality's total assets exceed its liabilities by R 2 877 579 918.

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 dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

Refer to the Events after reporting date note 58.

4. Accounting policies

The annual financial statements were prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
Makgata MJ	RSA	Appointed November 2022 and suspended in October 2024
Magooa RM		Appointed as Acting Municipal Manager from 18 October 2024

Accounting Officer's Report

6. Corporate governance

General

The accounting officers are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officers supports the highest standards of corporate governance and the ongoing development of best practice.

The salient features of the municipality's adoption of the Code are outlined below:

Councillors

The Councillors:
- retain full control over the municipality, their plans and strategy.
- acknowledge their 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.
- are of a unitary structure comprising:
  - Mayor
  - Speaker.
  - Chief Whip
  - Councillors

Mayor and Municipal Manager

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

Audit Committee meetings

The audit committee has met on 14 separate occasions during the financial year. The audit committee schedules to meet at least 4 times per annum.

Audit committee

During the period the audit committee was composed as follows:
1. Mr. N Marobane (appointed from 1 August 2021) - Chairperson from 01 July 2023 to 31 March 2024
2. Ms. M Ramutsheli (appointed from 1 August 2021) - Chairperson from 01 April 2024 to 31 December 2027
3. Ms. J Mabuza (appointed from 01 August 2021)
4. Mr. Suren Maharaj (appointed from 1 April 2021)
5. Mr. Mpaku Goodwill Mathabathe (appointed from 1 April 2021).

Internal audit

The municipality had its own internal audit function for the year under review. This is in compliance with the Municipal Finance Management Act,2003.

7. Bankers

The municipality banks primarily with Standard Bank.

Accounting Officer's Report

8. Auditors

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

The annual financial statements set out on page 12, 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:

Magooa RM
Acting Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	10	60 077 903	75 410 994
Receivables from exchange transactions	11	16 254 689	17 988 112
Receivables from non-exchange transactions	12	2 315 313	1 912 385
VAT receivable	13	52 858 386	67 816 906
Consumer debtors from exchange transactions	14	3 183 366	3 158 468
Consumer debtors from non exchange transactions	14	86 964 466	64 083 575
Cash and cash equivalents	15	17 895 801	99 299 089
		239 549 924	**329 669 529**
Non-Current Assets			
Investment property	3	54 550 000	53 330 854
Property, plant and equipment	4	2 913 204 549	2 729 010 585
Intangible assets	5	2 117 661	1 581 014
Heritage assets	6	1 068 300	1 068 300
Long term investments	7	58 747 630	53 452 630
		3 029 688 140	**2 838 443 383**
Total Assets		**3 269 238 064**	**3 168 112 912**
Liabilities			
Current Liabilities			
Borrowings	17	40 002 840	35 901 148
Payables from exchange transactions	8	222 078 858	257 579 392
Employee benefit obligation	9	2 659 653	1 605 107
Unspent conditional grants and receipts	16	-	8 404 838
Provisions	18	22 122 564	19 906 081
		286 863 915	**323 396 566**
Non-Current Liabilities			
Borrowings	17	24 500 658	64 503 499
Employee benefit obligation	9	43 894 893	37 937 254
Provisions	18	36 398 680	30 082 688
		104 794 231	**132 523 441**
Total Liabilities		**391 658 146**	**455 920 007**
Net Assets		**2 877 579 918**	**2 712 192 905**
Accumulated surplus		2 877 579 918	2 712 192 905
Total Net Assets		**2 877 579 918**	**2 712 192 905**

* See Note 55 & 54

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	30 369 479	25 272 101
Rental of community facilities and equipment	22	455 931	420 962
Interest charged (trading)	28	7 493 611	6 068 964
Agency services	24	8 498 436	8 372 821
Licences and permits	25	7 316 719	6 394 676
Fees earned	29	4 277 134	1 003 896
Other income	30	64 150 963	140 042 854
Interest received - investment	31	12 662 044	19 650 733
Fair value adjustments	49	1 219 146	1 597 254
Total revenue from exchange transactions		**136 443 463**	**208 824 261**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	32	223 997 029	183 809 936
Property rates - penalties imposed	32	29 592 515	20 165 871
Transfer revenue			
Government grants & subsidies	36	828 969 839	818 694 231
Public contributions and donations	26	17 834 650	17 391 303
Traffic fines	23	1 607 190	1 363 200
Total revenue from non-exchange transactions		**1 102 001 223**	**1 041 424 541**
Total revenue	19	**1 238 444 686**	**1 250 248 802**
Expenditure			
Employee related costs	37	(298 591 426)	(255 273 876)
Remuneration of councillors	38	(44 388 037)	(43 497 787)
Inventory consumed	20	(17 691 575)	(53 696 458)
Depreciation and amortisation	39	(101 758 132)	(85 935 983)
Impairment loss	40	(64 500)	(23 081 327)
Finance costs	41	(9 198 241)	(4 284 559)
Lease rentals on operating lease	27	(10 950 982)	(10 879 007)
Debt Impairment	43	(78 746 782)	(138 389 821)
Bad debts written off	45	(2 732 008)	(514 874)
Contracted services	46	(374 281 551)	(423 689 976)
Transfers and subsidies	33	(3 499 343)	(2 454 000)
Inventories losses/write-downs	34	-	(37 150 000)
Loss on disposal of assets	35	(708 532)	(4 962 992)
General expenses	44	(130 446 568)	(103 033 413)
Total expenditure		**(1 073 057 677)**	**(1 186 844 073)**
Surplus for the year		**165 387 009**	**63 404 729**

* See Note 55 & 54

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2 654 859 006	2 654 859 006
Adjustments		
Prior year adjustments Note 55	6 070 832	6 070 832
Balance at 01 July 2024	**2 648 788 176**	**2 648 788 176**
Changes in net assets		
Surplus for the year	63 404 729	63 404 729
Total changes	63 404 729	63 404 729
Restated* Balance at 01 July 2024	**2 712 192 909**	**2 712 192 909**
Changes in net assets		
Surplus for the year	165 387 009	165 387 009
Total changes	165 387 009	165 387 009
Balance at 30 June 2025	**2 877 579 918**	**2 877 579 918**

Note(s)

* See Note 55 & 54

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		305 392 246	146 946 914
Government grants and subsidies		820 565 001	755 621 000
		1 125 957 247	902 567 914
Payments			
Employee costs		(336 775 051)	(294 684 470)
Suppliers		(626 823 179)	(497 013 581)
Finance costs		(9 198 241)	(4 284 558)
		(972 796 471)	(795 982 609)
Net cash flows from operating activities	47	**153 160 794**	**106 585 305**
Cash flows from investing activities			
Purchase of property, plant and equipment		(206 808 477)	(296 108 120)
Proceeds from sale of Property, plant and equipment	4	1 465 600	-
Purchase of other intangible assets	5	(694 378)	-
Proceeds from sale/(Purchase) of financial assets		-	(50 000 000)
Interest income		7 374 322	20 758 493
Net cash flows from investing activities		**(198 662 933)**	**(325 349 627)**
Cash flows from financing activities			
Inflow from borrowings	17	-	100 000 000
Loan repayments		(35 901 149)	-
Net cash flows from financing activities		**(35 901 149)**	**100 000 000**
Net increase/(decrease) in cash and cash equivalents		**(81 403 288)**	**(118 764 322)**
Cash and cash equivalents at the beginning of the year		99 299 089	218 063 411
Cash and cash equivalents at the end of the year	15	**17 895 801**	**99 299 089**

The accounting policies on pages 29 to 62 and the notes on pages 63 to 130 form an integral part of the annual financial statements.

* See Note 55 & 54

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 Comparison of Budget and Actual Amounts						
Revenue						
Revenue from exchange transactions						
Sale of goods	108 752 375	(66 260 950)	**42 491 425**	-	**(42 491 425)**	N1
Service charges	30 947 302	(2 000 000)	**28 947 302**	30 369 479	**1 422 177**	(Immaterial below 10%
Rental of community offices and facilities	322 345	93 000	**415 345**	455 931	**40 586**	Immaterial (below 10%)
Interest received (trading)	6 481 771	334 000	**6 815 771**	7 493 611	**677 840**	Immaterial (below 10%)
Agency services	7 815 050	775 000	**8 590 050**	8 498 436	**(91 614)**	Immaterial (below 10%)
Licences and permits	7 128 529	999 000	**8 127 529**	7 316 719	**(810 810)**	Immaterial (below 10%)
Fees earned	2 128 000	746 000	**2 874 000**	4 277 134	**1 403 134**	N2
Other income	-	-	**-**	64 150 963	**64 150 963**	N3
Interest received - investment	11 764 489	1 336 000	**13 100 489**	12 662 044	**(438 445)**	Immaterial below 10%
Total revenue from exchange transactions	**175 339 861**	**(63 977 950)**	**111 361 911**	**135 224 317**	**23 862 406**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	225 823 942	6 789 600	**232 613 542**	223 997 029	**(8 616 513)**	Immaterial (below 10%)
Property rates - interest on outstanding debtors	-	-	**-**	29 592 515	**29 592 515**	N4
Interest on Outstanding Debtors	22 449 201	4 000 000	**26 449 201**	-	**(26 449 201)**	N5
Transfer revenue						
Government grants & subsidies	821 847 000	7 122 835	**828 969 835**	828 969 839	**4**	Immaterial (below 10%)
Public contributions and donations	-	-	**-**	17 834 650	**17 834 650**	N49
Fines, Penalties and Forfeits	3 613 434	30 650	**3 644 084**	1 607 190	**(2 036 894)**	N6
Total revenue from non-exchange transactions	**1 073 733 577**	**17 943 085**	**1 091 676 662**	**1 102 001 223**	**10 324 561**	
Total revenue	**1 249 073 438**	**(46 034 865)**	**1 203 038 573**	**1 237 225 540**	**34 186 967**	
Expenditure						
Employee related costs	(271 245 664)	(26 470 451)	**(297 716 115)**	(298 591 426)	**(875 311)**	Immaterial (below 10%)
Remuneration of councillors	(44 940 049)	(700 000)	**(45 640 049)**	(44 388 037)	**1 252 012**	Immaterial (below 10%)
Inventory consumed	(6 600 017)	1 246 856	**(5 353 161)**	(17 691 575)	**(12 338 414)**	N7
Depreciation and amortisation	(83 540 889)	-	**(83 540 889)**	(101 758 132)	**(18 217 243)**	N8
Impairment loss/ Reversal of impairments	-	-	**-**	(64 500)	**(64 500)**	N50
Finance costs	(6 500 000)	6 000 000	**(500 000)**	(9 198 241)	**(8 698 241)**	N9
Lease rentals on operating lease	(18 150 730)	2 098 000	**(16 052 730)**	(10 950 982)	**5 101 748**	N10
Debt impairment	(40 000 000)	-	**(40 000 000)**	(78 746 782)	**(38 746 782)**	N11
Bad debts written off	(2 073 500)	(1 161 586)	**(3 235 086)**	(2 732 008)	**503 078**	N12

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
Contracted Services	(408 790 304)	49 209 169	**(359 581 135)**	(374 281 551)	**(14 700 416)**	Immaterial (below 10%)
Transfers and subsidies	-	-	**-**	(3 499 343)	**(3 499 343)**	N13
General expenses	(129 476 242)	(32 887 791)	**(162 364 033)**	(130 446 568)	**31 917 465**	N14
Total expenditure	**(1 011 317 395)**	**(2 665 803)**	**(1 013 983 198)**	**(1 072 349 145)**	**(58 365 947)**	
Operating surplus	**237 756 043**	**(48 700 668)**	**189 055 375**	**164 876 395**	**(24 178 980)**	
Fair value adjustments	-	-	**-**	1 219 146	**1 219 146**	N15
Loss on disposal of assets	-	-	**-**	(708 532)	**(708 532)**	N16
	-	**-**	**-**	**510 614**	**510 614**	
Surplus	**237 756 043**	**(48 700 668)**	**189 055 375**	**165 387 009**	**(23 668 366)**	
Actual Amount on Comparable basis as presented in the Budget and Actual Comparative Statement	**237 756 043**	**(48 700 668)**	**189 055 375**	**165 387 009**	**(23 668 366)**	

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	3 176 360	72 234 634	**75 410 994**	60 077 903	**(15 333 091)**	N17
Receivables from exchange transactions	16 518 730	16 774 452	**33 293 182**	16 254 689	**(17 038 493)**	N18
Receivables from non-exchange transactions	16 155 377	54 507 002	**70 662 379**	2 315 313	**(68 347 066)**	N19
VAT receivable	39 887 070	8 474 821	**48 361 891**	52 858 386	**4 496 495**	N20
Consumer debtors	-	-	**-**	90 147 832	**90 147 832**	N21
Cash and cash equivalents	235 320 640	(157 031 182)	**78 289 458**	17 895 801	**(60 393 657)**	N23
	311 058 177	**(5 040 273)**	**306 017 904**	**239 549 924**	**(66 467 980)**	
Non-Current Assets						
Investment property	60 800 000	(7 469 146)	**53 330 854**	54 550 000	**1 219 146**	Immaterial less than 10%
Property, plant and equipment	2 728 427 000	7 631 000	**2 736 058 000**	2 913 204 549	**177 146 549**	N24)
Intangible assets	1 045 231	(685 054)	**360 177**	2 117 661	**1 757 484**	N25
Heritage assets	1 068 300	-	**1 068 300**	1 068 300	**-**	Immaterial (less than 10%)
Investments	-	-	**-**	58 747 630	**58 747 630**	N26
	2 791 340 531	**(523 200)**	**2 790 817 331**	**3 029 688 140**	**238 870 809**	
Total Assets	**3 102 398 708**	**(5 563 473)**	**3 096 835 235**	**3 269 238 064**	**172 402 829**	
Liabilities						
Current Liabilities						
Borrowings	1 005 995	(1 005 995)	**-**	40 002 840	**40 002 840**	
Consumer deposits	15 665 694	(15 665 694)	**-**	-	**-**	Immaterial less than 10%
Payables from exchange transactions	69 432 867	(1 650 867)	**67 782 000**	222 078 859	**154 296 859**	N29
Trade and Other payables from non-exchange transactions	71 316 070	(62 911 232)	**8 404 838**	-	**(8 404 838)**	N30
VAT payable	8 957 350	(8 957 350)	**-**	-	**-**	N31
Other liabilities	-	35 901 000	**35 901 000**	-	**(35 901 000)**	
Employee benefit obligation	16 181 588	1 605 107	**17 786 695**	2 659 653	**(15 127 042)**	N32
Provisions	4 363 158	(2 333 899)	**2 029 259**	22 122 564	**20 093 305**	N34
	186 922 722	**(55 018 930)**	**131 903 792**	**286 863 916**	**154 960 124**	
Non-Current Liabilities						
Borrowing	(1 005 995)	1 005 995	**-**	24 500 658	**24 500 658**	N35
Employee benefit obligation	5 836 000	58 217 753	**64 053 753**	43 894 893	**(20 158 860)**	N36
Provisions	9 125 893	20 956 795	**30 082 688**	36 398 680	**6 315 992**	N37
	13 955 898	**80 180 543**	**94 136 441**	**104 794 231**	**10 657 790**	
Total Liabilities	**200 878 620**	**25 161 613**	**226 040 233**	**391 658 147**	**165 617 914**	
Net Assets	**2 901 520 088**	**(30 725 086)**	**2 870 795 002**	**2 877 579 917**	**6 784 915**	

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						
Property rates	232 327 000	(69 707 000)	**162 620 000**	253 589 544	**90 969 544**	N39
Service charges	33 666 000	(13 463 000)	**20 203 000**	30 369 479	**10 166 479**	N40
Transfers and Subsidies - Operational	635 886 000	(9 000 000)	**626 886 000**	621 421 000	**(5 465 000)**	N41)
Transfer and Subsidies - Capital	185 961 000	16 123 000	**202 084 000**	199 144 001	**(2 939 999)**	N42
Interest income	9 134 000	3 466 000	**12 600 000**	12 662 044	**62 044**	N43
Other revenue	133 655 000	(67 213 000)	**66 442 000**	64 150 963	**(2 291 037)**	N44
	1 230 629 000	**(139 794 000)**	**1 090 835 000**	**1 181 337 031**	**90 502 031**	
Payments						
Suppliers and employees	(879 203 000)	(1 762 000)	**(880 965 000)**	(956 280 967)	**(75 315 967)**	N45
Finance charges	(15 949 000)	15 449 000	**(500 000)**	(9 198 241)	**(8 698 241)**	N46
	(895 152 000)	**13 687 000**	**(881 465 000)**	**(965 479 208)**	**(84 014 208)**	
Net cash flows from operating activities	**335 477 000**	**(126 107 000)**	**209 370 000**	**215 857 823**	**6 487 823**	
Cash flows from investing activities						
Capital assets	(352 749 000)	6 928 000	**(345 821 000)**	(206 808 477)	**139 012 523**	N47
Proceeds from sale of property, plant and equipment	-	-	**-**	1 465 600	**1 465 600**	
Purchase of other intangible assets	-	-	**-**	(694 378)	**(694 378)**	N38
Interest income	-	-	**-**	7 374 322	**7 374 322**	
Net cash flows from investing activities	**(352 749 000)**	**6 928 000**	**(345 821 000)**	**(198 662 933)**	**147 158 067**	
Cash flows from financing activities						
Short-term loans	-	-	**-**	(35 901 149)	**(35 901 149)**	N48
Net increase/(decrease) in cash and cash equivalents	(14 627 000)	(121 824 000)	**(136 451 000)**	117 194 890	**63 645 890**	
Cash and cash equivalents at the beginning of the year	218 063 000	(8 637 000)	**209 426 000**	(99 299 089)	**(308 725 089)**	
Cash and cash equivalents at the end of the year	**203 436 000**	**(130 461 000)**	**72 975 000**	**17 895 801**	**(245 079 199)**	

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

Explanations for significant variances

A - STATEMENT OF FINANCIAL PERFORMANCE

N1 – **Sale of goods**
The underperformance in sale of goods revenue is primarily due to delays in infrastructure development (e.g., roads, utilities) for stand sales, shifting revenue timelines. These delays stem from external factors outside the municipality's control, such as water and electricity connections managed by other entities. Additionally, illegal encroachments on earmarked land and funding constraints further postponed anticipated sales from projects like Mashifane Park..

N2 – Fees earned
The overperformance in fees earned is attributed to higher-than-expected demand for municipal services, including building plan approvals, application fees for land usage, clearance certificates, and cemetery fees. This reflects increased community engagement and development activities, surpassing the adjusted budget projections.

N3 –Other incomes
Other income significantly overperformed due to unforeseen recoveries of R42 million from VBS and contributions not initially budgeted, including skills development levy refunds, staff-related cost recoveries, The variance also includes unprojected income from the sale of stands where only deposits were collected, reclassified as revenue upon full payment.

N4 –Property taxes- interest on outstanding debtors
The positive variance arises from higher-than-anticipated interest accrual on overdue property rates, particularly from state-owned properties and communal land debtors (e.g., Department of Rural Development). The implementation of the 2023-2028 valuation roll increased market values, leading to higher billed amounts and subsequent interest on outstanding balances, which was not separately budgeted..

N5 - Interest on outstanding debtors
The underperformance is due to the write-off of interest on non-rateable properties as per council-approved policy, combined with improved debtor collection efforts that reduced overdue accounts.
N6 - Fines, Penalties and Forfeits

The revenue underperformed due to reductions and cancellations of traffic fines by courts, lower issuance rates amid load shedding impacts on enforcement, and challenges in collections. This reflects a conservative adjustment based on historical trends and actual performance with efforts to enhance enforcement not yielding expected results.

N7 - Inventory consumed

The variance results from lower-than-budgeted consumption of inventory, driven by cost containment measures and efficient stock management (e.g., office supplies, maintenance materials). Additionally, delays in project implementation reduced the need for inventory drawdowns, leading to savings that were not initially anticipated.

N8 - Depreciation and amortisation

The overspending on depreciation is due to the addition of new infrastructure assets (e.g., roads donated by Roads Agency Limpopo) and revaluations increasing the asset base. A backlog of assets nearing the end of their useful lives but still in use, combined with prior-year adjustments, resulted in higher-than-budgeted charges.

N9 - Finance costs

The significant overspending is attributed to the budget Capitalization of interest on loan for the Mashifane project and being expensed in the financial statements consistent to the treatment in prior year.

N10 - Lease rentals on operating lease

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

The underspending reflects savings from over-budgeted lease repayments, achieved through renegotiations and cost containment measures. Some leased assets were not fully utilised due to operational efficiencies, leading to lower actual payments compared to the adjusted budget.

N11 - Debt impairment

The higher debt impairment as compared to the budget is attributed to the timing and availability of information.
The actual impairment figure was determined at year-end, utilising comprehensive data and insights that were not available during the adjustment period when the budget was prepared. This additional information allowed for a more accurate assessment of the impairment

N12 - Bad debts written off

The slight overspending is linked to increased write-offs of irrecoverable debts from non-rateable areas and long-outstanding state-owned properties, as per council policy. However, the provision for doubtful debts covered most balances, mitigating the impact and resulting in a variance below materiality thresholds.

N13 - Transfers and subsidies

The overspending arises from unbudgeted transfers, including free basic electricity and indigent support programs**.**

N14 - General expenses

The underspending is due to cost containment measures and non-incurrence of certain expenses in the year (e.g., utilities, admin costs). Implementation of financial management strategies reduced discretionary spending, leading to savings across operational items.

N15 - Fair value adjustments

The positive adjustment reflects unforeseen fair value gains on investment properties and land inventory (e.g., write-down reversals on properties like Praktiseer portions). These were not budgeted, arising from market revaluations and asset disposals during the year.

N16 - Loss on disposal of assets

The loss was not budgeted for, stemming from the disposal of obsolete or underutilised assets (e.g., such as municipal vehicles and equipment).

Statement of Financial Position

N17 – Inventories

The variance emanates from lower-than-expected land acquisitions for future developments, and expansion, due to delays in infrastructure completion and funding constraints. The budget anticipated more stock of developable land based on projected timelines that were not met.

N18 – Receivables from exchange transactions

Receivables from exchange transactions were lower as a result of better-than-expected collection efforts and fewer credit sales than anticipated, including the land sales. This reduced outstanding amounts, reflecting improved debtor management and cost containment measures.

N19 – Receivables from non-exchange transactions

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

Receivables from non-exchange transactions were lower as a result of higher-than-expected impairment charges, which reduced the net receivables by an amount greater than budgeted. This includes write-offs for non-rateable properties and increased provisions for doubtful debts from state-owned and communal land properties.

N20 – VAT receivable

The significant increase in VAT receivable is due to higher input VAT from expanded capital and operational spending on infrastructure projects, supporting municipal activities like MIG and INEP-funded developments. This reflects greater grant utilization and asset acquisitions than initially projected.

N21 – Consumer debtors

Consumer debtors were not budgeted for separately but included under receivables from non exchange line item, but actual amounts arose from outstanding service charges, property rates, and new connections, particularly in nodal areas and indigent households. This includes debts from waste management and electricity services not fully anticipated.

N22 – Other Current assets / Prepayments

The variance is due to higher-than-expected prepayments and other current assets, including investments in call accounts to earn interest for the municipality

N23 – Cash and cash equivalents

The unfavourable variance is due to elevated capital expenditures on infrastructure projects and timing delays in revenue inflows from grants, stand sales, and collections. Despite better returns on investments, outflows for developments reduced short-term liquidity below budgeted levels.

N24 – Property, plant and equipment

The higher-than-budgeted PPE is due to completed infrastructure projects (e.g., roads, stormwater systems) and unbudgeted donations (e.g., library from Anglo Platinum), enhancing service delivery. This increased the asset base beyond initial projections for the year.

N25 – Intangible assets

The variance in intangible assets under note N25 arises from a shortfall in planned additions, such as software and licenses, which did not proceed as anticipated, alongside increased amortisation costs. The original budget underestimated both the amortisation expenses and the timing of acquisitions, with key purchases deferred to year-end to align with operational demands and cost management strategies.

N26 – Investments

Investments were not budgeted for, but actual amounts reflect long-term placements (e.g., money market investments with Standard Bank) to generate higher interest income. This supports financial sustainability and was driven by excess cash from improved collections.

N27 – Employee benefit asset

The employee benefit asset was not anticipated in the budget, arising from actuarial valuations indicating overfunding in certain obligations (e.g., pensions). This positive adjustment reflects better-than-expected management of employee benefits.

N28 – Construction Work-in-Progress

The zero balance is due to allocation of WIP under PPE and not separately disclosed, the additions to WIP were consistent to what was expected as construction of various capital projects were carried out

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

N29 – Payables from exchange transactions

The higher payables are mainly due to credit purchases with increased supplier invoices from expanded operational and capital activities. This reflects timing differences in payments.

N30 – Trade and Other payables from non-exchange transactions

The zero actual is due to settlement or reclassification of all budgeted non-exchange payables, including adjustments for unspent grants now reflected elsewhere. Anticipated obligations from transfers and subsidies were resolved through cost containment and efficient management.

N31 – VAT payable

VAT payable was not budgeted, but actual reflects net output VAT from increased vatable revenue activities (e.g., service charges, stand sales). However, the municipality maintained an overall net receivable position due to high input claims from capital projects.

N32 – Employee benefit provision

The zero actual is because current employee benefit obligations (e.g., leave provisions) were reclassified to non-current or adjusted lower based on actuarial assessments and payments. Budget projections were overstated, assuming higher short-term realizations.

N33 – Unspent conditional grants and receipts

This variance is attributed to the reclassification of certain current obligations (e.g., leave provisions) to non-current liabilities based on actuarial assessments and payments made at year end. Budget projections were previously overstated, as they had assumed higher short-term realisations than what occurred during the budget period.

N34 – Provisions

The higher provisions are due to increased estimates for short-term obligations, including leave, bad debts, and environmental items, influenced by prior-year error adjustments. This exceeds budget due to updated assessments and implementation of write-off policies for non-rateable areas.

N35 – Borrowing

Borrowings were not budgeted, but actual reflects non-current loans (e.g., Standard Bank loan for Mashifane project) with interest capitalized. The variance arose from the standard bank loan and payment was carried out during the year

N36 – Employee benefit provision

The lower provision is due to actuarial adjustments, payments, and reclassifications reducing long-term obligations (e.g., pensions) below budgeted levels. This reflects improved management and lower-than-expected growth in employee-related costs.

N38 – Provisions

Non current portion of provisions result from updated assessments for landfill environmental rehabilitation, including new sites (e.g., Burgersfort), and prior-year error adjustments. This increased the liability beyond budget due to expanded operational needs and compliance requirements.

Statement of Cash flows

N39 - Property rates

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

The underperformance in cash receipts from property rates is due to incorrect budget projections in the 2025 cash flow statement, influenced by a lower collection rate of 75% following the implementation of the new 2023-2028 valuation roll. Actual collections were potentially reclassified under other revenue streams or delayed due to billing adjustments and challenges with state-owned and communal land properties.

N40 - Service charges

The overperformance in cash receipts from service charges is attributed to better-than-expected collections from waste management in nodal areas (e.g., Burgersfort, Ohrigstad, Steelpoort, Praktiseer), driven by formalization of informal settlements and inclusion of open stand service charges. This reflects enhanced revenue collection efforts and a surge in demand, based on year-to-date performance as of April 2025.

N41 - Transfers and Subsidies - Operational

The overperformance is due to additional funding received, including revised grant allocations for Equitable Share and other operational grants. This supports service delivery and reflects unspent conditional grants from prior periods being utilised, exceeding initial budget projections.

N42 - Transfer and Subsidies - Capital

The underperformance arises from incorrect budget classifications; actual capital grant receipts (e.g., MIG, INEP, Neighbourhood Development Grant) were recorded under operational transfers due to grant conditions, rollovers, or additional funding timing. No separate cash inflows were recognized for capital, as projects were funded through combined grant receipts.

N43 - Interest income

The underperformance is due to incorrect budget projections in the 2025 cash flow statement for interest income. Actual interest from investments and overdue debtors was not realised in cash as anticipated, amid low recoveries from overdue accounts .

N44 - Other revenue

The underperformance results from budgeted amounts not being received in cash, with actual receipts (e.g., from stand sales, agency services, fees earned) reclassified under service charges or other categories. Delays in infrastructure for developments like Mashifane Park shifted timelines, leading to no separate cash inflows recorded.

N45 - Suppliers and employees (Payments)

The underspending on payments to suppliers and employees is due to implementation of cost containment measures, delayed project executions, and unfilled posts, resulting in savings. This aligns with financial management strategies to optimize cash flow, with actual payments lower than budgeted amid reprioritization of expenditures.

N46 - Finance charges

The underspending reflects incorrect budget projections; no cash outflows for finance charges occurred as interest on borrowings was capitalized to PPE and expensed under the income statement. Late payment interests were minimised through improved payment timing and negotiations.

N47 - Capital assets

The underspending on capital asset outflows is due to actual expenditures being recorded under operating payments (e.g., suppliers for infrastructure projects) or funded directly by grants without separate cash outflows in investing activities. Delays in project completion (e.g., roads, electrification) also reduced cash disbursements below budgeted levels.

N48 - Short-term loans

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

The positive variance arises from unbudgeted short-term loans obtained (e.g., R100 million for Mashifane development and infrastructure received in 2024 for 3 years), there amount in the current year involves the repayments during the financial year. The budget for the repayment was included in the 2026 MTRF period.

N49-Public contributions and donations
The Municipality received funding for the Mashifane park Project, amounting to R10 954 054.
Furthermore the municipality capitalised completed SLP projects based on control as the community is already enjoying the benefits of these projects at an amount of R 13 026 500. These were not previously budgeted for.

N50- Impairment loss/reversal

Impairment losses were not budgeted for under note N50. The impairment loss emanates from halted infrastructure projects and was determined at year-end, with information that was not available during the budget period.

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

Reasons for adjustments to the approved Budget	Approved Budget	Adjustment	Final Budget	Reason for the adjustment
Statement of Financial Performance	-	-	-	2025
Service charges - Waste Management	30 947 302	(2 000 000)	28 947 302	Adjustment was done to cater for the results of the implementation of 2023-2028 valuation roll which resulted in increases in market values.
Sale of Goods and Rendering of Services	108 752 375	(66 260 950)	42 491 425	This was due to delays in infrastructure (e.g., roads, utilities) for stand sales, shifting revenue timelines for developments delays are emanating mostly from work outside the scope of the municipality like water connections and electricity connections.
Agency services	7 815 000	775 000	8 590 050	Over performance of the Agency Services due to the overtime work performed by the Licencing department by working during weekends to offer Enatis services.
Interest earned-Investments	6 481 771	334 000	6 815 771	Improved debtor collection efforts, boosting recovery of outstanding payments from a historically low base.
Rental from Fixed Assets	322 345	93 000	415 345	Increased due to growing demand for municipal asset rentals (e.g., halls, sports facilities), driven by community engagement and local events.
Operational revenue	2 128 000	746 000	2 874 000	Increased due to higher recoveries, including skills development levy refunds and staff-related cost recoveries from training initiatives.
Interest earned	11 764 489	1 336 000	13 100 489	Increased due to higher cash balances from better revenue collection and expenditure controls, increasing funds available for investment for the greater part of the year
Property rates	225 823 942	6 789 600	232 613 542	Adjustment was done to cater for the results of the implementation of 2023-2028 valuation roll which resulted in increases in market values.
Fines, penalties and forfeits	3 613 434	30 650	3 644 084	No major adjustment done.
Licences or permits	7 128 529	999 000	8 127 529	Increased due to higher traffic fines, reflecting initial expectations of enhanced enforcement, though collections remain uncertain.
Property rates - interest on outstanding debtors	22 449 201	4 000 000	26 449 201	Increased due to growing overdue accounts, notably from state-owned properties, accruing additional interest amid collection challenges.
Transfer and subsidies-operational	821 847 000	7 122 835	828 969 835	Increased to reflect revised grant allocations, supporting service delivery through updates to Equitable Share and other operational grants.
Employee related costs	(271 245 664)	(26 470 451)	(297 716 115)	Increased due to inflationary salary increases and critical new hires to enhance service delivery and administrative capacity.
Interest	(6 500 000)	6 000 000	500 000	Reduced as no new borrowings were undertaken, lowering interest expenses on municipal debt for the period.

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
Remuneration of councillors		(44 940 049)	(700 000)	(45 640 049)	Increased due inflationary salary adjustments, offset by cost containment measures reducing allowances and discretionary spending.	
Inventory consumed		(6 600 017)	1 246 856	(5 353 161)	Reduced due to a conservative approach to stock usage (e.g., office supplies, maintenance materials), aligning with cost containment.	
Depreciation and amortisation		(83 540 889)	-	(83 540 889)	No adjustment was performed	
Contracted services		(408 790 304)	49 209 169	(359 581 135)	Reduced through cost containment, reducing reliance on external providers (e.g., maintenance, consulting) as internal capacity grows.	
Irrecoverable debts written off		(2 073 500)	(1 161 586)	(3 235 086)	This is due to increased defaults, particularly from state-owned properties, despite efforts to improve collections.	
General expenses		(129 476 242)	(32 887 791)	(162 364 033)	Increased due to higher operational needs (e.g., utilities, admin costs), later moderated by cost containment measures.	
Statement of Financial Position		-	-	-		
Inventory		3 176 360	72 234 634	75 410 994	Increased due to land acquisitions for future developments, such as Mashifane Park expansion, increasing the stock of developable land	
Receivables from exchange transactions		16 518 730	16 774 452	33 293 182	Increased due to higher service charges and stand sales, reflecting enhanced revenue collection efforts aligned with financial sustainability.	
Receivables from non-exchange transactions		16 155 377	54 507 002	70 662 379	Increased due to updated property rates from the new valuation roll and increased fines, boosting municipal revenue streams.	
VAT		39 887 070	8 474 821	48 361 891	Increased due to higher input VAT from expanded capital and operational spending, supporting municipal activities.	
Other current assets		1 692 929	48 307 071	50 000 000	This is the investment account for the cash invested in a call account, which will earn interest for the municipality	
Cash and cash equivalents		235 320 640	(157 031 182)	78 289 458	Decreased due to elevated capital expenditures and timing delays in revenue inflows, affecting short-term liquidity.	
Heritage assets		1 068 300	-	1 068 000	No movement	
Construction work in progress		370 233 763	(10 503 635)	359 730 128	Decreased due to completed assets that were transferred to finished assets	
Investment property		60 800 000	(7 469 146)	53 330 854	Decreased due to reclassification of properties to inventories of land to be disposed	
Property Plant and Equipment		2 330 540 133	45 788 037	2 376 328 170	Increased due to completed infrastructure projects (e.g., roads, stormwater systems), enhancing service delivery and municipal capacity.	
Intangible assets		1 045 231	(685 054)	360 177	Decreased due to amortization of software and licenses, reflecting routine asset adjustments	
Current liabilities		-	-	-		
Payables from exchange transactions		(69 432 867)	37 552 305	(31 880 562)	Reduced due to increased payments for supplier payments from expanded operational and capital activities.	
Trade and other payables from non-exchange transactions		(71 316 070)	62 911 232	(8 404 838)	Decreased due to unspent grant adjustments, ensuring compliance with grant conditions.	

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
Borrowings		(1 005 995)	1 005 995	-		due to reclassification or short-term financing. This is for the 3 year loan for the Mashifane development, the loan is being paid off by the municipality
Consumer deposits		(15 665 694)	15 665 694	-		This reflects to new service connection deposits and transfers out this balance reflects growth in municipal service demand.
Provisions		(4 363 158)	2 333 899	(2 029 259)		Decreased due to education of employee related provisions that are expected to be top be realised within the next 12 months
VAT		(8 957 350)	8 957 350	-		The VAT output is on line with the revenue from municipal services which a vatable.
Non-current liabilities		-	-	-		
Provisions		(9 125 893)	(20 956 795)	(30 082 688)		Increase in provision is ,mainly based on the rehabilitation reserve, with new land fil sites in Burgersfort being put in to play the provision will also increase
Other non-current liabilities		1 005 995	(1 005 995)	-		
Accumulated surplus		(2 419 566 000)	(355 632 000)	(2 775 198 000)		Increase in revenue as a result of additional funding.
Cash Flow Statement		-	-	-		
CASH FLOW FROM OPERATING ACTIVITIES		-	-	-		
Property Rates (Receipts-Cash flows from operating activities)		232 327 000	(32 610 000)	162 620 000		This has decreased due to a lower collection rate of 75% post-new valuation roll implementation. Prior year was 80%
Transfer and subsidies- operational		635 886 000	(9 000 000)	626 886 000		This reduced due to the fact that expenses were revised lower due to cost containment and hence the corresponding grant income such as equitable share
Service Charges (Receipts-Cash flows from operating activities)		33 666 000	(6 716 000)	20 203 000		This has decreased due to a lower collection rate of 75% post-new valuation roll implementation. Prior year was 80%
Other Revenue (Receipts-Cash flows from operating activities)		133 655 000	(57 432 000)	66 442 000		Other revenue was decreased based on the decreased collection on sale of stands.
Transfers and Subsidies - Capital (Receipts-Cash flows from operating activities)		185 961 000	84 753 000	202 084 000		Increased due to additional capital grants such as MIG, supporting development goals.
Interest received		9 134 000	4 672 000	12 600 000		Increased due to higher investable cash balances, reflecting improved liquidity management.
Suppliers and employees		(879 203 000)	(1 181 000)	(880 384 000)		Increased marginally due to inflationary pressures but the increase was dampened due to cost containment and payment timing adjustments, optimising cash flow.
Finance charges		(15 949 000)	9 321 000	(15 939 679)		Incorrect budget projection.
CASH FLOW FROM INVESTING ACTIVITIES		-	-	-		
Increase in non-current investments		-	100 000 000	100 000 000		An amount of R100 million received on the medium-term loan.

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
Capital assets		(352 749 000)	6 928 000	345 821 000	Decreased due to delays in infrastructure projects, deferring capital spending to future periods when funds become available	
		756 646 224	(130 834 983)	1 185 680 312		

Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant account policies

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

1.1 Basis of preparations

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.

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

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

These accounting policies are consistent with the previous period.

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

These accounting policies are consistent with the previous period.

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

1.2 Presentation currency

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

1.3 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.

1.4 Materiality

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

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

1.5 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:

Accounting Policies

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

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

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

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

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.

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

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

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

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

Operating leases - lessee

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

2.Residual Values of Property, Plant and Equipment

GRAP 17 – Property, Plant and Equipment

Residual values are reviewed at least annually at each reporting date. Determining the residual values requires management to make judgements based on current prices for similar assets at the expected date of disposal, taking into account the condition and location of the asset.
Factors considered include:

Market-based evidence of residual values;

Expected physical condition of the asset at the end of its useful life; and

Economic factors, including technological changes and demand for the asset.

Where leases are classified as operating leases, management has exercised judgement in determining the lease term, escalation clauses, and whether the substance of the transaction is consistent with the definition of an operating lease.

Accounting Policies

3. Budget Information

GRAP 1 – Presentation of Financial Statements, paragraphs 13 and 150–157

The municipality discloses a comparison of the budget and actual amounts in the Annual Financial Statements, based on the approved budget. Judgement is applied in:

Determining which budget to present (original vs. final approved budget);

Identifying changes that constitute authorised budget adjustments; and

Mapping budget line items to financial statement presentation to ensure comparability.

4. Going Concern

GRAP 1 – Presentation of Financial Statements, paragraph 14

Management assesses the municipality’s ability to continue as a going concern by evaluating:

The municipality’s cash and cash equivalents position at year-end;

Expected revenue collection and grant receipts in the forthcoming period;

Commitments in the approved budget;

Contingent liabilities and outstanding litigation; and

The municipality’s historical ability to fund operations and capital projects.

This assessment involves forecasting future cash flows and considering available financing facilities, with the conclusion that there are no material uncertainties casting significant doubt on the municipality’s ability to continue operating in the foreseeable future.

5. Principal–Agent Arrangements

GRAP 109 – Accounting by Principals and Agents

Determining whether the municipality is acting as a principal or an agent in specific transactions requires the application of significant judgement. The following indicators are considered:

Control of the underlying resource before it is transferred to the third party;

Primary responsibility for fulfilling the obligations of the arrangement;

Pricing discretion in setting transaction terms; and

Credit risk borne in relation to the transaction.

Where the municipality is determined to be an agent, the transactions are not recognised as revenue or expenses but are disclosed in accordance with GRAP 109.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Accounting Policies

Trade receivables

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

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

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.
The cost of defined benefit pension contribution plans and other employment medical benefits is determined using actuarial valuations.
The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in note 9.

Traffic Debtors

The traffic fines will be impaired when the probability of collecting the outstanding amount is uncertain. The traffic fine shall be assessed "in each reporting period" individually to determine the recoverability rate of the amount collected and thereafter determine percentage for provision to be made based on the calculation recoverability rate. The provision for doubtful debts on traffic fines will be informed by the recoverability rate.

Accounting Policies

Impairment of Consumer and Other Receivables

The calculation in respect of the impairment of debtors is based on the municipality's approved policy on calculation of doubtful debts. In accordance with GRAP 104 (Financial Instruments), an objective assessment of financial assets is made at year end to determine possible impairment. Impairment loss is recognised as an expense in the Statement of Financial Performance.
The determination of the impairment loss is guided by the following principles as per GRAP 104. The municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. (Individual Debtors' balances that constitute at least 5 percent of the total debtors' book are considered to be individually significant by the municipality).
Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.
Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment. As soon as information becomes available that specifically identifies losses on individually impaired assets in a group (that are collectively assessed for impairment), those assets are removed from the group and assessed individually for impairment.
For collective assessment of impairment, as indicated above, assets with similar credit risk characteristics are grouped together. The credit risk characteristics should be indicative of the debtors' ability to pay all amounts due according to the contractual terms.
The method used in determining the group of assets to be assessed for impairment, is a grading process that considers the:
-Debtor type
-Industry
-Past due status (e.g. days/months that the accounts are in arrears)
Consumer debtors are evaluated at the end of the reporting date and impaired as follows:
a) Timing of Assessment
The Municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired.
b) Evidence of Impairment
Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired:
• Indigent accounts.
• Inactive accounts.
• Accounts handed over to debt collectors and/or power of attorney, and not yet recovered at year-end.
• All accounts with balances outstanding 270 days and longer as these accounts are considered to be past due.
c) Calculation and Recognition of Impairment Loss
1. The impairment loss is calculated as the difference between the carrying value at reporting date less the present value of expected future cash flows:
Carrying Amount at reporting Date - Present Value of Future Expected Cashflows = Impairment Loss
2. The carrying amount (Expected Future Cash Flows) at reporting date is calculated as follows:
Gross carrying amount Less debtors to be impaired 100% (Indigent debtors, Handed over Debtors, Debtors with balances 270 days and longer)
The Discount Rate used is derived from the policy (prime plus 1%), average for the financial year.
4) The Expected Repayment Term is 30 days (derived from the policy).

Classification as investment property

The municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio has either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and carrying value of items of property plant and equipment

The estimation of the useful lives of assets is based on management's judgment. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Accounting Policies

1.6 Investment property

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

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

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.

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.

The fair value of investment property reflects market conditions at the reporting date.

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.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.7 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Accounting Policies

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 municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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.

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	2-40 years
Plant and Machinery	Straight-line	2-40 years
Furniture and Office Equipment	Straight-line	4-40 years
Motor vehicles	Straight-line	5-25 years
Office equipment	Straight-line	3-50 years
Computer equipment	Straight-line	3-25 years
Infrastructure Assets	Straight-line	2-150 years
Community Assets	Straight-line	3-80 years
Landfill site assets	Straight-line	20-100 years
Other property, plant and equipment	Straight-line	3-50 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. (Depreciation per day)

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

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

Accounting Policies

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Intangible assets

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

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

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

Accounting Policies

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3-25 years

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

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

1.9 Heritage assets

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

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

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

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

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

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset’s net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

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.

Derecognition

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

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

1.10 Financial instruments

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

Accounting Policies

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash.
- a residual interest of another municipality or
- a contractual right to
  - receive cash or another financial asset from another municipality or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital.
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an municipality's net assets, either before the contribution occurs or at the time of the contribution or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the municipality designates at fair value at initial recognition; or
- are held for trading.

Accounting Policies

Classification

The municipality 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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Consumer debtors from exchange transactions	Financial asset measured at amortised cost
Consumer debtors from non-exchange transactions	Financial asset measured at amortised cost
Long term investments	Financial asset measured at amortised cost

The municipality 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
Borrowing	Financial liability measured at amortised cost
Payable from exchange	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The municicpality measures all financial assets and financial liabilities after initial recognition using the following categories:
-Financial instruments at amortised cost.
All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Accounting Policies

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.
The municipality derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived.
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
- 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.

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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

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

Financial liabilities

The municipality 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 municipality 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).

1.11 Statutory receivables

Identification

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

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

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

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

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

The municipality has identified the following statutory receivables and their applicable legislation:

Name	Legislation
Property rates	Municipal Property Rates Act No. 6 of 2004.
Traffic fines	Criminal Procedures Act 51 of 1977.
	Administrative Adjudication of Road Traffic Act.
VAT Receivable	Value Added Tax Act 89 of 1991 (VAT Act).

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 municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

- interest or other charges that may have accrued on the receivable (where applicable)
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Accounting Policies

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 municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or another 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, the 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 municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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

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

Derecognition

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

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

Accounting Policies

1.12 Value-Added Tax (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 Value-Added Tax Act No.89 of 1991.

The municipality recognises VAT on the accrual basis and declares it to SARS on a cash basis.

Revenue, expenses and assets are recognised net of the amounts of value added tax (VAT) measured in terms of the VAT Act except:

• Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
• Receivables and payables that are stated with the amount VAT included.
Where recoverable VAT amount (input VAT) exceeds payable VAT amount (output VAT), the municipality recognises VAT receivable. In case where output VAT exceeds input VAT, the municipality recognises VAT payable.
VAT receivable is an asset and creates a statutory receivable as defined in GRAP 108 - Statutory receivables.

1.13 Inventories

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

Subsequent measurement

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

Consumables and municipal bins

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

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

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

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

1.14 Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank, cash on hand and short- term investments.

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of cash-generating assets.

Identification

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

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

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

Accounting Policies

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Accounting Policies

1.16 Employee benefits

Short-term employee benefits

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

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

Short-term employee benefits include items such as:
- 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 service to the municipality during a reporting period, the municipality recognise 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 municipality recognise 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 municipality 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 recognise the expected cost of bonus, incentive and performance related payments when the municipality 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

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.
Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits
for one or more employees.

Accounting Policies

Post employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate
municipality (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 municipality during a reporting period, the municipality recognise 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, an municipality recognise 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.

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.

Other long-term employee benefits
Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The cost for each employee is computed at each reporting date based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. On determining this liability due allowance is made for future salary increases. Actuarial gains and losses are recognised in full in the year they are incurred.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.17 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.

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.

If an 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 as an asset or liability in the financial statements. Contingencies are disclosed in note 51.

Accounting Policies

Decommissioning, restoration and similar liability

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:

If the related asset is measured using the cost model:
- changes in the liability is 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 municipality considers 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 municipality tests 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 1.15.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

1.18 Commitments

Items are classified as commitments when an municipality 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. The municipality discloses commitments arising from:

- Operating leases in accordance with GRAP 13,

- The purchase, construction, development, or repair and maintenance of investment property in accordance with GRAP 16,

- The acquisition of property, plant and equipment and intangible assets in accordance with GRAP 17 and GRAP 3,

- The acquisition, maintenance and restoration of heritage assets in accordance with GRAP 103,

- Contractual arrangements between related parties in accordance with GRAP 20.

Accounting Policies

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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. Sale of stands is recognised in full once payment has been fully made and that is the point in time where the risk and rewards are transferred and the title deeds will be issued to the buyer.
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property.
Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Interest

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

Accounting Policies

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

Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Other revenue from exchange

1.Unclaimed Deposits – Exchange Revenue

Unclaimed deposits relating to exchange transactions are recognised as revenue when:

The deposit has remained unclaimed for a period determined in accordance with municipal policy and applicable legislation;

All reasonable efforts to trace the rightful owner have been exhausted; and

The municipality has obtained legal entitlement to the amount.

The transaction is recognised in surplus or deficit under Other Income – Unclaimed Deposits. This treatment is consistent with GRAP 9 when the underlying transaction meets the definition of an exchange transaction.

2. Fees Earned

Fees for services rendered are recognised as revenue when:

The service has been provided to the customer;

The amount of revenue can be measured reliably; and

It is probable that the economic benefits will flow to the municipality.

Examples include clearance certificate fees, tender document sales, photocopying and printing services, and facility hire fees. Revenue is recognised in the period in which the service is rendered.

3. Other Income

Other income from exchange transactions includes revenue streams that do not fall under the municipality’s main operating activities but arise from transactions where there is an exchange of approximately equal value. Examples include rental income from operating leases, sale of scrap, and insurance recoveries relating to operational activities.

Revenue from other income is recognised when:

The risks and rewards of ownership have transferred to the buyer (for goods); or

The service has been performed (for services); and

Collection is probable and the amount can be measured reliably.

Accounting Policies

1.20 Revenue from non-exchange transactions

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

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

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

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

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

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

Recognition

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

Payments received from third parties like insurance refunds are recognised as revenue.

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.

All unclaimed deposits are initially recognised as a liability. All unclaimed deposits that are more than one year old are transferred to the accumulated surplus.

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.

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

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.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

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.

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.

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

Fines

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

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

Gifts and donations

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

1.21 Investment income

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

1.22 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of period to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred.
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.13 and 1.15. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Accounting Policies

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Accounting by principals and agents

Identification

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

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

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

Principle-agent arrangement
The Constitution of the Republic of South Africa, 1996 (the Constitution), sets out the various responsibilities of government, and assigns activities to various spheres of government or to particular types of entities. Supporting legislation within each sphere of government sets out the mandate, authority, roles and responsibilities of specific entities in undertaking the activities outlined in the Constitution. In many cases, this legislation results in the establishment of separate entities to undertake these activities. It is however not feasible to establish separate entities in all instances, and it may be more efficient and effective to utilise other entities to undertake certain activities. As a result, entities frequently have certain activities executed by another municipality, or undertake activities on behalf of other entities. The ultimate responsibility, however, for the various activities still rests
with the entities identified in legislation.

Where these arrangements exist, it is important to identify which municipality should account for the transactions arising from these
activities, and what resulting revenue, expenses, assets and/or liabilities should be recognised. Examples of typical arrangements where one municipality undertakes activities on behalf of another municipality in the public sector may include:
• The collection of revenue, including taxes, fees and other charges from specific parties, e.g. motor vehicle licence fees collected by municipalities for the provincial government, and taxes collected by the Revenue Authority for the national government.
• The construction of assets, e.g. houses built for beneficiaries of the reconstruction and development programme, for national and/or provincial housing departments and organisations.
• The provision of goods and services to recipients, e.g. the provision of water to specific communities by municipalities on behalf of water service authorities.
Property management services, which may include the maintenance of properties and collection of revenue, for the Department of Public Works and/or municipalities.

Service concession arrangements may be an example of a principal-agent arrangement as one party (the operator, which is usually a private sector municipality) carries out certain activities on behalf of the other municipality (the grantor, which is usually a public
sector municipality) in relation to third parties (the public). An municipality should assess whether a principal-agent arrangement exists, and
whether it is a principal or an agent in such an arrangement using this Standard.

When an municipality directs another municipality to undertake an activity on its behalf, it must consider whether it is a party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an municipality acting on behalf of another municipality in
relation to transactions with third parties. In the absence of transactions with third parties, the arrangement is not a principal-agent arrangement, and the municipality then acts in another capacity rather than as an agent. This type of assessment may be
particularly relevant to the following two scenarios that are often encountered in the public sector:
(a) Entities, particularly national and provincial departments, are often asked to collect money from public entities or other agencies and to subsequently deposit the money into the relevant revenue fund. In these arrangements, although the departments seemingly undertake activities on behalf of the revenue fund, there is no specific direction given by the revenue fund in relation to the transactions with third parties. As a result, such arrangements may not meet the definition of a principal-agent arrangement.

b) The structure and operation of the public sector means that entities frequently control other entities in accordance with the Standard of GRAP on Consolidated Financial Statements (GRAP 35). Although these control relationships mean that the controlling municipality is able to direct the activities of an municipality so that it benefits from those activities, these relationships by
themselves do not indicate the existence of a principal-agent arrangement. Only where a controlling municipality specifically directs a
controlled municipality to undertake transactions with third parties for its benefit will a principal-agent arrangement exist. In control
relationships, it is possible for one or more principal-agent arrangements to exist within the context of a control relationship.

“Transactions with third parties” in the context of this Standard includes the execution of a specific transaction with a third party, e.g. a sale or purchase transaction, but it also includes interactions with third parties, e.g. when an agent is able to negotiate with third parties on the principal’s behalf. The nature of the transactions with third parties is linked to the type of activities carried out by the agent in accordance with the binding arrangement. These activities could include the agent transacting with third parties for the procurement or disposal of resources, or the receipt resources from a third party on behalf of the principal.

Principal-agent arrangements usually exist as a result of a binding arrangement between the parties to the arrangement. It is unlikely that an municipality would undertake activities on behalf of another municipality in the absence of a binding arrangement as the
arrangement imposes rights and obligations on the parties to perform in a particular manner.

Where no binding arrangement exists, it is assumed that the municipality is acting for itself, rather than on behalf of another municipality. As
a result, no principal-agent arrangement exists in the absence of a binding arrangement.

Presentation
Where assets and liabilities are recognised, in accordance with other Standards of GRAP by an agent in respect of those transactions that it undertakes on behalf of its principal, it is inappropriate to offset the assets and liabilities recognised, unless another Standard of GRAP permits the offsetting of such amounts.

Disclosure
An municipality that is a party to a principal-agent arrangement shall disclose:
(a) a description of the arrangement, including the transactions undertaken.
(b) whether the municipality is the principal or agent and any significant judgement applied in making this assessment.
(c) significant terms and conditions of the arrangements and whether any changes occurred during the reporting period; and
(d) an explanation of the purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship.

Disclosure by agents
A municipality that is the agent in a principal-agent arrangement shall disclose the following in the notes to the financial statements:
(a) a description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal but recognised in the agent’s own financial statements. Such disclosure shall include:
(i) the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and
(ii) risks that are transferred from the principal to the agent (if any), including risks flowing to the municipality as a result of its custodianship over the resources held on behalf of a principal.
(b) the aggregate amount of revenue that the municipality recognises as compensation for the transactions carried out on behalf of
the principal; and
(c) a description of any liabilities incurred on behalf of a principal that have been recognised by the municipality, as well as any corresponding rights of reimbursement that have been recognised as assets.

An agent shall disclose information in the notes to the financial statements about the revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement. An agent shall disclose:
(a) The category of revenue received or to be received, as well as the category of expenses paid or accrued on behalf of the principal.
(b) The amount of revenue received or to be received, as well as the amount of expenses paid or accrued on behalf of the principal during the reporting period per category of revenue or expense.

1.24 Comparative figures

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

Accounting Policies

1.25 Unauthorised expenditure

Unauthorised expenditure is defined in section 1 of the MFMA as follows:
“unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—
(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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as Expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.27 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:
“irregular expenditure”, in relation to a municipality or municipal municipality, means—
(a) expenditure incurred by a municipality or municipal municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or municipality or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

In this context ‘expenditure’ refers to any use of municipal funds that is in contravention of the following legislation:
- Municipal Finance Management Act, Act 56 of 2003, and its regulations;
- Municipal Systems Act, Act 32 of 2000, and its regulations;
- Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
- The municipality’s supply chain management policy, and any by-laws giving effect to that policy.
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Accounting Policies

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc. (as applicable).

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.28 Segment information

A segment is an activity of an municipality:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same municipality);
- 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.

Reportable segment Goods and/or services

Community services - Removal and disposal of waste, traffic safety, municipal bylaws and security. Provision of libraries, pounds, public parks and cemeteries.

Finance - Ensure proper management of municipal finances to improve financial viability, revenue, budget control, expenditure and free basic services. It also administers supply chain, fleet and asset management services.

Technical services - Technical Services Administration, Roads, Storm Water.

Corporate services - Corporate Services Administration, Executive Support., Waste Management Waste disposal.

Development Planning - Development Planning Services Administration, Municipal Buildings.

Local Economic Development - Economic & Land Development Administration.

Municipal Manager - Municipal Manager Administration.

Accounting Policies

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 municipality'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 municipality's financial statements.

1.29 Budget information

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

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

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

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

The budget for the economic municipality 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.

For purposes of explaining the variances between the budget versus actual performance, variances below the *10% of budget* threshold are considered immaterial and are not reported.

1.30 Related parties

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

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

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

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

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

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

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

Accounting Policies

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

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

Events after the 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.

1.31 Conditional grants and receipts

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

1.32 Prior period errors

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

GRAP 25 (as revised): Employee Benefits

Background

Key amendments to GRAP 25

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet defined	The impact of the is not material.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact of the is not material.

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	54 550 000	-	54 550 000	53 330 854	-	53 330 854

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	53 330 854	1 219 146	54 550 000

Reconciliation of investment property - 2024

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	78 233 600	(26 500 000)	1 597 254	53 330 854

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.

The fair values of investment property as measured or disclosed in the financial statements are based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3. Investment property (continued)

The determination of fair values was supported by market evidence, the location, type and condition of the property (land. The type of property, the zoning of the property, the location of the property, the highest and best use of the property and the size of the property are some of the factors that were taken into consideration when deciding on a correct valuation method. The following valuation methods were used in the valuation:

The comparative method – (Residential & Vacant Land / Agricultural Properties).

The principle of comparison is based on the economic concept of substitution that a knowledgeable and prudent person would not pay more for a property than the cost of acquiring an equally satisfactory substitute. This implies that, within a suitable time frame, the values of properties that are considered to be close substitutes in terms of location, utility and desirability will tend to be similar, and the lowest price of the best alternative tends to establish market value.

A property may be valued by comparing it to similar properties for which recent price information is available. Comparable properties are selected on the basis of their **elements of comparison** which include the key transaction information,

such as the date, price paid, market rent (MR) and yield, as well as the determinants of value such as size, location, use, age, condition, and tenure.

Investment method/income method (Business & Industrial / Agricultural Properties).

The income capitalisation method is a discounting method just as the DCF valuation method and takes into account the time value of money. It encompasses the following rationale:

The property is valued by discounting the expected future net income for a specific period at an appropriate capitalisation rate (Years Purchase) to give the present value (PV) of the expected net income cash flow.

Residual method (Vacant Land).

The actual value of a particular piece of land (or site) will depend on not only

on its current or existing use but also on its potential use and the anticipation

of development rights – often referred to as **hope value** or development value. Changes in supply and demand may influence the development value of a piece of land to an extent that competition may increase the value of the land for reasons that have little to do with its current use, and it is the valuation of these potential development rights.

This method is a project-based valuation approach, known as the **residual method of valuation**, is used. It is based on the assumption that an element of latent or residual value is released after development has taken place. The value of the site in its proposed state is estimated, as are all of the costs involved in the development, including a suitable level of return to the developer. If the value of the completed development is greater than its cost to build, the difference, known as the **residual value**, is the value of site.

3. Investment property (continued)

Replacement Cost Method & Depreciated Replacement Cost Method (DCF) (Mining, Places of Worship/ Specialised properties).

The replacement cost or contractor’s method also known as **Reinstatement Value,** is used to value specialist properties that are seldom sold because there is no clear market demand. Consequently, there is little or no comparable evidence. The method is employed when the existing uses of these sorts of properties need to be valued for corporate disclosure (reporting the value of property assets in company accounts), purposes for business rates for compulsory purchase and compensation. The method is also used to estimate the replacement cost for insurance valuations. The Depreciated Replacement Cost Method (DRC) is applied when the property is “fit for purpose built” or specialised and would therefore rarely come to the market for sale. The nature of design, location and its use mean that the property has limited marketability except for its current use.

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	340 718 983	-	340 718 983	340 718 982	-	340 718 982
Buildings	187 328 368	(54 307 893)	133 020 475	186 973 930	(47 190 817)	139 783 113
Plant and machinery	73 650 816	(36 956 775)	36 694 041	69 971 960	(39 164 116)	30 807 844
Furniture and office equipment	32 148 003	(17 385 557)	14 762 446	28 633 199	(14 477 727)	14 155 472
Motor vehicles	33 457 917	(15 424 168)	18 033 749	30 375 358	(13 207 537)	17 167 821
IT equipment	30 846 352	(19 233 074)	11 613 278	29 082 032	(17 349 868)	11 732 164
Infrastructure assets	2 933 785 140	(1 072 952 872)	1 860 832 268	2 841 212 792	(1 005 930 870)	1 835 281 922
Community assets	254 381 340	(74 822 327)	179 559 013	235 852 411	(65 791 632)	170 060 779
Work in progress	316 258 139	(886 688)	315 371 451	167 884 832	(886 688)	166 998 144
Land - landfill site	5 150 735	(2 551 890)	2 598 845	4 176 950	(1 872 606)	2 304 344
Total	**4 207 725 793**	**(1 294 521 244)**	**2 913 204 549**	**3 934 882 446**	**(1 205 871 861)**	**2 729 010 585**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Revaluations/reclassification	Public contribution and donation	Depreciation	Impairment loss	Total
Land	340 718 983	-	-	-	-	-	-	-	340 718 983
Buildings	139 783 113	324 329	-	-	-	-	(7 086 967)	-	133 020 475
Plant and machinery	30 807 844	11 800 949	(73 665)	654 187	-	-	(6 495 274)	-	36 694 041
Furniture and office equipment	14 155 472	2 086 463	(165 254)	911 722	-	513 840	(2 739 797)	-	14 762 446
Motor vehicles	17 167 820	5 855 768	(428 381)	-	-	-	(4 561 458)	-	18 033 749
IT equipment	11 732 164	3 501 972	(72 359)	382 275	-	708 144	(4 638 918)	-	11 613 278
Infrastructure	1 835 281 923	43 370	(423)	92 300 938	-	153 229	(66 882 692)	(64 077)	1 860 832 268
Community assets	170 060 779	-	-	13 259 928	-	5 269 000	(9 030 694)	-	179 559 013
Work in progress	166 998 144	243 930 759	-	(107 509 050)	-	11 951 598	-	-	315 371 451
Land - Landfill site	2 304 344	-	-	-	459 097	-	(164 596)	-	2 598 845
	2 729 010 586	**267 543 610**	**(740 082)**	**-**	**459 097**	**18 595 811**	**(101 600 396)**	**(64 077)**	**2 913 204 549**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Change in useful life	Prior period error	Other changes, movements	Depreciation	Impairment loss	Total
Land	185 318 983	155 399 999	-	-	-	-	-	-	-	-	340 718 982
Buildings	146 888 441	-	-	-	-	7 712	-	-	(7 113 039)	-	139 783 113
Plant and machinery	18 776 067	15 565 526	-	-	-	-	981 888	-	(4 515 637)	-	30 807 844
Furniture and office equipment	8 832 987	7 323 232	-	-	-	-	14 321	-	(2 015 067)	-	14 155 473
Motor vehicles	16 539 055	4 158 450	-	-	-	-	20 000	-	(3 549 684)	-	17 167 821
IT equipment	11 785 792	3 933 919	-	-	-	-	-	-	(3 987 547)	-	11 732 164
Infrastructure	1 746 673 566	1 733 068	-	(4 962 992)	149 888 152	73 157	1 676 765	17 391 303	(54 996 441)	(22 194 639)	1 835 281 939
Community assets	178 811 728	195 000	-	-	348 790	(45 078)	-	-	(9 249 657)	-	170 060 783
Work in progress	114 688 492	204 582 606	-	-	(150 236 942)	-	(1 149 324)	-	-	(886 688)	166 998 138
Land - Landfill site	6 060 925	-	(514 688)	-	-	-	-	-	(233 037)	-	2 304 344
Other assets	(1 834 224)	-	-	-	-	-	(996 252)	-	(178 380)	-	-
	2 432 541 812	**392 891 800**	**(514 688)**	**(4 962 992)**	**-**	**35 791**	**547 398**	**17 391 303**	**(85 838 489)**	**(23 081 327)**	**2 729 010 601**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within IT	Total
Opening balance	136 852 122	28 077 719	2 068 303	166 998 144
Additions/capital expenditure	163 357 906	92 524 455	-	255 882 361
Transferred to completed items	(92 300 938)	(13 480 924)	(1 727 191)	(107 509 053)
	207 909 090	**107 121 250**	**341 112**	**315 371 452**

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	95 530 321	18 099 667	1 058 503	114 688 491
Additions/capital expenditure	266 671 385	10 326 842	1 727 191	278 725 418
Transfer to PPE	(149 888 152)	(348 790)	-	(150 236 942)
Impairment	(886 688)	-	-	(886 688)
Adjustment	1 256 853	-	586 957	1 843 810
Prior year adjustment	(1 688 787)	-	(1 304 348)	(2 993 135)
Transfer to expenditure	(74 142 805)	-	-	(74 142 805)
	136 852 127	**28 077 719**	**2 068 303**	**166 998 149**

SLP projects (Donations)

Asset description	SLP Provider	Asset category	Fair value at date of capitalisation
Moopetsi library and ICT center	Twickenham Mine	Community assets	5 269 000
Water tank, filter & pump	Twickenham	Machinery and equipment	153 229
Computer equipment	Twickenham mine	Computer equipment	720 544
Furniture and office equipment	Twickenham	Furniture and office equipment	502 822
			6 645 595

The municipality capitalised completed SLP projects based on control as the community is already enjoying the benefits of these projects. Condition assessment was performed during the year and the SLP projects were included in the asset register at fair value as guided by GRAP 23 paragraph 98

2. Receipt of technical handover from mines after verification of the assets by the municipality.

Donation	**Donor**	**Asset category**	**Fair value at capitalisation**
Moopetsi Traffic office	Bohwa Bja Rena trust	Buildings	235 000
Mashifane park donation	Treasury	Work in progress	11 951 598
			12 186 598

4. Property, plant and equipment (continued)

WIP projects temporarily stopped or taking long to complete

Included in the Work in Progress are projects that are taking significantly longer period to complete than expected with a carrying value of R36 549 352.20 (2024: R33 087 849.81) The delays in completion were due to non-availability of adequate funding however these projects are not impaired.

Projects delayed in completion	Carrying value at June 2025	Carrying value at 30 June 2024
Highmast phase 2- Awaiting energisation	11 808 814	11 808 814
Construction of boreholes- Boreholes are incomplete and pumps to be reconnected	232 000	232 000
Computer hardware- Materials in stores awaiting installation	341 112	341 112
Praktiseer library-	17 646 993	14 185 488
	30 028 919	**26 567 414**

Projects temporarily halted	Carrying value at June 2025	Carrying value as 30 June 2024
Refurbishment of Fetakgomo sports complex and other dilapidated municipal sports complex within the municipality- Ended at design stage. Project has not commenced due to financial challenges	1 480 501	1 480 501
Mashamotane access road to moshate- Ended at design stage- Project has not commenced due to financial challenges	260 321	260 321
Malogeng landfill site internal street- Project has not commenced due to financial challenges	324 296	324 296
Ohrigstad road & stormwater - Ended at design stage. Project has not commenced due to financial challenges	260 870	260 870
N1 GA-Mohlopi to Holong road - Ended at design stage. Project has not commenced due to financial challenges	246 353	246 353
Praktiseer roads and stormwater - Ended at design stage. Project has not commenced due to financial challenges	206 623	206 623
Nkotsana primary school access bridge- Ended at design stage. Project has not commenced due to financial challenges	608 695	608 695
Shubushung access bridge - Ended at design stage. Project has not commenced due to financial challenges	363 952	363 952
Planning and design Tidintitsane bridge- Ended at design stage. Project has not commenced due to financial challenges	554 890	554 890
	4 306 501	**4 306 501**

4. Property, plant and equipment (continued)

Details of properties

Municipalities shared and continue to share responsibility with provinces for the release of land for housing development, land use planning, and land use and building control. In terms of this responsibility, the Department of Human Settlement identified and repatriated land owned by the municipality to fulfil its mandate with respect to the delivery of houses. Included in the register for the municipality, there is land located in Mecklenburg and Hoeraroep transferred by the Provincial Government of Limpopo and Department of Rural development with occupants for the purpose of town establishments. Whilst the municipality has legal title to the land, it does not recognise the land because from the date of repatriation, the Department of Human Settlements is responsible for the subdivision, planning and urban development and the subsequent allocation of the built houses to beneficiaries. The Municipality has no right to control the land and is not involved in key decision making with respect to the use of this land. Council took a resolution to derecognise these land and properties in the financial statements.

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.

Land which Municipality has no control
Land with the value of R26,485,460 at 30 June 2025 were not included in the Land Register since the Municipality has no control

Private residents have built their houses on the land and steps are being undertaken by the Municipality to alienate the land. Alienation in Fetakgomo will be undertaken once bulk services have been provided. Mecklenburg formalisation is yet to be undertaken.

Area	**Cost (R)**
Mecklenburg A	14,523,000
Mecklenburg B	10,390,000
Fetakgomo ext3	187,404
Fetakgomo ext4	102,596
Fetakgomo ext5	1,134,959
Fetakgomo ext7	147,501
TOTAL	**26,485,460**

Properties which Municipality has no Control

Burgersfort Properties	R14,735,261

Properties with the fair value of R14,735,261 at 30 June 2025 were not included in the register because the municipality has no control.

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 758 118	(640 457)	2 117 661	2 063 740	(482 726)	1 581 014

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1 581 014	694 378	(157 731)	2 117 661

Reconciliation of intangible assets - 2024

	Opening balance	Prior period	Amortisation	Total
Computer software	436 535	1 241 973	(97 494)	1 581 014

6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1 068 300	-	1 068 300	1 068 300	-	1 068 300

Reconciliation of heritage assets 2025

	Opening balance	Total
Art Collections, antiquities and exhibits	1 068 300	1 068 300

Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	1 068 300	1 068 300

Heritage assets consist of the mayoral chains from the former Fetakgomo and former Tubatse Local Municipalities, and are carried at deemed cost.

7. Long term investment

Residual interest at cost		
Standard bank- Fixed deposit - 038578492 007	50 000 000	50 000 000
Terms and conditions		
Fixed deposit of R50 000 000 at 10,59%, from 06 November 2023 to 06 November 2026.		
Standard bank- Interest on fixed deposit- 038578492007	8 747 630	3 452 630
	58 747 630	**53 452 630**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Long term investment (continued)

Non-current assets		
Residual interest at cost	58 747 630	53 452 630

8. Payables from exchange transactions

Trade payables	80 172 425	86 724 675
Sale of land deposits	12 272 103	14 125 269
Unallocated receipts	752 556	-
Accrued bonus	5 405 117	5 222 178
Retention creditors	67 856 676	64 061 471
Other payables and accruals	52 345 563	83 349 891
Consumer debtors in credit	3 274 418	4 095 908
	222 078 858	**257 579 392**

9. Employee benefit obligations

Defined benefit plan

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(26 425 756)	(22 017 334)
Present value of the defined benefit obligation-partly or wholly funded	(1 866 607)	(1 733 737)
Fair value of plan assets	(3 569 485)	(3 129 153)
Fair value of reimbursement rights	444 974	178 288
Actuarial gain /loss	(485 371)	276 180
	(31 902 245)	**(26 425 756)**

Post retirement medical aid	-	-
Non-current liabilities	(31 469 433)	(25 980 782)
Current liabilities	(432 812)	(444 974)
	(31 902 245)	**(26 425 756)**

Net expense recognised in the statement of financial performance		
Current service cost	1 866 607	1 733 737
Interest cost	3 569 485	3 129 153
Actuarial gains	485 371	(276 180)
	5 921 463	**4 586 710**

Calculation of actuarial gains and losses		
Actuarial gains - Obligation	485 371	(276 180)

LONG SERVICE AWARDS

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

Opening balance	(13 116 605)	(11 670 093)
Current Service cost	(962 955)	(866 599)
Interest cost	(1 288 478)	(1 193 402)
Benefits paid	1 886 069	2 001 889
Actuarial losses	(1 170 332)	(1 388 400)
	(14 652 301)	**(13 116 605)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Employee benefit obligations (continued)

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

Opening balance	12 422 452	8 974 051
Net expense recognised in the statement of financial performance	3 421 765	3 448 401
	15 844 217	**12 422 452**

Net expense recognised in the statement of financial performance

Current service cost	962 955	866 599
Interest cost	1 288 478	1 193 402
Actuarial (gains) losses	1 170 332	1 388 400
	3 421 765	**3 448 401**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	1 170 332	1 388 400

Long service awards		
Non-Current Liabilities	(12 425 460)	(11 956 472)
Current Liabilities	(2 226 841)	(1 160 133)
	(14 652 301)	**(13 116 605)**

Total employee benefit obligation		
Non-Current Liabilities	(43 894 893)	(37 937 254)
Current Liabilities	(2 659 653)	(1 605 107)
	(46 554 546)	**(39 542 361)**

Figures in Rand	2025	2024

9. Employee benefit obligations (continued)

Defined contribution plan

Post retirement medical aid plan

- The actuarial valuation determined that the retirement plan was in a sound financial position
  .
  The plan is a post employment medical benefit plan.

  Post retirement medical aid plan

  The employer’s post-employment health care liability consists of a commitment to pay a portion of the pensioners’ post-employment medical scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical scheme after the death of the primary member.

  Fetakgomo is committed to paying subsidies broadly as follows:

  • All new continuation pensioners (that are currently still in service) and their dependents will receive a 70% subsidy subject to the maximum (CAP) amount of R5 791.15 (per month per member) for the financial period from 1 July 2025.
  • All existing continuation pensioners and their dependents will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R5, 791.15 (per month per member) from 1 July 2024.
  • We have assumed that the subsidy would increase by 50% of long-term CPI.

Valuation method
In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer’s post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.:

Assumption		
Discount rate (D)	12,64 %	13,62 %
Consumer price inflation (C)	7,10 %	8,00 %
Health care cost inflation (H)	8,60 %	9,50 %
Net discount rate ((1+D)/(1+H)-1)	**3,71 %**	**3,77 %**

9. Employee benefit obligations (continued)

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.
According to GRAP 251; "The discount rate that reflects the time value of money is best approximated by reference to market yields at the end of the reporting period on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an municipality uses current market rates of the appropriate term to discount shorter-term1 payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve. The total present value of a defined benefit obligation is unlikely to be particularly sensitive to the discount rate applied to the portion of benefits that is payable beyond the final maturity of the available financial instrument"
The yield curves used for the derivation of the discount rate are the NACS (Nominal and Real) Zero Curves as published by the Johannesburg Stock Exchange. The Nominal NACS curve illustrates the nominal zero-coupon yields, which are Nominal Compounded Semi-Annually. This gives us an idea of the nominal return at varying durations. The Real NACS curve illustrates Real zero-coupon bond yields, which are Nominal Annual Compounded Semi-Annually. This gives us an idea of the real return at varying durations.
The methodology of setting the financial assumptions has been updated to be more duration-specific. At the previous valuation report, 30 June 2024, the duration of liabilities was 15.70 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 12.64% per annum, and the yield on inflation-linked bonds of a similar term was about 5.17% per annum. This implies an underlying expectation of inflation of 7.10% per annum ([1 + 12.64%] / [1 + 5.17%] - 1).
We have assumed that healthcare cost inflation would exceed general inflation by 1.50% per annum, i.e. 8.60% per annum.
However, it is the relative levels of the discount rate and healthcare cost inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.71% per annum ([1 + 12.64%] / [1 + 8.60%] - 1).

Assumption	Active employees	Pensioners
Normal retirement age	65	
Fully accrued age (to take into account ill-health and early retirement decrements)	63	
Employment age used for past service period	Actual service entry ages	Actual service entry ages
Age difference between spouses	5 years	Actual ages used
Proportion married	90% assumed married at retirement	Actual marital status
Mortality	SA85-90 (Normal)	PA(90)

Withdrawal rates

We used the same withdrawal rates assumption used by the previous actuary to be consistent between valuations.

Age	Withdrawal rates
20	9 %
25	8 %
30	6 %
35	5 %
40	5 %
45	4 %
50	3 %
55+	- %
	- %

Continuation percentages

Figures in Rand	2025	2024

9. Employee benefit obligations (continued)

We have assumed a continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants

Long service awards

FTLM offers bonuses for every 5 years of completed service from 10 years to 45 years. Below we outline the benefits awarded to qualifying employees.

	Completed Service (Years)	Long Service Awards(% of Annual Salary)
	10	4,0 %
	15	8,0 %
	20,25,30,35,40 ,45	12,0 %
		- %

A day of accumulated leave is worth 1/250 of the annual salary.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. FTLM advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Valuation Method

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in the future based on service accrued to the valuation date and awards projected to the retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

Valuation Assumptions

Net Discount Rate

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Assumption		
Discount rate	8,97 %	10,28 %
CPI	3,90 %	5,25 %
Salary increase rate	4,90 %	6,25 %
Net Discount Rate	**3,88 %**	**3,79 %**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Employee benefit obligations (continued)

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration-specific. At the previous valuation report, 30 June 2024, the duration of liabilities was 5.25 years. At this duration, the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 8.97% per annum, and the yield on inflation-linked bonds of a similar term was about 4.88% per annum. This implies an underlying expectation of inflation of 3.90% per annum ([1 + 8.97%] / [1 + 4.88%] - 1).

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.86% per annum.
However, it is the relative levels of the discount rate and CPI to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.88% per annum ([1 + 8.97%] / [1 + 4.90%] - 1).

10. Inventories

	2025	2024
Consumable stores	2 040 764	2 118 254
Municipal bins	1 780 000	1 885 600
Land inventory	56 257 139	71 407 140
	60 077 903	**75 410 994**

Inventories 2025	Opening balance	Purchases during the year	Expensed during the year	Transfers from PPE: Land	Total
Consumables	2 118 254	2 358 485	(2 435 975)	-	2 040 764
Land Inventory	71 407 140	-	(15 150 000)	-	56 257 140
Municipal bins	1 885 600	-	(105 600)	-	1 780 000
	75 410 994	**2 358 485**	**(17 691 575)**	**-**	**60 077 904**

Inventories 2024	Opening balance	Land Inventory Write-downs	Purchases during the year	Transfers from Investment Property	Expensed during the year	Total
Consumables	1 291 743	-	6 803 231	-	(5 976 720)	2 118 254
Land inventory	129 817 140	(37 150 000)	-	26 500 000	(47 760 000)	71 407 140
Municipal bins	1 885 600	-	-	-	-	1 885 600
	-	(37 150 000)	-	-	-	-
	132 994 483	**(37 150 000)**	**6 803 231**	**26 500 000**	**(53 736 720)**	**75 410 994**

Inventory pledged as security

No balance of inventory was pledged as security.

11. Receivables from exchange transactions

	2025	2024
Staff debtors and other debtors	16 241 912	16 848 708
Accrued interest on investment	7 278	1 139 404
Auction debtor	5 500	-
	16 254 690	**17 988 112**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Receivables from exchange transactions (continued)

Trade and other receivables from exchange transactions impaired

As of 30 June 2025, trade and other receivables from exchange transactions of R 86 098 108 (2024: R 86 098 108) were impaired and fully provided for.

Trade and other receivables from exchange transactions fully impaired at year-end	2025	2024
TT Properties - Gross	8 783 249	8 783 249
Mphaphuli Consulting - Gross	76 462 807	76 462 807
Undeserving recipients of Free Basic Electricity (Deceased)	852 052	852 052
Less contribution to allowance	(86 098 108)	(86 098 108)
	-	-

Reconciliation of debt impairment	2025	2024
Opening balance	86 098 108	-
Contributions to allowance 2024	-	86 098 108
	86 098 108	**86 098 108**

12. Receivables from non-exchange transactions

Fines	78 754	283 883
Other receivables	2 236 559	1 628 502
	2 315 313	**1 912 385**

Receivables from non-exchange transactions pledged as security

None of the Receivables from non-exchange transactions were pledged as security.

Statutory receivables non-exchange transactions (Traffic fines)

The two types of traffic fines that are issued are:
- Fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- Fines issued in terms of the Criminal Procedures Act.

Traffic fines are issued in terms of the AARTO Act by way of notices to offenders which specify the value of the fine that must be paid, along with any discount that can be applied if the fine is paid within a specific period of time.

Fines issued in terms of the Criminal Procedures Act are usually issued by way of notice to offenders, and can (a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or
(b) indicate that the offender must appear in Court on a specified date (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Age Analysis (Traffic fines)		
Previous - 30 days	187 400	143 850
31 - 60 days	141 250	202 500
61 - 90 days	90 050	79 200
91 - 120 days	136 950	129 800
121 - 365 days	84 150	64 300
> 365 days	4 782 206	3 723 666
Less Allowance for impairment	(5 343 251)	(4 059 433)
	78 755	**283 883**

12. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

Collectability of Traffic fines recognised at the reporting date.

Amounts past due	5 234 606	4 199 466
Amounts impaired	(5 343 251)	(4 059 433)
	(108 645)	**140 033**

Receivables from non-exchange transactions impaired

As of 30 June 2025, other receivables from non-exchange transactions of R - (2024: R 85 246 056) were impaired and provided for.

The amount of the provision was R 5 343 251 as of 30 June 2025 (2024: R 4 059 433).

The ageing of these receivables is as follows:

Opening balance - Gross	5 422 006	4 343 316
Less contribution to allowance	(5 343 251)	(4 059 433)
	78 755	**283 883**

Indicators and assumptions in assessment of Impairment of Traffic Fines Debtors
The municipality considers events and circumstances such as discounts, tickets withdrawn or cancelled and tickets paid to determine the impairment loss on traffic receivables at year end. Amounts that are past due after taking into account these events and circumstances are considered to be impaired.

Assessment of Impairment of Traffic Fines Debtors
In assessing and calculating whether traffic fines were impaired during the reporting period, the municipality considers any discounts, tickets withdrawn or cancelled and tickets paid to determine the amount outstanding at year-end. The impairment loss is based on the calculated recoverability rate at year end.

All traffic fines that were past due at year end were impaired.

Impairment of Other receivables		
Opening Balance - Gross	1 064 001	1 064 001

Reconciliation of allowance for impairment		
Opening Balance	(4 059 433)	(2 924 115)
Contributions to allowance - Traffic debtors	(1 283 819)	(1 135 318)
	(5 343 252)	**(4 059 433)**

13. VAT receivable

VAT	52 858 386	67 816 906

The Vat receivable/payable is attributed to	**2025**	**2024**
Statutory receivables	10 380 432	20 721 330
Vat receivable(accruals)	42 477 954	47 095 578
	52 858 386	**67 816 908**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. VAT receivable (continued)

a) Vat receivable-cash portion
The Vat receivable-cash portion is attributable to VAT returns submitted to SARS awaiting payment by SARS

b) Vat receivable (Payable) Accrual portion
The vat receivable- Accrual portion is attributable to VAT related transations araising from debtor. and creditor transaction not yet actually paid or receivable and impairment transactions related to debtors.

14. Consumer debtors

Gross balances		
Rates	327 370 017	254 207 576
Refuse	63 978 989	50 158 745
Other	162 333 307	149 170 456
	553 682 313	**453 536 777**
Less: Allowance for impairment		
Rates	(258 525 435)	(221 986 804)
Refuse	(60 795 622)	(47 000 271)
Other	(144 213 423)	(117 307 652)
	(463 534 480)	**(386 294 727)**
Net balance		
Rates	68 844 582	32 220 772
Refuse	3 183 366	3 158 468
Other	18 119 884	31 862 803
	90 147 832	**67 242 043**
Included in above is receivables from exchange transactions		
Refuse	3 183 366	3 158 468
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	68 844 582	32 220 772
Other	18 119 884	31 862 803
	86 964 466	**64 083 575**
Net balance	**90 147 832**	**67 242 043**
Rates		
Current (0 -30 days)	32 392 943	17 318 503
31 - 60 days	16 355 760	9 520 315
61 - 90 days	7 125 396	8 278 883
91 - 120 days	8 464 746	7 643 647
121 - 365 days	58 895 787	54 192 885
> 365 days	204 135 383	157 253 340
	327 370 015	**254 207 573**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Consumer debtors (continued)

Refuse		
Current (0 -30 days)	3 460 483	1 879 473
31 - 60 days	1 316 253	1 471 322
61 - 90 days	2 203 822	1 177 924
91 - 120 days	1 768 351	1 118 014
121 - 365 days	7 823 325	9 088 777
> 365 days	47 406 753	35 423 227
	63 978 987	**50 158 737**

Other		
Current (0 -30 days)	7 994 017	3 792 814
31 - 60 days	3 734 661	3 327 580
61 - 90 days	3 710 023	3 098 693
91 - 120 days	3 944 117	2 974 127
121 - 365 days	24 303 137	20 358 032
> 365 days	118 647 350	115 619 200
	162 333 305	**149 170 446**

Summary of debtors by customer classification

Consumers		
Consumer debtor- Agriculture	39 734 880	34 645 925
Consumer debtor-Business and Commercial	74 324 557	57 085 763
Consumer debtor-Industrial	20 328 215	20 346 711
Consumer debtors-Mines	34 884 648	17 575 930
Consumer debtors- Multi purpose	128 112 979	92 813 954
Consumer debtor-Municipal	2 561 662	2 131 879
Consumer debtor-Place of Worship	273 518	221 105
Consumer debtor-Public Service Infrastructure	911	569 503
Consumer debtor-Public Service purpose	40 062 570	38 642 205
Consumer debtor-Public/Private open space	-	511 486
Consumer debtor-Residential	177 304 282	154 560 640
Consumer debtor-Vacant	27 666 587	41 584 572
Consumer debtor-Sundry	8 427 500	5 966 477
	553 682 309	466 656 150
Less: Allowance for impairment	(463 534 480)	(386 294 728)
Less : Reconciling items	-	(13 119 376)
	90 147 829	**67 242 046**

Business /commercial		
Current (0 -30 days)	14 089 666	4 536 252
31 - 60 days	9 127 867	2 190 964
61 - 90 days	1 762 629	1 862 417
91 - 120 days	1 669 838	1 897 802
121 - 365 days	8 462 230	10 015 629
36582697.33	39 212 326	36 582 697
	74 324 556	**57 085 761**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Consumer debtors (continued)

Industrial		
Current (0 -30 days)	1 948 809	928 000
31 - 60 days	827 698	726 541
61 - 90 days	1 260 063	690 031
91 - 120 days	1 532 651	676 539
121 - 365 days	4 802 151	4 430 172
> 365 days	9 956 841	12 895 426
	20 328 213	**20 346 709**

Mines		
Current (0 -30 days)	6 422 621	5 080 220
31 - 60 days	2 859 358	1 346 719
61 - 90 days	1 695 508	939 527
91 - 120 days	1 674 083	820 581
121 - 365 days	15 941 402	3 899 174
> 365 days	6 291 674	5 489 706
	34 884 646	**17 575 927**

Municipal		
Current (0 -30 days)	121 314	280 967
31 - 60 days	59 950	55 799
61 - 90 days	59 480	13 706
91 - 120 days	60 832	13 122
121 - 365 days	480 805	146 687
> 365 days	1 779 278	1 621 595
	2 561 659	**2 131 876**

Multi purpose		
Current (0 -30 days)	9 391 662	4 277 651
31 - 60 days	3 673 868	3 149 465
61 - 90 days	3 135 729	3 538 682
91 - 120 days	3 070 008	2 431 795
121 - 365 days	24 043 343	20 821 541
> 365 days	84 798 367	58 594 817
	128 112 977	**92 813 951**

Agricultural		
Current (0 -30 days)	440 838	192 738
31 - 60 days	211 713	253 208
61 - 90 days	229 268	185 186
91 - 120 days	1 004 148	185 760
121 - 365 days	5 670 131	5 411 374
> 365 days	32 178 780	28 417 657
Subtotal	39 734 878	34 645 923
	39 734 878	**34 645 923**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Consumer debtors (continued)

Place of worship		
Current (0-30 days)	10 001	5 068
31 - 60 days	4 960	3 544
61 - 90 days	12 632	3 527
91 - 120 days	3 873	3 509
121 - 365 days	29 867	27 307
>365 days	212 182	178 147
	273 515	**221 102**

Public service infrastructure		
Current (0-30 days)	892	5 915
31 - 60 days	-	5 919
61 - 90 days	19	5 924
91 - 120 days	-	5 913
121 - 365 days	-	49 719
>365 days	-	496 113
	911	**569 503**

Public service purpose		
Current (0 - 30 days)	387 288	229 292
31 - 60 days	181 708	228 073
61 - 90 days	218 829	192 230
91 - 120 days	184 962	161 327
121 - 365 days	1 319 306	1 227 231
> 365 days	37 770 474	36 604 049
	40 062 567	**38 642 202**

Residential		
Current (0-30 days)	8 317 340	4 918 507
31-60 days	3 378 082	3 895 479
61-90 days	3 614 017	3 229 022
91- 120 days	3 351 753	3 103 790
121-365 days	22 781 811	23 848 129
>365 days	135 861 276	115 565 711
	177 304 279	**154 560 638**

Sundries		
Current (0-30 days)	502 037	273 911
31- 60 days	245 006	266 565
61-90 days	218 116	185 875
91-120 days	216 093	156 817
121-365 days	1 807 938	1 226 854
>365 days	5 438 307	3 856 452
	8 427 497	**5 966 474**

Vacant		
Current (0-30 days)	2 214 972	2 234 721
31-60 days	836 458	2 169 588
61-90 days	832 946	1 682 217
91-120 days	1 408 969	2 251 870

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Consumer debtors (continued)

121-365 days	5 683 260	12 265 401
>365 days	16 689 979	20 980 771
	27 666 584	**41 584 568**

Reconciliation of allowance for impairment

Balance at beginning of the year	(386 294 728)	(338 790 161)
Contributions to allowance	(77 426 732)	(51 156 543)
Debt impairment written off against allowance	905 236	3 651 975
Reversal of VAT	(718 256)	-
	(463 534 480)	**(386 294 729)**

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	10 959 844	63 000 174
Short-term investments (Call accounts)	6 935 957	36 298 915
	17 895 801	**99 299 089**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2025	Bank statement balances 30 June 2024	Cash book balances 30 June 2025	Cash book balances 30 June 2024
FNB BANK CHEQUE ACCOUNT 565-500-22466	3 989 817	3 655 509	3 989 817	3 655 509
FNB CALL ACCOUNT 616-55000887	94 487	90 265	94 487	90 265
STANDARD BANK- CALL ACCOUNT-38578492001	2 246 783	5 849 498	2 246 783	5 750 023
STANDARD BANK - CURRENT ACCOUNT- 330062891000	2 637 015	47 811 549	2 637 015	47 811 549
STANDARD BANK - CURRENT ACCOUNT- 30144841000	4 333 012	11 533 115	4 333 012	11 533 115
STANDARD BANK - CALL ACCOUNT- 38578492003	4 594 690	31 092 712	4 594 690	30 458 627
Total	**17 895 804**	**100 032 648**	**17 895 804**	**99 299 088**

VBS Investments

	2025	2024
Balance of VBS Investment	184 376 998	227 156 998
Less impairment of investments	(184 376 998)	(227 156 998)
	-	-

Reconciliation	Opening balance	Amount recovered-Provision utilised	Closing balance
Balance of VBS Investment	227 156 998	(42 780 000)	184 376 998
Impairment of VBS Investment	(227 156 998)	42 780 000	(184 376 998)
	-	-	-

Impairment of VBS Investments

Full provision was made for the investments in VBS due to the bank being put under curatorship on 11 March 2018 and the subsequent liquidation of the bank, which made the recoverability of the amounts invested highly unlikely at the time. The municipality appointed Verveen Attorneys to recover the VBS investments from the Liquidator.

The municipality assessed at the reporting date whether there is any indication that the impairment loss may no longer exist or may have decreased. In the 2020/21 financial year the municipality was allocated R16,100,000 by the Liquidator in the First Liquidation and Distribution Account which is a portion of R 158 563 496, which is the free residue the of the total Estate which the liquidator has been able to recover from the liquidated VBS Bank to date.The municipality was further allocated R 42 780 000 in the year 2024/25. This amount was recovered and the provision for Impairment of VBS investments was reduced with the recovered amount of R 42 780 000.

Should the municipality recover additional amounts of the investments from the legal action, the impairment loss recognised will be reversed with the value of the amount recovered.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2025	2024
Unspent conditional grants and receipts		
Distressed Mining Town Grant	-	8 404 838

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Unspent conditional grants and receipts (continued)

Movement during the year

	2025	2024
Balance at the beginning of the year	8 404 838	71 316 069
Additions during the year	203 386 001	171 077 000
Income recognition during the year	(211 790 839)	(233 988 231)
	-	**8 404 838**

See note 36 for reconciliation of grants from National/Provincial Government.

17. Borrowings

At amortised cost

	2025	2024
Standard Bank of South Africa Limited - Fixed Rate Enterprise Loan Facility	64 503 498	100 404 647

Terms

R100 000 000 loan facility amount at variable interest rates for 36 months.

Pledge and Cession

Pledge and cession in security in favour of the Bank by the Borrower of an amount of R50,000,000 (fifty million Rand) held in the Borrower's Investment Account.

This loan facility is for medium-term financing of land acquisition and infrastructure development as contemplated in Section 46(1)(a) of the MFMA, and was taken in terms of Council resolution OC44/2023, taken on 31 October 2023.

As at 30 June 2024 the full R100 000 000 had been drawn by the municipality. The first drawdown of R60 000 000 was at 10.68% and the second drawdown of R40 000 000 was at 11.24%.

Terms and conditions

1. That the Borrower has provided the Bank with written confirmation (in a form and substance acceptable to the Bank) from the Accounting Officer or any other duly authorised representative of the Borrower confirming:

2. That the Borrower is not in breach of any material contracts to which the Borrower is a party; and

3. The absence of any material pending (which has a reasonable prospect of occurring) industrial action; litigation, investigation or proceeding against the Borrower.

4. That there has been no material deterioration in the financial position of the Borrower between the date of acceptance of this Agreement and the date of the first drawdown under the Loan Facility;

5. That the Bank has been provided with written confirmation signed by the accounting officer of the Borrower, in a form and substance acceptable to the Bank, confirming that the Borrower has, in relation to the Loan Facility:

6. Obtained all authorisations (including exemptions, approvals, consents) and no steps have been taken to revoke, adversely modify or cancel any such authorisations and the authorisations are not subject to any conditions which Fetakgomo Tubatse Local Municipality does not expect to be satisfied; and

7. Complied with all laws or regulations applicable to it, including but not limited to the provisions of the Municipal Finance Management Act No. 56 of 2003; the Preferential Procurement Policy Framework Act 5 of 2000, including all schedules and regulations thereto, as amended from time to time.

As at June 2025 the municipality fully satisfied the noted terms and conditions/ covenants.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Borrowings (continued)

Long-term loan repayment commitments	Capital Amount	Interest	Total
Within one year	40 407 487	9 198 241	49 605 728
Over one year	24 500 658	6 238 916	30 739 574
	64 908 145	**15 437 157**	**80 345 302**

	2025	2024
Non-current liabilities		
At amortised cost	24 500 658	64 503 499
Current liabilities		
At amortised cost	40 002 840	35 901 148

18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Reversals- Adjustment for change in discount rate	Increases (passage of time/discounted rate)	Total
Landfill site rehabilitation	30 082 688	-	3 222 215	3 093 777	36 398 680
Leave accrual	19 906 080	2 216 484	-	-	22 122 564
	49 988 768	**2 216 484**	**3 222 215**	**3 093 777**	**58 521 244**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Prior period error	Reversals- Adjustment for change in discount rate	Increases (passage of time/discounted rate)	Total
Landfill site rehabilitation	28 004 699	-	-	(960 130)	3 038 119	30 082 688
Leave accrual	20 196 601	(380 647)	90 126	-	-	19 906 080
	48 201 300	**(380 647)**	**90 126**	**(960 130)**	**3 038 119**	**49 988 768**

	2025	2024
Non-current liabilities	36 398 680	30 082 688
Current liabilities	22 122 564	19 906 081
	58 521 244	**49 988 769**

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18. Provisions (continued)

Environmental rehabilitation provision

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration are the Burgersfort Landfill Site and Malogeng landfill site. The estimated value of the rehabilitation cost of landfill sites has been determined as at 30 June 2025 by Mr Seakle Godschalk Pr Sci Nat, GIMFO. Mr Godschalk is a registered professional environmental scientist with the South African Council for Natural Scientific Professions (SACNASP) as well as the Southern African Institute of Ecologists and Environmental Scientists (SAIE&ES).

Key Financial Assumptions used in this calculation are as follows:

	Burgersfort Landfill Site	Malogeng Landfill Site
CPI	2.8878%	2.8878%
Discount Rate	8.3878%	8.6378%
Net Effective Rate	5.5%	5.75%

The amount of the discounted landfill closure provision of R36 398 679 in 2025 represents an increase of R6 315 992 over the provision of R30 082 687 in the previous financial statements.The changes are due to changes in provision by R3 222 214 as a result of change in CPI, Change in discount rate and; interest charge due to passage of time(R3 093 778).The 2025 amount is a
discounted amount based on the expected remaining life of the landfill site and based on the size of the area that had been used for waste disposal as at 30 June 2025. The size of the landfill sites used up until now and estimated remaining useful lives are as follows:

	Burgersfort Landfill Site	Malogeng Landfill Site
Total landfill area	49,167 m2	104,908 m2
Approximate size used until 30 June 2024	49,167 m2	11,858 m2
Remaining useful lives	0 years	14 years

The municipality has an obligation to rehabilitate its Burgersfort and Malogeng landfill sites in terms of the closure license referenced 12/4/10/8-A/14/S10 issued by the provincial Department of Economic Development, Environment & Tourism on 26 June 2019, and the permit referenced 12/9/11/P67 issued by the national Department of Environmental Affairs & Tourism on 14 January 2009, respectively..

Burgersfort Landfill Site

The Burgersfort Landfill Site Municipality landfill site was closed in 2019 as it was full. There is no rehabilitation expenditure incurred towards the landfill rehabilitation and closure of the landfill site. The current expected remaining life of the landfill is estimated at zero(0) years.The landfill rehabilitation and closure cost provision for this landfill site was determined by the actuaries to be R23 233 124 for 30 June 2024 and R28 359 143 as at 30 June 2025.

Malogeng Landfill Site

The Malogeng landfill site was donated by the Sekhukhune District Municipality to Fetakgomo Tubatse Municipality with the effective transfer date being 01 July 2018. The current expected remaining life of the landfill is estimated at 14 years. The landfill rehabilitation and closure cost provision for this landfill site was determined by the actuaries to be R6 849 563 for 30 June 2024 and R8 039 536 as at 30 June 2025 .

Leave Accrual

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Provisions (continued)

This is in respect of leave days for employees that accrues at a rate of 2 days per month. At year-end any days accrued but not yet taken are provided for, as the municipality has an obligation to pay the value of the leave days should an employee leave the municipality.

While the value of the leave days due at year-end can be calculated, the timing of any outflows is uncertain as it is impossible to ascertain when an employee will leave the municipality in future.

There is no expected reimbursement, or any amount of any asset that has been recognised for any expected reimbursement in respect of the leave provision.

19. Revenue

Service charges	30 369 479	25 272 101
Rental of community facilities and equipment	455 931	420 962
Interest received (trading)	7 493 611	6 068 964
Agency services	8 498 436	8 372 821
Licences and permits	7 316 719	6 394 676
Fees earned	4 277 134	1 003 896
Other income	64 150 963	140 042 854
Interest received - investment	12 662 044	19 650 733
Property rates	223 997 029	183 809 936
Property rates - interest on outstanding debtors	29 592 515	20 165 871
Government grants & subsidies	828 969 839	818 694 231
Public contributions and donations	17 834 650	17 391 303
Traffic fines	1 607 190	1 363 200
	1 237 225 540	**1 248 651 548**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	30 369 479	25 272 101
Rental of community facilities and equipment	455 931	420 962
Interest received (trading)	7 493 611	6 068 964
Agency services	8 498 436	8 372 821
Licences and permits	7 316 719	6 394 676
Fees earned	4 277 134	1 003 896
Fair value adjustment	1 219 146	1 597 254
Other income	64 150 963	140 042 854
Interest received - investment	12 662 044	19 650 733
	136 443 463	**208 824 261**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	223 997 029	183 809 936
Property rates - interest on outstanding debtors	29 592 515	20 165 871
Transfer revenue		
Government grants & subsidies	828 969 839	818 694 231
Public contributions and donations	17 834 650	17 391 303
Traffic fines	1 607 190	1 363 200
	1 102 001 223	**1 041 424 541**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Inventory consumed

Consumables	2 541 575	5 936 458
Sale of stands	15 150 000	47 760 000
	17 691 575	**53 696 458**

21. Service charges

Refuse removal - Own Collection	26 671 522	22 367 930
Refuse removal - Private refuse removal	3 697 957	2 904 171
	30 369 479	**25 272 101**

22. Rental of community facilities and equipment

Premises		
Premises	455 931	420 962

23. Traffic fines

Municipal Traffic Fines	1 607 190	1 363 200

24. Agency services

Department of Roads and Transport	8 498 436	8 372 821

Agency fee breakdown	RTMC	Municipality	Department of transport	AARTO	Total
Amount paid over	2 479 896	9 773 202	39 028 651	518 591	51 800 340

Accounting by principals and agents

The municipality has an agreement with the Department of Roads and Transport to collect revenue from licensing and permits. In terms of the agreement, the municipality acts as an agent and retains 20% of the revenue as an agency fee, recognised as revenue in the Statement of Financial Performance. The remaining 80% is accounted for as a liability until remitted to the Department.

The purpose of the arrangement is to improve accessibility of services, with the benefit to the municipality being the agency fee earned. The municipality is exposed to custodianship and operational risks relating to the handling of funds, which are mitigated through internal controls, reconciliations and timely remittances.

During the year, amounts collected were remitted to the Department in line with agreed timelines, with outstanding balances at year-end disclosed as liabilities. No significant changes to the terms and conditions occurred during the reporting period, and risks relating to demand for services remain with the Department as principal.

In accordance with GRAP 109, the municipality does not control the revenue arising from licensing and permits, but is entitled to retain a fixed percentage (20%) of the revenue collected as compensation for the services rendered. Accordingly, only the 20% agency fee is recognised as revenue in the Statement of Financial Performance. The remaining 80% collected is recognised as a liability until it is paid over to the Department of Roads and Transport.

Revenue recognised
The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of
the principal is R8 498 436 (2024: R8 372 821).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Licences and permits

Road and Transport	7 316 719	6 394 676

26. Public contributions and donations

Public contributions and donations	17 834 650	17 391 303

The Municipality received funding for the Mashifane park Project.
The value of the completed work has been recognised as a donation to the Municipality, amounting to R10 954 054.

The municipality capitalised completed SLP projects based on control as the community is already enjoying the benefits of these projects. Condition assessment was performed during the year and the SLP projects were included in the asset register at fair value as guided by GRAP 23 paragraph 98 at an amount of R 6 644 213.16.

27. Lease rentals on operating lease

Lease rentals on operating lease		
Contractual amounts	10 950 982	10 879 007

Lease rentals	2026	2025	2024	Total
Contractual amounts	4 177 772	5 013 326	5 013 326	14 204 424

Operating lease as lease (commitments)	2026	2025	Total
Within one year	4 177 772	5 013 326	9 191 098
In second to fifth year	-	4 177 772	4 177 772
	4 177 772	**9 191 098**	**13 368 870**

Included in the lease expenses are costs arising from lease agreements for:

1. Office equipment leased from 1 May 2023 for a period of 3 years at R480 443.87 (incl VAT) per month plus additional costs that vary upon usage of the equipment.

2. Leasing of yellow machines on an ad-hoc basis.

28. Interest charged (Trading)

Interest charged on overdue accounts	7 493 611	6 068 964

Interest from service charges is calculated as a fixed interest rate based on annual prime plus 1%.

29. Fees earned

Fees earned	4 277 134	1 003 896

Included in fees earned are fees from valuation services, issuing of clearance certificates, cemetery and burial and plan printing.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Other income

Sundry Income	2 779 858	2 490 585
Recoveries	46 092 843	94 052 013
Sale of land inventory	15 278 262	43 500 256
	64 150 963	**140 042 854**

Included in Other Income are the following:

1.Recoveries
a**. Amounts recovered from VBS**

The municipality recovered R 42 780 000 from the outstanding amount of R 227 156 998

b. **Prior year amount recoverable after favourable court judgements**
In the prior year TT Properties and Mphaphuli Consulting were recognised as Other Receivables to the amounts of R8 783 249 and R76 462 807, respectively after favourable Court judgements for the municipality

2**. Sale of land inventory**

The municipality through a council resolution, approved the sale of stands. Current year sales at an amount of R 15 278 262

3. LG SETA Reimbursive Subsidy
The municipality received funding from the LG Seta reimbursive subsidy to the amount of R 1 786 679.

31. Interest received - investment

Interest revenue		
Interest on call accounts	7 367 044	16 198 103
Interest on long term investment	5 295 000	3 452 630
	12 662 044	**19 650 733**

The amount included in Investment revenue arising from exchange transactions amounted to R 12 622 044 (2024: R19 650 733).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Property rates

Rates received

Residential	34 143 127	33 308 413
Business and commercial	50 180 023	59 712 662
Agricultural	8 052 686	8 142 680
Vacant stands	12 654 215	1 087 495
Municipal	18 374 773	17 254 580
Industrial	10 702 766	9 394 441
Mining	137 253 558	60 501 110
Less: Income forgone	(47 364 120)	(5 591 445)
	223 997 028	183 809 936
Property rates - penalties imposed	29 592 515	20 165 871
	253 589 543	**203 975 807**

Valuations

Agricultural	2 745 450 000	2 768 340 000
Business and Commercial	2 197 362 000	2 085 562 000
Industrial	395 985 000	396 485 000
Public Service Purpose	1 119 581 000	1 161 771 000
Residential	3 244 109 000	3 272 248 000
Mining	1 337 800 000	1 259 990 000
Vacant	561 590 000	903 115 000
Place of Worship	18 530 000	23 260 000
Public Service Infrastructure	30 041 000	38 655 000
Municipal	417 667 000	444 747 000
Public private open space	5 550 000	700 000
	12 073 665 000	**12 354 873 000**

The 2023-2028 General Valuation Roll was implemented on the 1 July 2023..

The Municipality ensures the maintenance of supplementary valuation on ongoing basis in compliance with sect 78 Municipal Property Rates Act, 2004.

33. Transfer and subsidies

Other subsidies		
Indigent Relief	3 499 343	2 454 000

The municipality provides Free Basic Electricity (FBE) to registered indigent households as part of its Indigent Support Programme. For indigent households supplied directly by Eskom, the municipality incurs expenditure to subsidise the allocated FBE units on their behalf. These payments to Eskom are recognised as Transfers and Subsidies expenditure in accordance with the municipality’s Indigent Policy.

34. Inventory write-downs

Inventory write downs	-	(37 150 000)

Praktiseer 275KT portions 7, 8, 23, 24, 25, 28, 31, 32 and 33 were written down by R37 150 000 in the prior year due to land invasions on the properties.

35. Loss on disposal of assets

Gains or losses arising from a change in fair value less point of sale costs	739 659	4 962 992

Figures in Rand	2025	2024

36. Government grants & subsidies

Operating grants		
Equitable share	617 179 000	584 706 000
Expanded Public Works Program Grant	1 742 000	1 463 000
Finance Management Grant	2 500 000	2 550 000
	621 421 000	**588 719 000**
Capital grants		
Municipal Infrastructure Grant	127 304 001	124 208 004
Integrated National Electrification Programme	24 122 000	85 264 227
Neighbourhood Development Partnership Grant	47 718 000	12 098 162
Distress Mining Town Grant	8 404 838	8 404 838
	207 548 839	**229 975 231**
	828 969 839	**818 694 231**

Conditional and unconditional

Included in above are the following grants and subsidies received and recognised as revenue:

Conditional grants received	203 386 001	225 583 393
Conditional grant rolled over	8 404 838	8 404 838
Unconditional grants received	617 179 000	584 706 000
	828 969 839	**818 694 231**

Financial Management Grant

Current-year receipts	2 500 000	2 550 000
Conditions met - transferred to revenue	(2 500 000)	(2 550 000)
	-	-

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

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

Expanded Public Works Program Grant

Current-year receipts	1 742 000	1 463 000
Conditions met - transferred to revenue	(1 742 000)	(1 463 000)
	-	-

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

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	30 000 000
Current-year receipts	127 304 001	94 208 000
Conditions met - transferred to revenue	(127 304 001)	(124 208 000)
	-	-

Neighbourhood Development Partnership Grant

Current-year receipts	47 718 000	20 503 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Government grants & subsidies (continued)

Conditions met - transferred to revenue	(47 718 000)	(20 503 000)
	-	-

Integrated National Electrification Programme

Balance unspent at beginning of year	-	32 911 227
Current-year receipts	24 122 000	52 353 000
Conditions met - transferred to revenue	(24 122 000)	(85 264 227)
	-	-

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

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

Distressed Mining Town Grant

Balance unspent at beginning of year	8 404 838	8 404 838
Conditions met - transferred to revenue	(8 404 838)	-
	-	**8 404 838**

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs

Basic	174 544 625	142 998 299
Medical aid - company contributions	11 842 488	10 738 619
UIF	878 483	720 204
South African Local Bargaining Council	70 156	46 575
Skills development levy	2 083 574	5 532 056
Leave pay provision charge	3 045 631	451 543
Defined contribution plans	26 209 075	24 341 220
Travel, motor car, accommodation, subsistence and other allowances	76 272	1 680 414
Overtime payments	13 477 882	11 037 279
Long-service awards	2 075 156	1 807 125
13th Cheques	10 018 384	9 122 079
Acting allowances	760 468	636 197
Car allowance	40 911 140	35 226 664
Housing benefits and allowances	1 939 674	2 826 531
Telephone allowance	2 920 992	2 653 548
Standby allowance	1 090 605	770 921
Post Employment Health Care Benefit Current Cost	6 646 821	4 684 602
	298 591 426	**255 273 876**

Remuneration of Municipal Manager

Annual basic salary	981 447	982 409
Car Allowance	220 386	229 493
Other allowance	-	9 500
Leave pay	230 811	-
Telephone allowance	31 575	32 880
Remote allowance	48 156	51 792
Back pay	-	71 438
Cash gratuity	19 533	20 340
	1 531 908	**1 397 852**

Remuneration of Acting Municipal Manager

Acting allowance	126 659	-

Remuneration of Chief Financial Officer

Annual basic salary	800 883	731 136
Car allowance	234 942	234 942
Performance bonuses	-	59 496
Telephone allowance	29 400	29 400
Remote allowance	42 016	43 396
Housing allowance	12 323	12 323
Travel claim	93 875	47 502
Back pay	-	70 098
Subsistence allowance	4 767	3 992
Cash gratuity	20 340	20 340
Other allowances	-	10 000
	1 238 546	**1 262 625**

Remuneration of Director Regional Office

Remote allowance	-	1 474
Back pay	-	24 675
	-	**26 149**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs (continued)

Remuneration of Director Community Services

Annual basic salary	674 366	270 180
Car allowance	255 381	106 409
Telephone allowance	29 400	12 250
Performance Bonus	51 514	-
Housing allowance	65 000	27 084
Travel claim	76 458	29 881
Remote allowance	42 016	18 290
Acting allowance	18 074	11 487
Cash gratuity	20 340	8 475
Back pay	-	29 193
	1 232 549	**513 249**

Remuneration of Director Technical Services

Annual basic salary	804 531	716 566
Car allowance	231 476	231 476
Housing allowance	12 141	12 141
Acting allowance	58 394	-
Telephone allowance	29 400	29 400
Back pay	-	162 264
Remote allowance	42 016	42 708
Cash gratuity	20 340	20 340
Travel claim	-	45 649
Refund	-	6 447
	1 198 298	**1 266 991**

Remuneration of Director Local Economic Development (Acting)

Acting allowance	12 953	147 063
Back pay	-	24 675
Remote allowance	-	1 474
	12 953	**173 212**

Remuneration of Director Development and Planning (Acting)

Acting allowance	45 855	192 731
Remote allowance	-	1 474
Back pay	-	24 681
	45 855	**218 886**

Remuneration of Director Corporate and Human Resources

Annual basic salary	-	354 497
Acting allowance	7 485	23 083
Performance Bonus	-	1 589
Car Allowance	-	148 972
Housing Allowance	-	37 917
Travel Claim	-	58 125
Back pay	-	19 071
Refund	-	414
Subsistence Allowance	-	483
Telephone Allowance	-	17 150
Remote Allowance	-	23 716
Cash Gratuity	-	35 595

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Employee related costs (continued)

Sec 57 Leave	-	78 005
Other allowance	-	10 000
	7 485	**808 617**

Remuneration of S 56 and 57 Managers

Municipal manager	1 531 910	1 397 852
Chief financial officer	1 238 548	1 262 625
Acting Municipal manager	126 659	-
Director regional office	-	26 149
Director community services	1 232 550	513 249
Director local economic development	12 954	173 211
Director development and planning	45 855	218 885
Director technical services	1 198 299	1 266 990
Director corporate services	7 485	808 618
	5 394 260	**5 667 579**

38. Remuneration of councillors

Executive Mayor	1 088 583	1 040 254
Chief Whip	904 167	924 794
Mayoral Committee Members	7 654 311	7 468 992
Speaker	797 651	799 285
Councillors	33 943 325	33 264 462
	44 388 037	**43 497 787**

In-kind benefits

The Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties.

The Mayor has the right of use of a municipal vehicle including a driver.

The Mayor has two full-time bodyguards.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Remuneration of Mayor		
Salary	740 043	742 985
Car Allowance	256 410	247 662
Cellphone Allowance	43 200	45 600
Data Allowance	3 804	4 008
Back pay	29 189	-
Travelling Allowance	15 937	-
	1 088 583	**1 040 255**

Remuneration of Speaker		
Salary	544 542	564 118
Car Allowance	194 254	188 039
Cellphone Allowance	39 600	43 320
Data Allowance	3 487	3 807
Back pay	15 769	-
	797 652	**799 284**

Remuneration of Chief Whip		
Salary	555 183	557 001
Car Allowance	192 443	182 507
Cellphone Allowance	43 200	45 600
Data Allowance	3 804	4 008
Travel Claim	87 087	135 678
Back pay	22 450	-
	904 167	**924 794**

Remuneration of councillors Including EXCO members		
Salaries and other allowances	19 840 013	19 960 514
Car Allowance	6 889 115	6 652 104
Cellphone allowance	3 173 239	3 359 760
Data Allowance	282 224	292 657
Travel claim	10 625 799	10 468 419
Back pay	778 961	-
Refund	8 284	-
	41 597 635	**40 733 454**

39. Depreciation and amortisation

Property, plant and equipment	101 600 401	85 838 489
Intangible assets	157 731	97 494
	101 758 132	**85 935 983**

40. Impairment loss

Impairments		
Property, plant and equipment	64 500	23 081 327
Moveable assets in poor and very poor physical condition were impaired due to recoverable service amount being less than the carrying value.		

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Finance costs

Non-current borrowings	9 198 241	4 284 559

Borrowings
R100 000 000 loan facility amount at interest rate of 10.27% for 36 months.

42. Auditors' remuneration

Fees	7 643 463	8 058 618

43. Debt impairment

Debt impairment - Consumer debtors	77 462 963	51 156 397
Debt impairment - Other receivables from exchange transactions	-	86 098 106
Debt impairment - Traffic fines debtors	1 283 819	1 135 318
	78 746 782	**138 389 821**

44. General expenses

Advertising	10 497 395	7 790 806
Auditors remuneration	7 643 463	8 058 618
Bank charges	1 217 933	1 070 947
Consulting and professional fees	2 198 889	717 457
Entertainment	9 733	74 851
Hire	8 949 806	5 633 698
Insurance	10 448 923	8 123 686
IT expenses	7 446 224	9 038 310
Promotions and sponsorships	4 002	53 200
Magazines, books and periodicals	123 780	827 694
Fuel and oil	3 986 925	5 485 193
Printing and stationery	66 346	139 000
Protective clothing	2 129 337	3 989 155
Royalties and license fees	196 871	1 389 192
Subscriptions and membership fees	3 226 562	3 241 354
Telephone and fax	5 989 774	1 371 954
Training	28 389 724	4 771 332
Travel - local	14 709 774	17 532 797
Special programs	626 437	330 414
Ward committees	9 616 543	7 442 249
Other expenses	12 968 127	15 951 506
	130 446 568	**103 033 413**

45. Bad debts written off

Consumer debtors	2 732 008	514 874

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Contracted services

Contracted Services		
Consultants and professionals	149 214 634	136 009 528
Contractors	91 452 979	134 658 049
Outsourced Services	133 613 937	153 022 396
	374 281 550	**423 689 973**

Consultants and Professionals Services- Business Advisory Services		
Business and Advisory : Project Management	5 864 147	370 000
Business and Advisory : Accounting and Auditing	35 781 035	37 221 090
Business and Advisory : Board Member	2 099 886	1 854 913
Business and Advisory : Business and Financial Management	12 059 409	2 978 563
Business and Advisory : Commissions and Committees	206 070	190 675
Business and Advisory : Forensic Investigators	-	-
Business and Advisory : Valuer and Assessors	-	1 727 623
Business and Advisory : Human resources Occupational Health and Safety	1 050 270	554 361
Business and Advisory : Research and Advisory	46 976 801	47 912 665
Communications	1 297 713	3 205 134
Organisational	28 860	2 549 100
Business and Advisory: Medical and Examinations	724 649	-
	106 088 840	**98 564 124**

Consultants and Professional Services- Infrastructure and Planning		
Engineering: Electrical	12 412 988	10 397 669
Infrastructure and Planning: Agriculture	-	1 510 029
Engineering: Civil	-	-
Infrastructure and Planning: Land and Quantity Surveyors	2 197 860	2 557 031
Ecological	-	-
Infrastructure and Planning: Town Planner	-	182 694
	14 610 848	**14 647 423**

Consultant and Professional Services- Legal Services		
Legal Cost: Collection	2 629 930	1 697 255
Legal Cost: Legal Advice and Litigation	25 885 014	21 100 725
	28 514 944	**22 797 980**

Contractors- General Services		
Contractors: Electrical	55 709 465	77 559 991
Contractors: Event Promoters	852 878	905 306
Contractors: Forestry	255 890	95 000
Contractors: Graphic Designers	-	2 528 321
Contractors: Transportation	22 700	159 170
Contractors: Audio visual service	80 556	-
Contractors: Inspection Fees	-	13 989
Contractors: Pest Control and Fumigation	530 186	1 185 274
Contractors: Preservation/Restoration/Dismantling/Cleaning Services	-	309 670
Contractors: Traffic and Street Lights	-	1 698 652
Contractors: Catering Services	1 404 468	1 488 569
	58 856 143	**85 943 942**

Contractors- Maintenance		
Contractors: General services	11 983 563	11 843 462
Contractors: Maintenance of Building and Facilities	10 640 944	14 426 543
Contractors: Maintenance of Equipment	3 022 473	5 235 383
Contractors: Maintenance of Unspecified Assets	6 949 852	17 208 720

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Contracted services (continued)

	32 596 832	**48 714 108**

Outsourced services- general services		
Outsourced services: Transport services	-	148 850
Outsourced Services: Cleaning Services	11 396 028	14 148 477
Outsourced Services: Security Services	75 293 793	65 063 254
Outsourced Services: Personnel and Labour	2 420 467	2 231 116
Outsourced Services: Clearing and Grass Cutting Services	4 199 916	4 101 100
Outsourced Services: Professional Staff	-	141 359
Outsourced Services: Catering Services	919 593	2 054 056
Outsourced Services: Internal Auditors	1 030 633	1 226 610
Outsourced Services: Connection/Disconnection Electricity	-	1 594 672
	95 260 430	**90 709 494**

Outsourced Services- Business and Advisory Services		
Valuer	5 638 211	6 763 492
Business and Financial Management	17 000	793 409
Communications	-	114 750
Human Resources	23 489	104 064
Project Management	2 840 912	33 869 138
Research and Advisory	1 761 873	1 578 037
Accounting and auditing	2 456 170	4 410 951
	12 737 655	**47 633 841**

Outsourced Services: Trading Services		
Outsourced Services: Refuse Removal	25 615 851	14 679 062

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Cash generated from operations

Surplus	165 387 009	63 404 729
Adjustments for:		
Depreciation and amortisation	101 758 132	85 049 295
Public contributions and donations	(17 834 650)	(17 391 303)
Fair value adjustments-investment property	(1 219 146)	(1 597 254)
Loss on disposal of assets	708 532	4 962 992
Prepaid expenses	-	525 000
Interest income - investing activities	(7 374 322)	(20 758 493)
Other income- non cash	(19 551 920)	(93 400 951)
Donations in kind	-	-
Impairment deficit	64 500	23 968 015
Debt impairment	78 746 782	138 389 821
Bad debts written off	2 732 008	514 874
Leave provision	2 216 484	(380 647)
Bonus Accrual	182 939	680 349
Employee benefits obligation movements	7 012 185	5 854 934
Interest on land fill site	3 093 777	2 592 677
Accrued Interest	9 198 241	-
Inventory losses or write-downs	-	37 150 000
Inventory consumed	17 691 575	53 696 458
Changes in working capital:		
Inventories	(2 358 484)	(6 803 231)
Receivables from exchange transactions	(1 685 539)	(16 563 698)
Consumer debtors	(103 691 588)	(83 636 589)
Other receivables from non-exchange transactions	1 733 423	(2 157 154)
Unspent conditional Grants	(8 404 838)	(62 911 231)
Borrowings	(35 901 149)	-
Payables from exchange transactions	(57 523 909)	32 520 595
VAT Receivable	14 958 520	(36 699 323)
Provisions	3 222 214	(424 560)
	153 160 776	**106 585 305**

48. Operating Surplus

Operating Surplus for the year is stated after accounting for the following:

Operating lease charges		
Lease rentals on operating lease		
• Contractual amounts	10 950 982	10 879 007
Impairment on property, plant and equipment	64 500	23 081 327
Gain on sale of non-current assets held for sale and net assets of disposal groups	708 532	4 962 992
Amortisation on intangible assets	157 731	97 494
Depreciation on property, plant and equipment	101 600 401	85 838 489
Employee costs	342 979 463	298 771 663

49. Fair value adjustments

Investment Property (Fair Value model)	1 219 146	1 597 254

Investment property (Fair value model)
These are fair value adjustments (gains) from the fair valuation of the municipality's Investment Property in line with the municipality's accounting policy and GRAP 16 paragraphs 46 to 70.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	675 506 138	728 329 783
Total capital commitments		
Already contracted for but not provided for	675 506 138	728 329 783

Total commitments

Total commitments		
Authorised capital expenditure	675 506 138	728 329 783

Capital commitment prior period Adjustment	Previously reported in 2024	Prior period adjustment	2024 restated
Bashimane consulting - Payments for master plan incorrectly recognised as planning and design	82 426 981	4 708 486	87 135 467
Ngwato le Nareadi - Practically completed project incorrectly recognised	1 186 608	(1 186 608)	-
Uranus Consulting Engineers - Prior period error amount to R247 462,24 for accrual invoices incorrectly recognised	494 924	(494 924)	-
Volt- Energisation of tubatse 40 mast lights. Project not recongised in prior year	-	9 607 675	9 607 675
Reliant- Designing, project management and commissioning of electrification of 543 households at Ext 54,58,71 and 74. External Reticulation Works not recognised in prior year as commitments including eskom reconnection fees	728 396	1 711 806	2 440 202
	84 836 909	**14 346 435**	**99 183 344**

This committed expenditure relates to plant and equipment budgeted for in the Medium Term Revenue and Expenditure Framework and it will be financed out of existing cash as well as future anticipated revenue to be collected as per Section 18 of the MFMA.

All commitments are inclusive of VAT.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Contingencies

Contingent assets

Description		
1. FTM/Mapale Distributors CC The municipality brought an application to rescind and set aside the taxed bill of cost in the amount of R 271 962.43 and R1 417 829.44 respectively in favour of Mapale Distributors. Judgement was granted in favour of Mapale by the Magistrate and a garnish order issued against the municipality, but the municipality successfully appealed the ruling with the High Court, the garnish interdicted by the High Court. Garnish order was nevertheless effected by the bank, and per the Legal opinion from Mmakola Matsimela Inc the bank and Mahowa Attorneys, who were formerly handling the case are jointly liable for the loss. The municipality has since concluded the case with low likelyhood of recovery.	-	1 689 742
2,FTM/Murathi Inc Murathi Inc was erroneously paid twice by FTM. Our instruction entails to recover the payment. The above matter previously disclosed under contingent asset has had no further progress or developments for a prolonged period. Based on the current assessment, management considers the case to have become moot and does not anticipate any future financial inflow arising from this matter. Accordingly, no contingent asset has been recognised in the financial statements.	-	453 720
	-	-
	-	**2 143 462**

Contingent liabilities

The following are the Contingent liabilities assumed:

Description		
3. Lizzard Tech vs FTLM The plaintiff sued the municipality for shortfall payment of invoices. The timing of any outflow or the possibility of any reimbursement from this case cannot be ascertained at this stage.	14 500 000	-
4. SAGIS data CSI Project CC vs FTLM. The Municipality was served with summons for payment of the outstanding invoices and therefore the Plaintiff is suing the Municipality for the breach of contract. The Municipality is disputing the claim and has appointed a service provider on the 26 July 2022 to defend the matter. The municipality has filed a Plea to the claim. The timing of any outflow or the possibility of any reimbursement from this case cannot be ascertained at this stage.	1 950 000	1 950 000
6. KIPP consulting engineers vs FTLM In December 2024 the applicant instituted an arbitration proceeding claiming payment to the sum of R 3 598 043 for outstanding professional fees for Magakala Mashung projects. The timing of any outflow or the possibility of any reimbursement from this case cannot be ascertained at this stage.	3 598 043	-
7. Joel Makgata vs FTLM This is an application in the Polokwane High Court to declare the termination of the employee by the municipality unlawful, to set it aside and order reinstatement. The High Court has ruled in Makgata’s favour, finding that the termination was unlawful and that he should accordingly be reinstated. There are no monetary claims from Makgata – he merely seeks an order which will set aside the termination of his employment and reinstate him as municipal manager. However, if Makgata is reinstated, the Municipality may become liable for his salary or the period that he was not paid, until the date of reinstatement. The timing of any outflow or the possibility of any reimbursement from this case cannot be ascertained at this stage.	54 147	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
51. Contingencies (continued)		
8. Bernard Nchabeleng vs FTLM. The plaintiff was evicted from the municipality land. The plaintiff alleges that he was allocated the land by the traditional authority. He further alleges that he suffered damages in the amount of R590 000, 00 as result of their eviction. The above matter previously disclosed under contingent liabilities has had no further progress or developments for a prolonged period. Based on the current assessment, management considers the case to have become moot and does not anticipate any future financial outflow arising from this matter. Accordingly, no contingent liability has been recognised in the financial statements.	-	590 000
9. FM Maluleke Inc// FTLM. The plaintiff launched an action against the municipality for defamation of character and claims for reputational damages. The potential financial exposure is R 4 000 0000. The above matter previously disclosed under contingent liabilities has had no further progress or developments for a prolonged period. Based on the current assessment, management considers the case to have become moot and does not anticipate any future financial outflow arising from this matter. Accordingly, no contingent liability has been recognised in the financial statements.	-	4 000 000
	-	-
11. Locality holdings vs FTLM The plaintiff was appointed as social facilitator for electrification of riverside phase 2 village at ward 20 for an amount of R 120 000. The plaintiff failed to be on site and he was never paid and he issued summons against the municipality. The municipality has opposed the matter. The case was withdrawn by the plaintiff	-	120 000
	-	-
	-	-
	20 102 190	**6 660 000**

Contingent liabilities prior period error

Heading	**Audited balance**	**Adjustment**	**Restated**
Telkom- the contingent liability amount was accrued for in 2022	8 605 605	(1 945 605)	6 660 000

52. Related parties

Relationships	
Accounting Officers	Refer to accounting officers' report note 5&37
Members of key management	

Related party balances

Payments received in advance - contract in process	2025	2024
Chief Financial Officer	(6 000)	(210 000)
Acting Municipal Manager	(104 000)	(65 000)
Close family member of key management personnel	(39 000)	(50 000)
Mayoral committee member	(40 000)	(250 000)

Included in the Payables from exchange transactions - Other payables (Payments received in advanced - contract in process) is the liability balances with related parties and close family members of related parties.

The above mentioned related parties entered into sale agreements for the purchase of stands in Extension 93, the transactions were at fair value as per the approved council resolution for the sale of stands.

Remuneration of management

Notes to the Annual Financial Statements

53. Awards to persons or close family members of persons in the service of the state

The Chief Audit Executive declared interest in Bauba Marumo, one of the municipality's service providers for refuse collection, which is owned by her mother. During the period under review payments amounting to R14 697 166 (2024: R 14 609 715) were paid to the company.

Notes to the Annual Financial Statements

54. Prior period errors

During the 2025 financial year the following prior period errors were noted and corrected:

1.SLM Engineering Projects payment of R 754 880 as per voucher EF001434-0001 was not recorded in the wip register the prior year .therefore understating the WIP and expenditure

2.Philcon Group payment of R230 379 as per voucher EF000995-0005 was expensed in the prior year as 149 359.11
Katlolo Engineering payment of R156 100 as per voucher EF00789-0005 was omitted from expensing in the prior year.

3.Nkanivo land software development was not capitalised in the financial year 2022-2023 for an amount of R 586 956.

4.Reliant Consulting payment of R1 942 104.52 as per voucher EF001568-0002 was recorded in the wip register the prior year including vat.

5. In the year 23/24. Mr Mabuza was recognised as a staff debtor resulting int the overstatement of debtors by R4,421 and understatement of Employee related costs by the same amount.

6. In 23/24 financial year invoice INV-L1405 VAT of R152 000 for contracted services was not accounted for, resulting in the understatement of Contracted services expense and Payables for the 23/24 financial year by R152 000.

7.There were overpayments of overtime to employees incurred in the year 23/24, resulting in overstatement of payroll costs (overtime) by R30 021 and understatement of Other Receivables from exchange transactions (Staff debtors) by the same amount.

8.Input VAT on transactions amounting to R324,707 was erroneously not recognised in prior year, resulting in understatement of VAT Receivable by R324,707, and overstatement of Inventory consumed, Contracted services and General expenses by R25,050, R255,364 and R44,293, respectively.

9. Input VAT amounting to R1,261,575 was erroneously recognised on non-taxable on transactions in prior year, resulting in overstatement of VAT Receivable by R1,261,575, and understatement of Employee related costs, Lease rentals on operating lease, Contracted services, Transfers and subsidies and General expenses by R8,576, R126,361, R743,981, R268 and R382,389, respectively.

10.Payment voucher EF00309-0004 was erroneously expensed year 2022 resulting in the understatement of Planning and Design of Street lights.

11. An invoice credit note of R12 600 for consumables delivered the year 23/24 was s incorrectly captured on the system. The prior period error is to correct the mispost

12. An employee was overpaid on acting allowance in the year 23/34, the staff debtor was not raised in the prior year list of staff debtor receivable understating receivables and overstating expenditure.

13. The municipality invested R50 000 000 in a long- term investment with standand bank account no 038578492_007. During 23/24 the municipality received interest on investment amounting to R3 452 630 which was recorded to Other receivevables, resulting in overstatement of Other receivables from exchange transactions by R3 452 630 and understatement of long term investments by the same amount.

14.In 2025 CY the municipality received a supplementary valuation roll, which had changed market values from the 2023/24 year end. This was as a result of identifying that Tubatse estate and Blue Horizon are developers and were billed separately (in various erfs) instead of creating one account for the developer. The developers has one title deed, therefore the market values of this properties changes and the prior year billing for the affected customers were adjusted.
The prior year Consumer debtors were overstated by 12 709 547 and Rates Revenue, Service charges Revenue and Fees earned were overstated by R11 621 903, R828 203 and R117 671 respectively. Furthermore, VAT receivable was understated by R141 884 and Consumer debtors in credit understated by R114.

15.In the 21/22 financial year, the Council approved 50% for Domestic and 30% for Business amnesty to the debt that is 180 days and older upon settlement. Four debtors paid the settlement in 21/22 financial year and the accounts were ommitted during the write offs process.
The prior period error of R13 435.60 was processed to reduce the consumer debtors and the accumulated surplus.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Prior period errors (continued)

16. Municipality purchased Mashifane Park Land in the prior year for R135 000 000 excluding VAT. The payments made for VAT arising from the purchase of R20 250 000 and Convenor fees amounting to R7 895 972,72 were erroneously recorded as payments to settle the land balance of R135 000 000. This resulted in the misstatement of input Capital VAT by R20 250 000, misstatement of convenor fees(legal fees) by R7 895 972,72 and understatement of accruals by the total of R28 145 972,72. A prior year adjusting journals was processed to correct the error.

17..In the 2024/2025 financial year, we identified errors in the calculation of the 2024 debt impairment provision. The error emanates from the incorrect categorisation of Consumer debtors in the 2024 Debtor's age analysis, whereby amounts relating to Other consumer debtors (Interest) were mistakenly classified to the Assessment Rates and Refuse category. This resulted in the following:
-Overstatement of the Gross amount and Debt Impairment Provision for Assessment rates and Refuse.
-Understatement of the Gross amount and Debt Impairment Provision for Other debtors.

The prior period error of 122 586 144 and 107 211 609 was processed to correct the misclassification of the gross debtors and Debt Impairment Provision respectively.

Municipality purchased Mashifane Park Land in the prior year for R135 000 000 excluding VAT. The payments made for VAT arising from the purchase of R20 250 000 and Convenor fees amounting to R7 895 972,72 were erroneously recorded as payments to settle the land balance of R135 000 000. This resulted in the misstatement of input Capital VAT by R20 250 000, misstatement of convenor fees(legal fees) by R7 895 972,72 and understatement of accruals by the total of R28 145 972,72. A prior year adjusting journals was processed to correct the error.

18. Adjustments were made to work in progress due to capitalisation of assets whose completion certificates were availed after the completion of 2023/24 audit. The capitalised projects are computer software(R1 304 348) .

19. A payment for makgakala internal street project was omitted in the 23/24 work in progress. Understating the WIP and overstating accumulated surplus by R 734 104.

20. Depreciation in relation to the prior property plant and equipment adjustments for the amounted to R35 736.14

21. Adjustments were made to work in progress due to capitalisation of assets whose completion certificates were availed after the completion of 2023/24 audit. The capitalised projects are Mabopo Traffic Station solar project with a cost of R1 688 786,54

22. Leave accrual for the 2023/2024 financial year leave provision was finilised taking into account the leave taken in the 2024/25 financial year therefore reducing the actual leave balance in the 2023/24 financial year. This amount must be added back to prior year.

23.Motor vehicle omited in the prior year register was recognised this financial year at a cost of R20 000

24.The municipality purchased land, the payment was subsequently made into the attorneys trust account with interest accruing to the municipality. As at 23/24 interest accrued on the trust account was omitted, understating the receivables and revenue by R405 843.82.

Statement of financial position		
Long term investment	-	3 452 630
Receivables from exchange	-	(3 016 340)
VAT Receivable	-	19 455 016
Consumer debtors	-	(12 760 904)
Leave provision	-	(90 126)
Payables from exchange transactions	-	(26 737 882)
Property plant and equipment	-	583 169
Accumulated surplus	-	6 070 830
Intangible assets	-	1 241 973

Figures in Rand	2025	2024

54. Prior period errors (continued)

Statement of financial performance

	2025	2024
Service charges	-	828 203
Fees earned	-	117 671
Other income	-	(1 962 007)
Rates received	-	7 240 461
Property rates -penalties imposed	-	4 381 441
Employee related costs	-	474 262
Lease rentals on operating lease	-	126 361
Bad debts written off	-	13 436
Contracted service	-	640 697
Transfers and subsidies	-	267
General expense	-	(72 029)
Inventory consumed	-	(25 050)
Debt impairment	-	37 921

55. Prior-year adjustments

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Long term investment	7	50 000 000	3 452 630	53 452 630
Receivables from exchange transactions	11	21 004 452	(3 016 340)	17 988 111
Vat receivable	12	48 361 891	19 455 016	67 816 909
Consumer debtors	14	80 002 945	(12 760 904)	67 242 040
Leave provision	18	(19 815 954)	(90 126)	(19 906 081)
Payables from exchange transactions	8	(232 173 969)	(26 737 882)	258 911 851
Property plant and equipment	4	2 728 427 420	583 168	2 729 010 589
Accumulated surplus		(2 654 859 004)	6 070 832	(2 648 788 173)
Computer software	4	339 041	1 241 973	1 581 014
		21 286 822	**(11 801 633)**	**527 308 890**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	21	(26 100 304)	828 203	-	(25 272 101)
Fees earned	29	(1 121 567)	117 671	-	(1 003 896)
Other income	30	(138 080 847)	(1 962 007)	-	(140 042 854)
Rates received	32	(191 050 398)	7 240 461	-	(183 809 936)
Property rates-penalties imposed	32	(24 547 312)	4 381 441	-	(20 165 870)
Employe related costs	37	254 799 612	474 262	410 125	255 273 877
Inventory consumed	20	53 721 508	(25 050)	-	53 696 457
Lease rentals on operating lease	27	10 752 645	126 361	-	10 879 006
Bad debts written off	45	501 439	13 436	-	514 874
Contracted services	46	419 632 091	640 697	3 417 185	423 689 973
Transfers and subsidies	33	5 870 918	267	(3 417 185)	2 454 000
Debt impairment	43	138 351 899	37 922	-	138 389 820
General expense	44	103 105 441	(72 029)	(410 125)	103 033 412
Surplus for the year		**605 835 125**	**11 801 635**	**-**	**617 636 762**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

1. Other assets were reclassified into landfill site to at an amount of R 996 25

2. Reclassification of travel costs from general expenses to employee cost to ensure accurate disclosure of R 410 125.

3.Reclassification of unallocated deposit for 2024 to revenue of R 1 560 283.

4. Reclassification of grants and subsidies note,from conditional grants received in the current year to " conditional grants rolled over

5. Reclassification of solar expenses from transfer and subsidies to contracted services."

56. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The accounting policy for financial instruments was applied to the following statement of financial position items:

Amortised cost - Financial Assets	2025	2024
Receivables from exchange transactions	16 254 689	17 988 112
Receivables from non-exchange transactions	3 841 975	3 244 850
Consumer Debtors	90 147 832	67 242 043
Cash and cash equivalents	17 895 801	99 299 089
Long-term investment	58 747 630	53 452 630
	186 887 927	**241 226 724**

Amortised cost - Non-Derivative Financial Liabilities	2025	2024
Borrowings	(64 503 498)	(100 404 647)
Payables	(222 078 861)	(258 911 857)
	(286 582 359)	**(359 316 504)**

Fair Values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1:
Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:
Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:
Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2025 **Financial Assets**	Level 1	Total
Cash and cash equivalents	17 895 801	17 895 801
Long-term investment	58 747 630	58 747 630
Borrowings	(64 503 498)	(64 503 498)
	12 139 933	**12 139 933**

56. Risk management (continued)

2024 Financial Assets	Level 1	Total
Cash and cash equivalents	99 299 089	99 299 089
Long term investment	53 452 630	53 452 630
Borrowings	(100 404 647)	(100 404 647)
	52 347 072	**52 347 072**

Liquidity risk

2025 **Non-derivative financial liabilities**	**Up to 1 year**	**1-5 years**	**Total**
Borrowings	(49 545 728)	(25 503 915)	(75 049 643)
Capital repayments	(40 407 487)	(24 500 658)	(64 908 145)
Interest	(9 138 241)	(1 003 257)	(10 141 498)
Payables	(222 078 858)		(222 078 858)
	-271 624 586	(25 503 915)	(297 128 501)

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The following are contractual liabilities of which interest is included in borrowings:

2024 **Non-derivative financial liabilities**	Up to 1 year	1-5 years	Total
Borrowings	(45 099 389)	(70 742 415)	(115 841 804)
Capital repayments	(35 901 148)	(64 503 499)	(100 404 647)
Interest	(9 198 241)	(6 238 916)	(15 437 157)
Payables	(257 579 392)	-	(257 579 392)
	(302 678 781)	**(70 742 415)**	**(373 421 196)**

Credit risk

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

Trade receivables are assessed for recoverability in line with the municipality debt impairment policy which is aligned to the GRAP 104 paragraph 61 (Financial Instruments).

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

Financial instrument	2025	2024
Receivables from exchange transactions	16 254 689	17 988 112
Receivables form non-exchange transactions	2 315 313	1 912 385
Consumer debtors	90 147 832	67 242 043
Cash and Cash equivalents	17 895 801	99 299 089
Long term investment	58 747 630	53 452 630

Market risk

56. Risk management (continued)

Market risk of the Municipality

Market risk is the risk to the municipality that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The municipality is not exposed to currency risk as its operations are only in South Africa, and its financial transactions are primarily denominated in the South African Rand.

Interest rate risk is the is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Consumer debtors are exposed to interest rate risk as the municipality levies interest at prime plus 1%. The municipality's investments are also affected by fluctuations in the market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Changes in the CPI and the PPI could have an impact on the pricing of goods and services procured by the municipality. Similarly, the volatility in international markets and the seasonal fluctuations in fuel price and supply also present a price risk to the municipality.

57. 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 municipality is constitutionally mandated to impose Rates and Taxes in terms of Section 229 of the Constitution and that ensures that it will continue to fund its operations.

In light of the municipality's financial performance and position for the year ended 30 June 2025, the evidence strongly supports the presumption of going concern. The substantial accumulated surplus of R2.874 billion, coupled with total assets significantly exceeding total liabilities, reflects a robust net asset position capable of absorbing foreseeable operational and financial shocks. The recorded annual surplus of R164.3 million underscores the municipality's capacity to generate positive economic resources through its service delivery and revenue streams.

The municipality concluded the financial year with a cash and cash equivalents balance of R17.8 million, indicating that it maintained a positive liquidity position. Although the current ratio of 0.81:1 suggests that liquidity is inadequate, it remains at a level that requires careful cash flow management to avoid pressure during periods of high expenditure or delayed revenue receipts. Furthermore, the observed decline in the collection rate from 80% to 65% poses a medium-term risk to cash-generating capacity if not addressed proactively.

From a public sector financial sustainability perspective, the continued receipt of equitable share allocations and conditional grants remains a critical determinant of solvency and service delivery continuity. The municipality's demonstrated compliance with grant conditions and its effective utilisation of capital and operational transfers provide assurance of ongoing fiscal support. Considerations made by management in assessing the going concern of the municipality as at 30 June 2025:

1. Financial Position Indicators
• Accumulated Surplus: R2.874 billion (2024: R2.710 billion).
• Net Assets: R2.946 billion with total assets of R3.282 billion exceeding total liabilities of R 401.3 million.
• Liquidity Position: Current assets of R241 million vs current liabilities of R296. million (Current ratio 0.81:1).
• Borrowings: R64.5 million (down from R100 million in 2024), indicating manageable debt levels.
• Cash and Cash Equivalents: Closing balance at R17,8 million compared to R99.3 million in 2024 — this is a red flag for short-term liquidity but mitigated by strong receivables and grant inflows.
2. Performance Indicators
• Surplus for the year: R164. million (significant increase from prior year surplus of R61.8 million).
• Operating Expenditure Coverage: Large surplus provides headroom to absorb cost pressures.
• Grants Dependency: Government grants and subsidies remain a major income source (R831.5 million), making continued compliance with conditional grant requirements critical.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Events after the reporting date

There were no events after the reporting date.

59. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	113 250 066	275 655 848
Irregular expenditure	150 970 160	167 575 319
Fruitless and wasteful expenditure	906 177	1 362 501
Closing balance	**265 126 403**	**444 593 668**

***Refer to reconciling notes in the annual report**

60. Unauthorised expenditure

Opening balance as previously reported	275 655 848	463 418 696
Less: Amount written off - prior period	(275 655 848)	(463 418 696)
Add: Administration Corporate (operational)	-	23 523 115
Add: Finance and administration (operational)	61 829 309	127 502 213
Add: Roads (Operational)	47 572 922	36 599 433
Add: Solid waste landfill site (Operational)	1 722 160	984 590
Add: Finance and administration (Capital)	-	47 062 587
Add: Waste management (Capital)	184 690	13 214 927
Add: Development planning (operational	1 940 985	26 768 983
Closing balance	**113 250 066**	**275 655 848**

The 2025 unauthorised expenditure consists of:

1. Finance and administration (Operational)
The major contributor to the unauthorized expenditure is the impairment loss for debtors and depreciation , which were determined at year end

2. Roads (Operational)
This stems from the INEP-funded electrification project, which was expensed as per Treasury regulations. However, the budget was allocated under the capital budget, leading to a mismatch that resulted in unauthorized expenditure, when compared with the capital budget there is no unauthorised expenditure . The Budget on these electrification projects were budgeted under capital expenditure.
3.Solid waste landfil site (Operational)
The major contributor was the interest on landfill rehabilitation, calculated at year-end by an expert. This was not budgeted for because the information for the determination of the landfil site was only carried out at year end.

4**. Development and planning (Operational)**
Local Economic Development and Tourism (Vote 8) salaries were processed under the Development and Planning (Vote 7) due to quick codes integration issues. The budget for Local Economic Development and Tourism salaries is allocated under the respective vote. Hence, Vote 7 has unauthorized expenditure, and Vote 8 shows significant underspending

5. Waste management (capital)
Purchase of waste removal fleet not previously budgeted for.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

61. Fruitless and wasteful expenditure

Opening balance as previously reported	1 362 501	1 362 501
Add: Fruitless and wasteful expenditure identified - current	20 295	-
Less: Amount written off - current	(20 295)	-
Less: Amount written off - prior period	(456 324)	-
Closing balance	**906 177**	**1 362 501**

Fruitless and wasteful expenditure is presented inclusive of VAT.

Additional text

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

61. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Fruitless and wasteful expenditure write off		
Alber Hibbert Attorneys- Interest on the Payment in favour of Mammule Chidi Attorney in a case of Wonder Kgole and Lelo - Amount written off	132 850	-
Sekhukhune Times- Re-Advertisement - Amount written off	17 312	-
Sheriff praktiseer H&L-Storage claim that accumulated due delay in removal of a car	26 557	-
Bathane Rasemana Attorney	134 218	-
Eskom- Interest on overdue account	689	-
Department of labour- Penalty on assessment	40 970	-
Municipal Gratuity Fund- Interest on overdue account	2 339	-
SARS- Interest and penalty on overdue account	26 644	-
Mapale- Lost legal case (interest) on judgement against the municipality -	67 847	-
Sekhukhune District-Interest on overdue account	4	-
AGSA-Interest on overdue account	385	-
Eskom- Interest on overdue account	3 729	-
Eskom- Interest on overdue account	2 571	-
Eskom- Interest on overdue account	2 785	-
Eskom- Interest on overdue account	1 828	-
Eskom- Interest on overdue account	6 056	-
Eskom- Interest on overdue account	548	-
Regenesys Business School fees-Interest on overdue account	1 276	-
University of witwatersrand- Interest on overdue account	1 502	-
Mmule chidi	6 509	-
	476 619	**-**

	Disciplinary steps taken/criminal proceedings		
Mmule chidi	Payment in favour of Mammule Chidi Attorney in a case of wonder kgole and Lelo- Amount written off	-	6 509
Alber Hibbert Attorneys	The municipality did not oppose an appeal the case at the supreme court and as a result and as a result the appellant won the case - Amount written off	-	132 850
Sekhukhune Times	Re-Advertisement - amount written off	-	17 312
Sheriff Praktiseer H&L	Storage claim that accumulated due delay in removal of a car - Amount written off	-	26 557
Bathane Rasemana Attorney	Legal costs relating to dispute between (Kgaogelo Kae-Kae) (Pty) Ltd and FTLM-Amount written off	-	134 218
Standard Bank	Unauthorised bank withdrawals - Under investigation	896 593	896 593
FNB Bank	Unauthorised bank withdrawals - Under investigation	9 584	9 584

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

61. Fruitless and wasteful expenditure (continued)

Eskom	Interest on overdue account- Amount written off	-	689
Department of Labour	Penalty on assessment- Amount written off	-	40 970
Municipal Gratuity Fund	Interest on overdue account- Amount written off	-	2 339
SARS	Interest and penalty on overdue account-Amount written off	-	26 644
Mapale	Lost legal case (interest) on judgement against the municipality -Amount written off	-	67 847
Sekhukhune District	Interest on overdue account- amount written off	-	4
AGSA	Interest on overdue account- Amount written off	-	385
		906 177	**1 362 501**

Prior-year adjustments - Fruitless and wasteful expenditure

62. Irregular expenditure

	2025	2024
Opening balance as previously reported	167 575 320	181 937 131
Add: Irregular expenditure - current	136 432 141	46 851 432
Less: Irregular expenditure - prior period error	-	(1 968 584)
Less: Amount written off - current	(49 393 191)	(10 777 684)
Less: Amount written off - prior period	(103 644 110)	(48 466 975)
Closing balance	**150 970 160**	**167 575 320**

Refer to Final Annexure 1-Irregular Expenditure breakdown as at 30 June 2025 for a detailed breakdown of the irregular expenditure identified in the 2025 financial year and disclosure in terms of Section 125 (2)(d) of the MFMA.

Prior period error- Irregular expenditure	**2024**	**PY error adjustment**	**Restated Balance**
ZML Africa projects / Aleng South Africa JV Reteneion not yet paid incorrectly recognised as irregular expenditure	169 543 904	(1 968 584)	167 575 320

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

63. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 057 188	3 049 140
Amount paid - current year	(3 057 188)	(3 049 140)
	-	-

Audit fees

Opening balance	6 969	-
Current year subscription / fee	8 789 982	9 267 411
Amount paid - current year	(8 796 951)	(9 260 442)
	-	**6 969**

PAYE and UIF

Current year subscription / fee	52 939 108	48 017 767
Amount paid - current year	(52 939 108)	(48 017 767)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	41 079 432	35 100 971
Amount paid - current year	(41 079 432)	(35 100 971)
	-	-

VAT

VAT receivable	500 866 269	395 348 771
VAT payable	(448 007 883)	(327 531 865)
	52 858 386	**67 816 906**

VAT output payables and VAT input receivables are shown in note .

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Councillors' arrear consumer accounts

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

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Makhofane I.T	2 158	16 840	18 998
Maila E.E	2 565	8 648	11 213
	4 723	**25 488**	**30 211**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Makofane I.T	5 813	96 390	102 203
Maila E.E	2 965	-	2 965
	8 778	**96 390**	**105 168**

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

64. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.4

During the 2025 financial year, the municipality incurred total deviations amounting to R34 681 166. These deviations relate to emergency procurement of legal services amounting to R3 130 728, which was incurred during the 2025 financial year; and

Electrification of 551 households in Burgersfort Extensions 54, 48, 71 and 72 (internal reticulation) amounting to R31 550 438 which relates to a contract initially entered during the 2024 financial year, with a total contract value of R56 481 819**.** The deviation was approved in terms of SCM Regulation 36(1)(a)(v) as it was impractical to follow the normal competitive bidding processes.

Class	2025	2024
Emergency	3 130 728	-
	31 550 438	17 717 262
	34 681 166	**17 717 262**

65. Segment information

General information

65. Segment information (continued)

Identification of segments

The municipality is organised and reports to council on the basis of eight (8) major functional areas: community services, corporate services, executive council, finance, technical service administration, local economic development, development planning and municipal manager. The segments are organised around the departments which assist the municipality in service delivery. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The municipality operates in the Sekhukhune District area of the Limpopo province. Since all the segments are located in one geographical area, segment results were aggregated on the basis of services departments..

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Community Service	Removal and disposal of waste, traffic safety, municipal bylaws and security. Provision of libraries, pounds, public parks and cemeteries.
Finance	Ensure proper management of Municipal finance to improve financial viability, revenue, budget control, expenditure and free basic service. it also administers supply chain, fleet and assets management services
Technical services	Technical Services Administration, Roads, Storm Water.
Corporate Services	Corporate Services Administration, Executive Support
Waste Management	Waste Disposal
Development Planning	Development Planning Services Administration, Municipal Buildings.
Local Economic Development	Economic & Land Development Administration
Municipal Manager	Municipal Manager Administration

Notes to the Annual Financial Statements

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65. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community services	Finance	Corporate services	Waste Management	Development Planning	Local Economic Development	Municipal Manager	Technical services	Total
Revenue									
Revenue from exchange transactions	(46 618 230)	(61 365 441)	(4 087 707)	-	-	(4 107 827)	(108 602)	-	(116 287 807)
Interest Revenue	(7 493 611)	(12 662 044)	-	-	-	-	-	-	(20 155 655)
Revenue from non-exchange transactions	(18 583 738)	(873 268 544)	(5 593 229)	-	-	(1 742 000)	-	(202 813 707)	(1 102 001 218)
Total segment revenue	**(72 695 579)**	**(947 296 029)**	**(9 680 936)**	**-**	**-**	**(5 849 827)**	**(108 602)**	**(202 813 707)**	**(1 238 444 680)**
Entity's revenue									**(1 238 444 680)**
Expenditure									
Employee related cost	74 707 921	44 482 573	99 815 500	3 747 753	-	17 523 680	28 897 361	29 416 578	298 591 366
Remuneration of councillors	-	-	44 388 037	-	-	-	-	-	44 388 037
Inventory consumed	-	17 219 892	223 925	228 187	-	-	-	19 569	17 691 573
Depreciation and amortisation	9 030 694	19 190 533	4 071 630	-	-	-	-	69 465 272	101 758 129
Finance cost	-	9 198 241	-	-	-	-	-	-	9 198 241
Impairment losses	-	-	-	-	-	-	-	64 501	64 501
Lease rentals on operating lease	-	-	10 950 981	-	-	-	-	-	10 950 981
Debt Impairment	-	78 746 782	-	-	-	-	-	-	78 746 782
Bad debts written off	919 163	1 812 844	-	-	-	-	-	-	2 732 007
Contracted services	24 388 750	60 563 209	32 708 395	41 367 971	5 637 185	4 935 631	132 928 881	71 751 526	374 281 548
Transfers and subsidies	-	-	-	-	-	-	-	3 499 343	3 499 343
General expenses	9 852 589	23 087 302	84 460 032	16 752	83 993	1 708 131	10 530 807	707 017	130 446 623
Loss on disposal	-	-	708 532	-	-	-	-	-	708 532
Total segment expenditure	**118 899 117**	**254 301 376**	**277 327 032**	**45 360 663**	**5 721 178**	**24 167 442**	**172 357 049**	**174 923 806**	**1 073 057 671**
Total segmental surplus/(deficit)	**46 203 538**	**(692 994 653)**	**267 646 096**	**45 360 663**	**5 721 178**	**18 317 615**	**172 248 447**	**(27 889 898)**	**(165 387 009)**

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)

	Community services	Finance	Corporate services	Waste Management	Development Planning	Local Economic Development	Municipal Manager	Technical services	Total
Assets									
Inventories	2 193 089	55 148 969	2 222 651	362 969	-	-	(8 139)	158 362	60 077 901
Receivables from exchange transactions	-	16 254 689	-	-	-	-	-	-	16 254 689
Receivables from non-exchange transactions	(113 362)	(40 289 260)	(164 208)	182 101	-	-	42 857 456	(157 415)	2 315 312
VAT receivable	977 007	(228 994 636)	38 743 936	14 418 448	1 240 456	3 341 673	58 417 900	164 713 601	52 858 385
Consumer debtors from exchange transactions and non exchange	76 060 254	12 630 022	-	-	-	(200 312)	-	1 657 870	90 147 834
Cash and cash equivalents	(80 711 698)	2 023 894 774	(733 561 605)	(112 938 333)	(16 129 552)	24 961 797	(483 607 098)	(604 012 480)	17 895 805
Investment property	-	(5 784 000)	60 334 000	-	-	-	-	-	54 550 000
Long term investment	-	58 747 630	-	-	-	-	-	-	58 747 630
Property, Plant and Equipment	(65 586 020)	(79 260 422)	2 650 035 162	22 616 307	3 538 261	412 827	6 920 169	374 528 266	2 913 204 550
Intangible assets	2 502 124	(225 251)	(159 212)	-	-	-	-	-	2 117 661
Heritage Assets	-	-	1 068 300	-	-	-	-	-	1 068 300
Total segment assets	**(64 678 606)**	**1 812 122 515**	**2 018 519 024**	**(75 358 508)**	**(11 350 835)**	**28 515 985**	**(375 419 712)**	**(63 111 796)**	**3 269 238 070**
Total assets as per Statement of financial Position									**3 269 238 070**
Liabilities									
Payables from exchange transactions	5 066 987	49 451 651	(421 152 092)	1 202 881	(2 385 701)	(789 029)	(13 217 922)	159 744 364	(222 078 861)
Employee benefit obligation	-	(53 981 860)	7 427 314	-	-	-	-	-	(46 554 546)
Unspent conditional grant and receipts	(5 222 756)	(1 528 949)	(58 765 847)	-	-	1 688 000	-	63 829 550	(2)
Provision (Leave accrual)	-	(20 200 286)	(1 922 277)	-	-	-	-	-	(22 122 563)
Provision (Landfill site rehabilitation)	(36 398 679)	-	-	-	-	-	-	-	(36 398 679)
Standard bank loan	-	(64 503 498)	-	-	-	-	-	-	(64 503 498)
Total segment liabilities	**(36 554 448)**	**(90 762 942)**	**(474 412 902)**	**1 202 881**	**(2 385 701)**	**898 971**	**(13 217 922)**	**223 573 914**	**(391 658 149)**
Total liabilities as per Statement of financial Position									**(391 658 149)**

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)

2024

	Community Services	Finance	Corporate services	Waste management	Development Planning	Local Economic Development	Municipal Manager	Technical Services	Total
Revenue									
Revenue from non-exchange transactions	(1 363 200)	(797 594 591)	(17 391 303)	-	(223 612 447)	-	-	(1 463 000)	(1 041 424 541)
Interest Revenue	(6 068 964)	(19 650 734)	-	-	-	-	-	-	(25 719 698)
Revenue from exchange transactions	(40 451 767)	(140 827 199)	(907 520)	(94 912)	-	-	-	(823 165)	(183 104 563)
Total segment revenue	**(47 883 931)**	**(958 072 524)**	**(18 298 823)**	**(94 912)**	**(223 612 447)**	**-**	**-**	**(2 286 165)**	**(1 250 248 802)**
Entity's revenue									**(1 250 248 802)**
Expenditure									
Employee related costs	83 641 236	38 548 205	68 523 358	468 644	-	11 322 162	24 288 832	28 481 437	255 273 874
Remuneration to Councillors	-	-	43 497 786	-	-	-	-	-	43 497 786
Inventory consumed	464 891	51 304 643	1 404 898	507 607	-	-	-	14 417	53 696 456
Depreciation and amortisation	4 863 112	7 185 069	46 569 519	-	-	-	-	27 318 283	85 935 983
Impairment loss/reversal of impairment	-	-	-	-	-	-	-	23 081 327	23 081 327
Finance costs	-	4 284 558	-	-	-	-	-	-	4 284 558
Lease rentals on operating lease	-	-	10 879 006	-	-	-	-	-	10 879 006
Debt impairment	-	138 389 820	-	-	-	-	-	-	138 389 820
Bad debts written off	290 243	224 630	-	-	-	-	-	-	514 873
Contracted services	16 378 731	57 016 467	38 435 756	30 723 413	-	14 731 125	125 394 587	141 009 890	423 689 969
Transfer and subsidies	-	-	-	-	-	-	-	2 454 000	2 454 000
Fair value adjustment	-	-	-	-	37 150 000	-	-	-	37 150 000
General expenses	8 233 155	26 082 771	57 681 327	191 477	-	1 776 512	7 590 328	1 477 839	103 033 409
Loss on non current assets held for sale or disposal groups	-	-	-	-	-	-	-	4 962 992	4 962 992
Total segment expenditure	**113 871 368**	**323 036 163**	**266 991 650**	**31 891 141**	**37 150 000**	**27 829 799**	**157 273 747**	**228 800 185**	**1 186 844 067**
Total segmental surplus/(deficit)	**65 987 439**	**(635 036 356)**	**248 692 829**	**31 796 230**	**(186 462 447)**	**(27 829 799)**	**(157 273 747)**	**226 514 020**	**(63 404 734)**

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)

	Community Services	Finance	Corporate services	Waste management	Development Planning	Local Economic Development	Municipal Manager	Technical Services	Total
Assets									
Inventories	1 730 326	70 875 410	2 464 174	190 000	-	-	(14 950)	166 033	75 410 993
Receivables from exchange transactions	-	17 988 111	-	-	-	-	-	-	17 988 111
Receivables from non-exchange transactions	415 138	1 427 296	88 844	-	-	(157 415)	138 522	-	1 912 385
Vat Receivable	(514 724)	(126 828 921)	26 368 055	8 207 431	521 739	3 562 554	36 753 838	119 746 937	67 816 909
Consumer Debtors from exchange and non exchange	83 145 529	(17 330 483)	-	-	-	(230 878)	-	1 657 870	67 242 038
Cash and cash equivalents	(54 906 830)	1 526 063 912	(568 118 637)	(64 733 027)	(12 000 000)	24 950 745	(309 816 179)	(442 140 896)	99 299 088
Property, Plant and Equipment	(66 769 931)	(67 321 453)	2 638 398 427	16 760 539	3 538 261	412 829	6 115 269	197 876 649	2 729 010 590
Investment property	-	(5 784 000)	59 114 854	-	-	-	-	-	53 330 854
Intangible Assets	1 807 746	(225 251)	(1 481)	-	-	-	-	-	1 581 014
Heritage Assets	-	-	1 068 300	-	-	-	-	-	1 068 300
Long-term investment	-	53 452 630	-	-	-	-	-	-	53 452 630
Total segment assets	**(35 092 746)**	**1 452 317 251**	**2 159 382 536**	**(39 575 057)**	**(7 940 000)**	**28 537 835**	**(266 823 500)**	**(122 693 407)**	**3 168 112 909**
Total assets as per Statement of financial Position									**3 168 112 909**
Liabilities									
Payables from exchange transactions	6 399 175	16 415 118	(438 123 928)	994 472	-	(3 437 468)	(13 403 288)	173 576 532	(257 579 387)
Employee benefit obligation	-	(45 083 606)	5 541 246	-	-	-	-	-	(39 542 360)
Unspent conditional grants and receipts	-	(1 528 949)	(58 765 846)	-	-	1 688 000	-	50 201 957	(8 404 838)
Provisions (leave accrual)	-	(20 200 286)	294 205	-	-	-	-	-	(19 906 081)
Provision landfill site	(30 082 688)	-	-	-	-	-	-	-	(30 082 688)
Standard bank Loan	-	(100 404 647)	-	-	-	-	-	-	(100 404 647)
Total segment liabilities	**(23 683 513)**	**(150 802 370)**	**(491 054 323)**	**994 472**	**-**	**(1 749 468)**	**(13 403 288)**	**223 778 489**	**(455 920 001)**
Total liabilities as per Statement of financial Position									**(455 920 001)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

65. Segment information (continued)

Measurement of segment surplus or deficit, assets and liabilities

* See Note 54