Dr Pixley Ka Isaka Seme Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying services to the community.
Executive Mayor	BJ Mhlanga
Speaker	BG Mavuso
Chief Whip	BTA Zulu
Mayoral committee: Corporate and Community Services	NW Msibi
Mayoral committee: Infrastructure Services	TV Hlakutse
Mayoral committee: Planning Services	TH Thwala
Councillors	AF Gangat
	CS Dlamini
	EN Lephoto
	FE Mahlaba
	H Maseko
	L de Jager
	L Hadebe
	MS Motha
	MZ Sangweni
	NS Mncube
	OT Shabangu
	XB Ngema
	ZG Mbethe
	CJ du Toit
	GL Khumalo
Grading of local authority (Remuneration of Public Office Bearers Act (20 of 1997)	South African Municipalities are grade from Grade 1 to Grade 6, with Grade 1 being the smallest This municipality is a Grade 3.
Accounting Officer	MA Ngcobo (Municipal Manager)
Chief Financial Officer	NL Khuzwayo
Business address	Dr Nelson Mandela and Adelaide Tambo Street Volksrust 2470
Postal address	Private bag X 9011 Volksrust 2470
Bankers	First National Bank
Auditors	Auditor General of South Africa
Telephone and email	(017) 734 - 6100 records@pixleykaseme.gov.za

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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 Statement for the year ended 30 June 2025

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

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

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

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

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

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

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

The auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements wil be examined by the Auditor-General.

The annual financial statements set out on page 4 - 83, were approved by the accounting officer on 30 June 2025 and were signed on its behalf by:

Accounting Officer
MA Ngcobo (Municipal Manager)

Accounting Officer's Report for the year ended 30 June 2025

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

1. Review of activities

Main business and operations

The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying services to the community.

2. Going concern

We draw attention to the fact that at Year ended 30 June 2025, the municipality had an surplus (deficit) of (R 15 836 343) and that the municipality's total assets exceed its liabilities by R 905 298 803.

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.

3. Subsequent events

Subsequent to the financial year end, Council during its council meeting held on the 29th July 2025, concluded the investigations on the Irregular Expenditure and subsequently written off an amount of R9 610 730.15 for Irregular Expenditure.

4. Accounting policies

The annual financial statements prepared in accordance with Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury and the requirements of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA).

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
MA Ngcobo	South African

6. Corporate governance

General

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

Audit and risk committee

The audit committee members were Ms. P Ntuli (Chairperson), Mr. MA Mapheto, Mr. S Maharaj and Mr. JM Ramphisa.

The Chairperson of the risk committee is Mr T Gafane.

7. Auditors

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

Accounting Officer
MA Ngcobo (Municipal Manager)

Statement of Financial position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	1 330 079	848 780
Receivables from exchange transactions	4	74 490 278	59 794 930
Other receivables from exchange transactions	5	1 757 113	2 018 431
Receivables from non-exchange transactions	6	37 608 720	35 324 383
Investments	7	1 162 379	974 629
VAT receivable-SARS	8	1 441 363	828 008
VAT receivable	53	103 983 435	99 025 203
Cash and cash equivalents	9	30 665 947	8 952 054
		252 439 314	**207 766 418**
Non-Current Assets			
Property, plant and equipment	10	1 073 152 048	1 071 813 599
Investment property	11	53 897 688	54 484 276
Heritage assets	12	3 696 999	3 696 999
		1 130 746 735	**1 129 994 874**
Total Assets		**1 383 186 049**	**1 337 761 292**
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	135 847 403	106 332 215
VAT payable	14	131 408 797	119 636 755
Consumer deposits	15	1 721 028	1 701 123
Unspent conditional grants and receipts	16	11 284 668	3 253 743
Finance lease obligation	17	197 374	-
Employee benefit obligation	18	10 979 472	12 028 562
		291 438 742	**242 952 398**
Non-Current Liabilities			
Finance lease obligation	17	241 543	-
Employee benefit obligation	18	30 026 000	28 774 000
Provisions	19	92 795 697	72 737 480
Payables from exchange transactions	20	63 385 264	72 076 860
		186 448 504	**173 588 340**
Total Liabilities		**477 887 246**	**416 540 738**
Net Assets		**905 298 803**	**921 220 554**
Accumulated surplus		905 298 803	921 220 554
Total Net Assets		**905 298 803**	**921 220 554**

* See Note 47

Statement of Financial Performance as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	173 673 004	136 387 661
Rental of facilities and equipment	22	1 672 309	1 906 312
Agency fees	23	5 074 123	6 639 265
Other income	24	1 123 230	480 690
Interest income	25	44 697 504	42 539 905
Total revenue from exchange transactions		**226 240 170**	**187 953 833**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	53 346 270	38 889 255
Licences and Permits (Non-exchange)		5 198	-
Interest - Property rates		21 703 654	24 745 504
Transfer revenue			
Government grants & subsidies	27	267 267 174	207 827 871
Public contributions and donations		126 553	404 825
Fines, Penalties and Forfeits	28	690 320	943 318
Total revenue from non-exchange transactions		**343 139 169**	**272 810 773**
Total revenue		**569 379 339**	**460 764 606**
Expenditure			
Employee related costs	29	(104 212 955)	(102 827 135)
Employee costs - Remuneration of councillors	30	(10 795 841)	(10 482 411)
Inventory consumed	31	(24 579 147)	(24 492 339)
Depreciation and amortisation	32	(59 695 547)	(63 675 060)
Impairments loss	33	(15 886 730)	(13 262 964)
Finance costs	34	(11 878 264)	(11 441 378)
Debt Impairment	35	(126 052 166)	(35 959 399)
Bulk purchases	36	(98 888 006)	(87 156 277)
Contracted Services	37	(53 909 196)	(54 136 847)
Loss on disposal of assets and liabilities		(5 207 522)	(17 481 213)
General Expenses	38	(74 195 712)	(59 384 503)
Total expenditure		**(585 301 086)**	**(480 299 526)**
Deficit for the year		**(15 921 747)**	**(19 534 920)**

Refer to Note 47 for details of restatements.

* See Note 47

Statement of Changes in Net Assets for the year ended 30 June 2025

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	990 580 715	990 580 715
Prior year adjustments Note 47	(49 825 241)	(49 825 241)
Balance at 01 July 2023 as restated*	**940 755 474**	**940 755 474**
Deficit for the year	(19 534 920)	(19 534 920)
Total changes	(19 534 920)	(19 534 920)
Opening balance as previously reported	919 274 915	919 274 915
Adjustments		
Prior year adjustments - Note 47	1 103 262	1 103 262
Restated* Balance at 01 July 2024 as restated*	**921 220 550**	**921 220 550**
Deficit for the year	(15 921 747)	(15 921 747)
Total changes	(15 921 747)	(15 921 747)
Balance at Year ended 30 June 2025	**905 298 803**	**905 298 803**

Note(s)

* See Note 47

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		106 801 756	93 554 812
Grants		275 298 100	196 140 818
Interest		3 993 239	15 695 858
Taxation/Levies/Fines		45 852 783	28 693 322
Other		2 947 193	7 307 613
		434 893 071	341 392 423
Payments			
Employee costs		(118 385 886)	(120 039 548)
Suppliers		(213 032 929)	(209 731 417)
Finance costs		(657 618)	(102 051)
		(332 076 433)	(329 873 016)
Net cash flows from operating activities	39	**102 816 638**	**11 519 407**
Cash flows from investing activities			
Purchase of property, plant and equipment		(81 639 065)	(36 193 509)
(Loss)/Proceeds on disposal from sale of property, plant and equipment		697 402	1 716 779
Net cash flows from investing activities		**(80 941 663)**	**(34 476 730)**
Cash flows from financing activities			
Finance lease payments		(161 082)	(232 526)
Net increase/(decrease) in cash and cash equivalents		**21 713 893**	**(23 189 849)**
Cash and cash equivalents at the beginning of the year		8 952 054	32 141 903
Cash and cash equivalents at the end of the year	9	**30 665 947**	**8 952 054**

The accounting policies on pages 13 to 30 and the notes on pages 31 to 86 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	218 166 115	(22 590 735)	**195 575 380**	173 673 004	**(21 902 376)**	1
Sales of Goods and Rendering of Services	1 889 044	(1 210 615)	**678 429**	-	**(678 429)**	
Rental of facilities and equipment	3 601 119	(1 000 000)	**2 601 119**	1 672 309	**(928 810)**	
Agency fees	24 258 058	(17 058 058)	**7 200 000**	5 074 123	**(2 125 877)**	2
Other income	11 022 219	(7 367 567)	**3 654 652**	1 123 230	**(2 531 422)**	3
Interest received	74 067 414	(1 999 936)	**72 067 478**	44 697 504	**(27 369 974)**	4
Total revenue from exchange transactions	**333 003 969**	**(51 226 911)**	**281 777 058**	**226 240 170**	**(55 536 888)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	72 346 368	(14 598 990)	**57 747 378**	53 346 270	**(4 401 108)**	5
Licences and Permits	7 458 239	(7 448 239)	**10 000**	5 198	**(4 802)**	7
Interest - Taxation revenue	-	-	**-**	21 703 654	**21 703 654**	4
Transfer revenue						
Government grants & subsidies	275 284 050	3 934 948	**279 218 998**	267 267 174	**(11 951 824)**	6
Public contributions and donations	-	-	**-**	126 553	**126 553**	9
Fines, Penalties and Forfeits	517 125	(66 460)	**450 665**	690 320	**239 655**	
Total revenue from non-exchange transactions	**355 605 782**	**(18 178 741)**	**337 427 041**	**343 139 169**	**5 712 128**	
Total revenue	**688 609 751**	**(69 405 652)**	**619 204 099**	**569 379 339**	**(49 824 760)**	
Expenditure						
Employee related cost	(106 493 788)	(2 297 049)	**(108 790 837)**	(104 212 955)	**4 577 882**	10
Remuneration of councillors	(10 464 162)	(422 082)	**(10 886 244)**	(10 795 841)	**90 403**	10
Inventory consumed	(22 320 622)	(18 576 398)	**(40 897 020)**	(24 579 147)	**16 317 873**	10
Depreciation and amortisation	(68 858 843)	3 300 000	**(65 558 843)**	(59 695 547)	**5 863 296**	14
Impairment loss/ Reversal of impairments	-	-	**-**	(15 886 730)	**(15 886 730)**	
Finance costs	(8 000 000)	(1 109 000)	**(9 109 000)**	(11 878 264)	**(2 769 264)**	
Debt Impairment	(104 042 990)	-	**(104 042 990)**	(126 052 166)	**(22 009 176)**	11
Bulk purchases	(104 845 007)	(30 000 000)	**(134 845 007)**	(98 888 006)	**35 957 001**	12
Contracted Services	(45 178 612)	(12 347 621)	**(57 526 233)**	(53 909 196)	**3 617 037**	10
General expenses	(37 022 778)	(4 514 368)	**(41 537 146)**	(74 195 712)	**(32 658 566)**	
Total expenditure	**(507 226 802)**	**(65 966 518)**	**(573 193 320)**	**(580 093 564)**	**(6 900 244)**	
Operating deficit	**181 382 949**	**(135 372 170)**	**46 010 779**	**(10 714 225)**	**(56 725 004)**	
Gain/ (Loss) on disposal of assets and liabilities	(1 573 500)	12 500 000	**10 926 500**	(5 207 522)	**(16 134 022)**	13
Surplus / (Deficit)	**179 809 449**	**(122 872 170)**	**56 937 279**	**(15 921 747)**	**(72 859 026)**	
	179 809 449	**(122 872 170)**	**56 937 279**	**(15 921 747)**	**(72 859 026)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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	2 365 000	(1 365 000)	**1 000 000**	1 330 079	**330 079**	
Investments	-	-	**-**	1 162 379	**1 162 379**	
Other receivables from exchange transactions	-	-	**-**	1 757 113	**1 757 113**	
Receivables from non-exchange transactions	30 870 694	18 306 266	**49 176 960**	37 608 720	**(11 568 240)**	
VAT receivable	34 750 773	-	**34 750 773**	1 441 363	**(33 309 410)**	
Receivables from exchange transactions	68 428 145	83 649 971	**152 078 116**	74 490 278	**(77 587 838)**	
Cash and cash equivalents	236 855 815	(220 978 632)	**15 877 183**	30 665 947	**14 788 764**	
	373 270 427	**(120 387 395)**	**252 883 032**	**148 455 879**	**(104 427 153)**	
Non-Current Assets						
Investment property	99 977 691	-	**99 977 691**	53 897 688	**(46 080 003)**	
Property, plant and equipment	1 351 332 602	(6 399 000)	**1 344 933 602**	1 073 152 048	**(271 781 554)**	
Heritage assets	3 696 000	-	**3 696 000**	3 696 999	**999**	
Other receivables from exchange transactions	9 349 955	-	**9 349 955**	-	**(9 349 955)**	
	1 464 356 248	**(6 399 000)**	**1 457 957 248**	**1 130 746 735**	**(327 210 513)**	
Total Assets	**1 837 626 675**	**(126 786 395)**	**1 710 840 280**	**1 279 202 614**	**(431 637 666)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	197 374	**197 374**	
Payables from exchange transactions	87 945 097	24 093 636	**112 038 733**	135 847 405	**23 808 672**	
VAT payable	8 954 840	-	**8 954 840**	35 273 378	**26 318 538**	
Consumer deposits	1 678 777	-	**1 678 777**	1 721 028	**42 251**	
Employee benefit obligation	1 965 000	-	**1 965 000**	10 979 473	**9 014 473**	
Unspent conditional grants and receipts	-	-	**-**	11 284 668	**11 284 668**	
	100 543 714	**24 093 636**	**124 637 350**	**195 303 326**	**70 665 976**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	241 543	**241 543**	
Employee benefit obligation	-	-	**-**	30 026 000	**30 026 000**	
Provisions	178 243 929	-	**178 243 929**	92 795 697	**(85 448 232)**	
Payables from exchange transactions	80 607 151	(3 007 861)	**77 599 290**	63 385 264	**(14 214 026)**	
	258 851 080	**(3 007 861)**	**255 843 219**	**186 448 504**	**(69 394 715)**	
Total Liabilities	**359 394 794**	**21 085 775**	**380 480 569**	**381 113 885**	**1 271 261**	
Net Assets	**1 478 231 881**	**(147 872 170)**	**1 330 359 711**	**898 088 729**	**(432 908 927)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 478 231 881	(147 872 170)	**1 330 359 711**	905 298 803	**(425 060 908)**	

Variances on the statement of comparison of budget and actual amounts:

1.Reasons for the underperforming service charges:

- Water: Faulty meters, meters in other settlements removed and underground water meters installed.

- Electricity: delays in the installation of electricity in new settlement(Vukuzakhe B).

- Sewerage: Due to faulty meters and underground water meters, the sewerage charge was reduced as sewer charge was not charged.

- Refuse removal: delays in the allocation of sites in Vukuzakhe B, in order to start billing customer for services.

2..Agency fees: the budget was set based on the gross amount received for licensing fees.

3.Other operating revenue: the item was over budgeted for during the current financial year.

4.Interest income: the actual interest income received was split between revenue from exchange transactions and revenue from non-exchange transactions, but the budget was only allocated to revenue from exchange transactions.

5.Property rates: The municipality anticipated that formalisation of VukuZakhe township will be completed during the financial year.

6.Government grants and subsidies: The municipality underperformed on the WSIG and INEP conditional grants.

7.Licenses and permits: Licenses and permits – the actual amounts received during the financial year were allocated to agency fees.

8. Impairment loss: This line item was under budgeted for due to fundability issues that are faced by the municipality.

9. General expenses: is due to the reclassification from bulk purchases to the operational costs.

10.The under performance on the employee related costs, remuneration of councillors, inventory consumed, and contracted services is due to the financial challenges that are faced by the municipality.

11.Debt Impairment: The increased level of non-payment of debtors and the deterioration of economic conditions has resulted in the increase in the debt impairment.

12.Bulk purchases: The underperformance is due to the reclassification done of the Eskom small accounts to operational costs.

13.Gain/ (Loss) on disposal of assets and liabilities: the gain on assets was more than the amount anticipated.

14. Depreciation: The municipality over budgeted for thus line item.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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						
Taxation	72 346	(32 905)	**39 441**	45 853	**6 412**	
Sale of goods and services	218 166	(85 311)	**132 855**	106 802	**(26 053)**	
Grants	275 284	927	**276 211**	275 298	**(913)**	
Interest income	-	-	**-**	3 993	**3 993**	
Other receipts	62 252	(33 825)	**28 427**	2 947	**(25 480)**	
	628 048	**(151 114)**	**476 934**	**434 893**	**(42 041)**	
Payments						
Employee costs	-	(222 327)	**(222 327)**	(118 386)	**103 941**	
Suppliers	-	(139 122)	**(139 122)**	(213 033)	**(73 911)**	
Finance costs	-	-	**-**	(657)	**(657)**	
Other payments	-	-	**-**	(161)	**(161)**	
	-	**(361 449)**	**(361 449)**	**(332 237)**	**29 212**	
Net cash flows from operating activities	**628 048**	**(512 563)**	**115 485**	**102 656**	**(12 829)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(104 940)	(2 270)	**(107 210)**	(81 639)	**25 571**	
Proceeds from sale of property, plant and equipment	-	-	**-**	697	**697**	
Net cash flows from investing activities	**(104 940)**	**(2 270)**	**(107 210)**	**(80 942)**	**26 268**	
Net increase/(decrease) in cash and cash equivalents	523 108	(514 833)	**8 275**	21 714	**13 439**	
Cash and cash equivalents at the beginning of the year	32 142	-	**32 142**	8 952	**(23 190)**	
Cash and cash equivalents at the end of the year	**555 250**	**(514 833)**	**40 417**	**30 666**	**(9 751)**	

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) 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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

Allowance for slow moving, damaged and obsolete stock

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Landfill Site rehabilitation and decommissioning and dismantling cost

The municipality has an obligation to rehabilitate, dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’.

Useful lives of Infrastructure asset

The municipality's management determines the estimated useful lives and related depreciation charges for the infrastructure asset. This estimate is based on industry norm.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

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

Allowance for doubtful debts

On trade receivables from exchange and non-exchange transactions, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. Consumer debtors are considered past due after 30 days. Consumer debtors which are less than 180 days but past due are not considered to be impaired.

The provision for doubtful debt is determined by taking into account the payment rate by exchange receivable (consumer debtor), indigent status, whether the consumer debtor has a credit balance at financial year end as well as whether the consumer debtor is government related or not.

Non-exchange receivables have been impaired taking into account historical payment rates by these non-exchange receivables.

Traffic fines

Non-exchange receivables arising from traffic fines are measured at the best estimate based on expected inflows of economic benefits to the municipality.

Budget information

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

Impairment of Non-cash Generating Assets

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

1.4 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

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

Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is as follows:

1.4 Investment property (continued)

Item	Useful life
Property - buildings	30 - 50 years
	30

Subsequent Measurement: Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property.

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised.

The useful life of the property, is as follows:
- Property - land : indefinite useful life.
- Property - buildings : 30 - 50 years useful life.

1.5 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 for more than one year.

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Item	**Depreciation method**	**Average useful life**
Land	Straight line	Indefinite
Buildings	Straight line	5 - 75 years
Furniture and fixtures	Straight line	4 - 10 years
Motor vehicles	Straight line	10 - 40 years
Office equipment	Straight line	4 - 10 years
IT equipment	Straight line	3 - 10 years
Community assets	Straight line	10 - 75 years
Electrical infrastructure	Straight line	15 - 50 years
Roads infrastructure and stormwater	Straight line	8 - 80 years
Sanitation infrastructure	Straight line	10 - 70 years
Water infrastructure	Straight line	10 - 80 years
Machinery and equipment	Straight line	5 - 30 years

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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.

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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 capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.6 Heritage assets

Heritage assets are carried cost less any accumulated impairment losses.

The gain or loss arising from the derecognition of an item of herritage assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Financial instruments

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

Financial assets are:

- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities under conditions that are potentially favourable to the entity.

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables, and are classified as Financial Assets at Amortised Cost.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at fair value comprise financial assets that are:

- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of fFnancial Position as at 30 June 2025 or in the notes thereto:

Class	Category
Investments – Old Mutual - Unit Trust	Financial Assets at Fair Value
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position as at 30 June 2025 or in the notes thereto:

Class	Category
Payables from Exchange Transactions	Financial liability measured at amortised cost
Other Payables	Financial liability measured at amortised cost

Initial recognition and measurement

A financial instrument is recognised, when the municipality becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directy attribuable to the acquisition or issue of the fiancial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement of financial assets and financial liabilities

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

All financial assets measured at amortised cost, are subject to an impairment review. A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market.

Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

Financial liabilities

The entity derecognise financial liabilities when it is discharged, cancelled, or if expired.

1.8 Statutory receivables

Identification

1.8 Statutory receivables (continued)

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

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates.

- Traffic fines.

Recognition

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and 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 reliably measured.

The municipality recognises Statutory Receivables when they arise.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette
- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines are serviced in terms of the stipulations contained in the Criminal Procedures Act, 1977 (Act No. 51 of 1977) at rates published in the Government Gazette from time to time.

Subsequent Measurement:
The municipality measures statutory receivables 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.

Impairment losses

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates; and
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

Derecognition

Significant Accounting Policies

1.8 Statutory receivables (continued)

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

1.9 Value Added Tax

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No. 89 of 1991).

1.10 Leases

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the Statement of Financial Position as at 30 June 2025 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 at 30 June 2025 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 - lessee

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

1.11 Inventories

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.

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

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

1.12 Impairment of cash-generating assets

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

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

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position as at 30 June 2025 after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.12 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets.

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits

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

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

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

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

Staff Leave Accrual: Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

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

Short-term paid absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

Significant Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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

Significant Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

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

Actuarial assumptions: Discount rate

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

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

(a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer's share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

(i) those changes were enacted before the end of the reporting period; or

(ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Significant Accounting Policies

1.13 Employee benefits (continued)

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, as follows:

A) Service Cost, comprising of;

-Current Service Cost;

-Settlements; and

-Past Service Cost, comprising of:

(1) Plan Amendments

(2) Curtailments

B) Net Interest Revenue / Expense

C) Remeasurements, comprising of:

-Actuarial Gains and Losses

Presentation

Components of defined benefit cost

The municipality recognises service cost, net interest on the net defined benefit liability and remeasurements in surplus or deficit.

1.13 Employee benefits (continued)

Long service awards

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long service awards are recognised in the statement of financial performance including:

(a) service cost;

(b) net interest on the net defined benefit liability; and

(c) remeasurements of the net defined benefit liability.

Termination benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan. Termination Benefits to employees is recognised as an expense in the Statement of Financial Performance and as a liability in the Statement of Financial Position when the municipality can no longer withdraw the offer of those benefits.

1.14 Provisions

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.

Contingent assets and contingent liabilities are not recognised. The amounts for contingencies disclosed in note 41 are based on legal claims and invoices from claimants.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 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.

Sale of goods

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

Significant Accounting Policies

1.16 Revenue from exchange transactions (continued)

Rendering of services

Revenue is associated with the transaction is is regonised by reference to the stage of completion of the transaction at the reporting date. 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.

Service Charges relating to electricity and water are based on consumption, together with a basic charge. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

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.

Interest

Interest is levied at the interest rate determined in the credit control and debt collection policy under section 11.2 & 11.3.

Interest is regognised, in surplus or deficit, using the effective interest rate method.

1.17 Revenue from non-exchange transactions

Rates, including collection charges and penalties interest

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Penalty, interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

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

- The extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- Internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- Historical information on declarations previously submitted by defaulting levy payers; and
- The accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

1.17 Revenue from non-exchange transactions (continued)

Government grants

Equitable share allocations are measured at the amount of the allocation per the allocation letter.
Conditional grants, donations and funding are measured as revenue equal to the asset amount recognised less the liability for unfulfilled conditions.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, measured at the estimated amount receivable.

Other grants and donations

Revenue is measured at the amount received or the fair value of the asset received in-kind. Significant services in-kind are measured at the estimate of the value of the service receive.

Other grants and donations are recognised as revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municiplaity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.18 Investment income

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

1.19 Borrowing costs

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

1.20 Accounting by principals and agents

Recognition

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

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

Refer to note 49.

1.21 Prior-year adjustments

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason of classification is disclosed. Where material prior period errors have been identified in the current year, the correction is made retrospectively as far as it is practicable and the prior year comparatives are restated accordingly.

Refer to note 47 for comparative figures.

1.22 Unauthorised expenditure

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

Significant Accounting Policies

1.22 Unauthorised expenditure (continued)

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

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

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure as defined in MFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

- 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.

Significant Accounting Policies

1.25 Segment reporting

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

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

- Energy sources - includes the following services: Electricity;
- Executive And Council - includes the following services: Mayor, council and municipal manager;
- Finance And Administration - includes the following services: Finance admin and corporate support;
- Puplic Safety and Community and social service - includes the following services: Traffic and parking control, community halls and parks, recreational services, cemeteries, libraries and fire fighting;
- Planning and Development - includes the following services:;
- Waste Management - includes the following services: Solid waste removal ;
- Waste Water Management - includes the following services: Sewar disposal, waste water treatment and reticulation;
- Water Management - includes the following services: Water distribution, reticulation, and water purification;and
- Other - includes the following services: Human resources, fleet management, asset management, public works. IT, and building services.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdction.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as descriped in these accounting policies.

A measure of assets and liabilities for each reportable segment are not presented as these amounts are not regularly provided to management.

No changes were made from prior periods measurement methods used to determine reported segment surplus or deficit.

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 made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management.

1.26 Budget information

Municipalities 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.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

General purpose financial reporting by the 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 and adjustment budget` covers the fiscal period from 2024/07/01 to 2025/06/30 as approved by council.

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

1.26 Budget information (continued)

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.27 Related parties

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

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

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

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

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

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

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

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

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

1.28 Events after reporting date

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

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

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

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

Significant Accounting Policies

1.29 Changes in accounting policies, estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied 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 shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

1.30 Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- Liquidity;
- Credit risk, and
- Market risk

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	effective date to be determined	The objective of this amendment is to include additional guidance and disclosures on going concern. Management will continue to assess the entity's ability to continue as a going concern as assess the relevance thereof at each reporting date.
• GRAP 103 (amended): Heritage Assets	effective date to be determined	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

	2025	2024
Consumable stores	1 252 538	803 597
Water for distribution	77 541	45 183
	1 330 079	**848 780**

3.1 Inventory expensed

	2025	2024
Water consumed	14 497 289	14 092 728
Water losses	6 712 973	5 691 465
Consumable stores	3 368 885	4 616 023
	24 579 147	**24 400 216**

Water is purchased from the Department of Water and Sanitation in addition to natural water resources being used from local dams. See note 31 for the amount of inventory expensed and note 36 for water losses.

Water for distribution

	Note	2025	2024
Opening balance		45 183	12 566
System input volume		21 242 620	19 884 944
Authorised consumption		(14 497 289)	(14 160 862)
Water losses	31	(6 712 973)	(5 691 465)
Closing balance		**77 541**	**45 183**

Figures in Rand	2025	2024

4. Receivables from exchange transactions

Gross balances		
Electricity	62 994 956	49 069 315
Water	348 135 937	304 284 082
Waste water	215 371 952	170 708 451
Refuse	109 659 391	94 933 864
Merchandising, jobbing and contracts	154 491 056	162 262 787
	890 653 292	**781 258 499**
Less: Allowance for impairment		
Electricity	(49 427 885)	(42 803 020)
Water	(323 402 008)	(283 462 551)
Waste water	(188 625 139)	(154 408 312)
Refuse	(100 279 217)	(86 007 244)
Merchandising, jobbing and contracts	(154 428 765)	(154 782 442)
	(816 163 014)	**(721 463 569)**
Net balances		
Electricity	13 567 071	6 266 295
Water	24 733 929	20 821 531
Waste water	26 746 813	16 300 139
Refuse	9 380 174	8 926 620
Merchandising, jobbing and contracts	62 291	7 480 345
	74 490 278	**59 794 930**
Electricity		
Current (0 -30 days)	5 338 662	1 323 152
31 - 60 days	1 809 223	1 458 046
61 - 90 days	2 334 033	1 467 530
91 - 120 days	1 449 234	1 336 719
121 - 365 days	9 405 984	7 861 827
> 365 days	42 657 819	36 043 226
Allowance for impairment	(49 427 884)	(43 224 205)
	13 567 071	**6 266 295**
Water		
Current (0 -30 days)	5 071 765	4 524 654
31 - 60 days	4 505 396	3 916 906
61 - 90 days	4 124 292	4 028 584
91 - 120 days	4 232 403	3 953 557
121 - 365 days	34 291 707	29 830 907
> 365 days	295 910 374	258 029 474
Allowance for impairment	(323 402 008)	(283 462 551)
	24 733 929	**20 821 531**
Waste water		
Current (0 -30 days)	4 843 294	2 896 520
31 - 60 days	4 344 828	2 716 072
61 - 90 days	4 094 278	2 642 675
91 - 120 days	4 078 529	2 593 457
121 - 365 days	32 786 639	19 124 585
> 365 days	165 224 384	140 735 143
Allowance for impairment	(188 625 139)	(154 408 313)
	26 746 813	**16 300 139**

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Refuse		
Current (0 -30 days)	1 729 254	1 674 573
31 - 60 days	1 528 280	1 484 060
61 - 90 days	1 476 727	1 448 212
91 - 120 days	1 446 932	1 429 047
121 - 365 days	11 740 368	10 307 395
> 365 days	91 737 830	78 590 578
Allowance for impairment	(100 279 217)	(86 007 245)
	9 380 174	**8 926 620**

Merchandising, jobbing and contracts		
Current (0 -30 days)	341 851	1 392 540
31 - 60 days	298 834	313 406
61 - 90 days	255 971	350 629
91 - 120 days	276 333	416 179
121 - 365 days	7 017 924	2 709 277
> 365 days	146 300 142	157 080 756
Allowance for impairment	(154 428 764)	(154 782 442)
	62 291	**7 480 345**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	12 101 763	8 961 364
31 - 60 days	11 203 844	8 368 424
61 - 90 days	10 392 859	8 265 721
91 - 120 days	10 447 103	8 153 248
121 - 365 days	89 194 797	61 624 372
> 365 days	716 409 798	585 186 439
	849 750 164	**680 559 568**

Industrial/ commercial		
Current (0 -30 days)	3 847 558	1 888 699
31 - 60 days	1 135 967	895 458
61 - 90 days	1 779 700	1 003 713
91 - 120 days	926 952	991 901
121 - 365 days	4 877 390	4 107 237
> 365 days	17 599 042	23 875 713
	30 166 609	**32 762 721**

National and provincial government		
Current (0 -30 days)	1 376 354	961 375
31 - 60 days	146 750	624 607
61 - 90 days	122 743	668 197
91 - 120 days	109 375	583 810
121 - 365 days	1 170 436	4 557 844
> 365 days	7 810 861	60 961 562
	10 736 519	**68 357 395**

Total		
Current (0 -30 days)	17 325 675	11 811 438
31 - 60 days	12 486 562	9 888 489
61 - 90 days	12 295 302	9 937 631
91 - 120 days	11 483 431	9 728 958
121 - 365 days	95 242 623	70 289 552
> 365 days	741 819 700	670 023 618
	890 653 293	781 679 686
Less: Allowance for impairment	(816 163 015)	(721 884 756)
	74 490 278	**59 794 930**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(721 884 756)	(711 791 801)
Contributions to allowance	(94 278 258)	(9 671 768)
	(816 163 014)	**(721 463 569)**

Consumer debtors pledged as security

None of the consumer debtors were pledged as security.

Prior year adjustments

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 47 for details of the restatement.

Figures in Rand	2025	2024

4. Receivables from exchange transactions (continued)

Consumer debtors past due but not impaired

Consumer debtors are considered past due after 30 days. Consumer debtors which are less than 180 days but past due are not considered to be impaired. At 30 June 2025 R60 127 668 (2024: R51 130 831) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	12 947 516	10 443 191
2 months past due	12 752 792	10 676 599
3 months past due	11 955 815	10 296 881

Consumer debtors impaired

Consumer debtors of more than 180 days have been tested for impairment. As of 30 June 2025, consumer debtors of R764 536 367 (2024: R721 884 756) were impaired and provided for.

The debt impairment calculations for the year ended 30 June 2025 has been performed in accordance with the Council approved "Provision for Doubtful Debt Policy and Debt Write-off Policy 2024-2025". The Policy entails calculating impairment on debt of 180 days and older by applying the non-payment ratio for each respective customer whilst taking cognisance of credit balances within receivables as well as inactive accounts and approved indigents.

The municipality does not hold any collateral as security.

5. Other receivables from exchange transactions

Sundry receivables	1 757 113	1 882 431
Land sales debtors	-	136 000
	1 757 113	**2 018 431**

Prior year adjustments

The prior year amount for other recivables from exchange has been adjusted. Refer to Note 47 for details of the restatement.

6. Receivables from non-exchange transactions

Fines	274 098	353 553
Property rates	37 334 622	34 970 830
	37 608 720	**35 324 383**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Taxes	37 334 624	34 970 830
Fines	274 098	353 554
	37 608 722	**35 324 384**
Financial asset receivables included in receivables from non-exchange transactions above	**-**	**-**

Prior year adjustments

The prior year amount for Receivables from non-exchange transactions has been adjusted. Refer to Note 47 for details of the restatement.

Figures in Rand	2025	2024

6. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

Traffic fines

As of 30 June 2025, traffic fines of R490 759 (2024: R356 851) were tested for impairment. During the 2025 financial year, 28% of traffic fines issued were paid, whilst 26% of traffic fines issued were paid during the 2024 financial year. Traffic fines to the value of R242 500 (2024: R20 250) were not considered for impairment as the period for appeal has not expired. The amount of the provision was R3 113 052 as of 30 June 2025 (2024: R2 559 186).

Property rates

As of 30 June 2025, gross Receivables: Non-exchange Transactions Property Rates amounted to R331 568 652 (2024: R294 849 475). Debtors are considered past due after days up to 30 days. Debtors of more than 180 days have been tested for impairment. Consumers past due not impaired amounted to R23 482 650 (2024: R21 976 977). The amount of the provision was R295 586 464 of 30 June 2025 (2024: R267 184 773).

Property rates comprises of the following:

Age analysis		
Current (0-30 days)	5 603 043	3 668 602
31-60 days	4 820 484	4 763 443
61-90 days	4 579 788	4 611 994
91-120 days	4 501 574	4 513 032
121-365 days	44 421 188	48 528 209
>365 days	267 642 573	228 764 195
Allowance for impairment	(295 586 464)	(267 184 773)
	35 982 186	**27 664 702**

Reconciliation of impairment provision	Opening balance	Contribution	Impairment reversed / Debt written off	Total
Fines	2 559 187	553 865	-	3 113 052
Property rates	267 184 773	28 401 691	-	295 586 464
	269 743 960	**28 955 556**	**-**	**298 699 516**

Receivables from non-exchange transactions impaired

During the 2025 financial year 28% of traffic fines were paid, whilst 26% of traffic fines issued were paid during the 2024 financial year.

Erroneous application of charges during the scheduled change in the general valuation roll

A new general valuation came into effect on 1 July 2019. Several valuations were incorrectly captured on the municipality's financial management system from the records provided by the valuer. The municipality concluded a data cleansing exercise that resulted in the correction and updating of the valuation roll.

7. Investments

Designated at fair value		
Old Mutual Unit Trust The valuation of the shares is based on the fair value of the unit price and number of shares obtained as at 30 June 2025. The number of shares held with Old Mutual is 2 201.67165 at a value of 52 795.3 cents per share. This investment is a short term investment and can be acessible at any given time and has no maturity date.	1 162 379	974 629

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Investments (continued)

Current assets		
Designated at fair value	1 162 379	974 629

8. VAT Receivable

Statutory receivables from exchange transactions		
VAT Receivable	1 441 363	828 008
Current assets	1 441 363	828 008

Statutory receivables general information

Transaction(s) arising from statute

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT Receivable arise where the municipality has a claim from the South African Revenue Service where the VAT Inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14 068 389	7 024 714
Short-term deposits	16 597 558	1 927 340
	30 665 947	**8 952 054**

The prior year amount for cash and cash equivalants has been adjusted. Refer to Note 47 for details of the restatement.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
First National Bank - 5418-0010-025	14 056 667	7 255 337	23 574 522	14 068 389	7 024 714	23 549 903
First National Bank - MIG account - 7438-8117-704	1 927 341	1 927 341	7 991 242	1 927 341	1 927 340	7 991 242
First National Bank - 6209-2639-875	14 670 217	-	498 910	14 670 217	-	498 910
Standard Bank - investment account - 038-749-688	-	-	101 847	-	-	101 847
Total	**30 654 225**	**9 182 678**	**32 166 521**	**30 665 947**	**8 952 054**	**32 141 902**

Notes to the Annual Financial Statements

Figures in Rand

10. 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	58 534 938	(126 023)	58 408 915	58 976 330	(126 023)	58 850 307
Operating buildings	69 058 209	(36 580 561)	32 477 648	69 825 679	(35 145 466)	34 680 213
Community	72 229 381	(47 045 506)	25 183 875	70 053 632	(40 485 900)	29 567 732
Electrical infrastructure	389 402 754	(228 394 321)	161 008 433	381 367 120	(216 505 050)	164 862 070
Road infrastructure	803 860 844	(620 670 832)	183 190 012	793 118 473	(605 713 910)	187 404 563
Sanitation infrastructure	331 447 594	(188 904 335)	142 543 259	328 635 649	(183 036 715)	145 598 934
Storm water infrastructure	111 858 774	(73 662 638)	38 196 136	110 347 429	(70 672 205)	39 675 224
Water supply infrastructure	654 908 564	(294 408 960)	360 499 604	620 067 809	(282 282 199)	337 785 610
Leased Assets	600 651	(200 218)	400 433	-	-	-
IT equipment	4 722 750	(2 960 082)	1 762 668	4 892 361	(3 239 537)	1 652 824
Furniture and office equipment	6 351 400	(4 362 280)	1 989 120	7 118 430	(5 190 058)	1 928 372
Machinery and equipment	6 470 414	(1 635 089)	4 835 325	6 241 422	(1 008 170)	5 233 252
Transport assets	36 711 865	(10 892 406)	25 819 459	32 750 442	(10 298 604)	22 451 838
Solid waste infrastructure	71 398 677	(34 561 516)	36 837 161	71 553 426	(29 430 766)	42 122 660
Total	**2 617 556 815**	**(1 544 404 767)**	**1 073 152 048**	**2 554 948 202**	**(1 483 134 603)**	**1 071 813 599**

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	WIP	Donations	Depreciation	Impairment loss	Total
Land	58 850 307	-	(441 392)	-	-	-	-	58 408 915
Operating buildings	34 680 213	-	(144 388)	-	-	(1 726 077)	(332 100)	32 477 648
Community assets	29 567 732	3 478 261	(478 302)	-	-	(1 701 839)	(5 681 977)	25 183 875
Electrical infrastructure	164 862 070	-	(34 030)	8 146 430	-	(7 245 971)	(4 720 066)	161 008 433
Road infrastructure	187 404 563	12 784 186	(732 150)	1 878 603	-	(16 544 100)	(1 601 090)	183 190 012
Sanitation infrastructure	145 598 934	-	(773 343)	5 683 799	-	(7 105 288)	(860 843)	142 543 259
Storm water infrastructure	39 675 224	-	(42 907)	1 621 576	-	(2 485 168)	(572 589)	38 196 136
Water supply infrastructure	337 785 610	4 481 828	(1 845 314)	36 885 513	-	(14 388 736)	(2 419 297)	360 499 604
Leased assets	(1)	600 651	-	-	-	(200 217)	-	400 433
IT equipment	1 652 824	356 207	(44 426)	-	101 758	(436 685)	132 990	1 762 668
Furniture and fixtures	1 928 370	297 179	(58 154)	-	24 795	(356 086)	153 016	1 989 120
Machinery and equipment	5 233 252	685 000	(98 999)	-	-	(1 003 932)	20 004	4 835 325
Transport assets	22 451 838	5 778 600	(1 209 129)	-	-	(1 199 028)	(2 822)	25 819 459
Solid waste infrastructure	42 122 660	-	(2 390)	-	-	(5 281 153)	(1 956)	36 837 161
	1 071 813 596	**28 461 912**	**(5 904 924)**	**54 215 921**	**126 553**	**(59 674 280)**	**(15 886 730)**	**1 073 152 048**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers in	Disposals	Transfers out	Donations	Depreciation	Impairment loss	Total
Land	58 864 273	-	-	(13 966)	-	-	-	-	58 850 307
Operating buildings	36 738 966	-	-	-	-	-	(1 749 569)	(309 184)	34 680 213
Community	32 011 466	-	-	-	-	-	(1 883 192)	(560 542)	29 567 732
Electrical infrastructure	171 226 032	887 005	734 830	-	(734 831)	-	(7 248 705)	(2 261)	164 862 070
Roads infrastructure	205 719 601	8 943 927	5 591 685	(5 794 469)	(6 279 597)	-	(19 937 136)	(839 448)	187 404 563
Sanitation infrastructure	149 634 122	9 891 743	14 445 248	-	(19 365 279)	-	(4 985 379)	(4 021 521)	145 598 934
Storm water infrastructure	41 663 633	-	687 911	(10 871)	-	-	(2 501 501)	(163 948)	39 675 224
Water supply infrastructure	344 756 858	14 965 515	7 084 922	-	(6 575 465)	-	(16 290 584)	(6 155 636)	337 785 610
Leased assets	191 185	-	-	(57 355)	-	-	(133 830)	-	-
IT equipment	2 296 302	270 705	-	(26 013)	-	47 918	(582 332)	(353 756)	1 652 824
Furniture and fixtures	2 714 628	9 688	-	(3 114)	-	349 838	(507 119)	(635 549)	1 928 372
Machinery and equipment	421 916	5 230 677	-	-	-	7 069	(306 895)	(118 922)	5 233 252
Transport assets	40 844 223	-	-	(16 066 719)	-	-	(2 223 469)	(102 197)	22 451 838
Solid waste infrastructure	47 426 683	-	-	-	-	-	(5 304 023)	-	42 122 660
	1 134 509 888	**40 199 260**	**28 544 596**	**(21 972 507)**	**(32 955 172)**	**404 825**	**(63 653 734)**	**(13 262 964)**	**1 071 813 599**

Prior-year adjustments

The prior year amount for property plant and equipment has been adjusted. Refer to Note 47 for details of the restatement.

Assets subject to finance lease (Net carrying amount)

Office equipment	400 433	-

Included in the disclosure of property, plant and equipment is the capital expenditure relating to construction projects, which are referred to as Work-in-Progress.

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025	Opening balances	Project expenditure	Project completions included in additions	Impaired	Closing balance
Included within infrastructure	81 366 410	71 481 935	(17 266 093)	-	135 582 252
Included within Community Assets	-	3 478 261	(3 478 261)	-	-
	81 366 410	**74 960 196**	**(20 744 354)**	**-**	**135 582 252**

Reconciliation of Work-in-Progress 2024	Opening balances	Project expenditure	Project completions included in additions	Impaired	Closing balance
Included within infrastructure	85 703 575	26 100 559	(26 174 730)	(4 262 994)	81 366 410

Repair and maintenance

Expenditure incurred for Repairs and Maintenance	2025	2024
Buildings	4 332	281 134
Plant and machinery	8 535	123 229
Motor vehicles	2 276 591	3 252 656
IT equipment	16 432 070	11 139 157
Infrastructure	5 643 263	11 579 350
Community	-	372 099
	24 364 791	**26 747 625**

Slow-moving projects	2025	2024
Upgrading and refurbishment of Volkrust Waste Water Treatment Works from 4ml to 8ml - Water Supply	36 255 708	36 255 708
Construction of Bulk Water Pipeline from Marthins Dam (Wakkerstroom) to Volksrust WWTW (35km)	16 284 559	16 284 559
Outfall Sewer and Sewer Networks for Amersfoort Town - Sanitation	2 794 202	2 794 202
	55 334 469	**55 334 469**

Three Work in Progress (WIP) projects have been identified by management as slow-moving projects and their balances have been included in the Work-in-Progress closing balance at year end. The three projects were previously funded through the WSIG grant in prior years, however funding was not available during the year under review. An amount of R 4 262 994 was impaired as specified by GRAP 17 on the project for the Volksrust Waste Water Treatment Plant. No impairment were done for the Bulk Water Pipeline. Furthermore, management has provided a budget for 'Outfall Sewer Networks for Amersfoort Town.This project resumed in the 2024/25 financial year and the additional costs were included in WIP.

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

Notes to the Annual Financial Statements

Figures in Rand

11. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	89 677 953	(35 780 265)	53 897 688	90 243 274	(35 758 998)	54 484 276

Reconciliation of investment property - 2025

	Opening balance	Disposals	Depreciation	Total
Investment property	54 484 276	(565 321)	(21 267)	53 897 688

Reconciliation of investment property - 2024

	Opening balance	Disposals	Depreciation	Total
Investment property	54 723 690	(218 088)	(21 326)	54 484 276

Prior year adjustments

The prior year amount for investment properties has been adjusted. Refer to Note 47 for details of the restatement.

12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	3 696 999	-	3 696 999	3 696 999	-	3 696 999

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	3 696 999	3 696 999

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	3 696 999	3 696 999

Figures in Rand	2025	2024

13. Payables from exchange transactions

Trade payables	62 635 465	45 471 978
Advance payments	11 239 380	12 339 736
Retentions	34 416 671	25 849 648
Control, clearing and interface accounts	5 275 837	3 882 103
Unallocated deposits	8 962 818	8 646 245
Department of Water and Sanitation - Bulk water	8 691 595	8 691 595
Sundry Creditors	1 302 597	1 450 910
Advance payments - Land sales	3 323 040	-
	135 847 403	**106 332 215**

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 47 for details of the restatement.

14. VAT payable

VAT Output Accrual [on Receivables]	131 408 797	119 636 755

The VAT position above is the VAT Accrual as at 30 June each year.

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

The prior year amount for VAT has been adjusted. Refer to Note 47 for details of the restatement.

15. Consumer deposits

Electricity and Water	1 639 222	1 667 148
Housing rental	81 806	33 975
	1 721 028	**1 701 123**

Electricity: Consumer Deposits are paid by consumers on application for new connections. The deposits are repaid when the connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

Housing rental: Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastrucutre grant	-	309 087
Provincial Government: Capacity building support grant	334 417	2 903 861
Municipal disaster response grant	-	700 000
Integrated national electrification programme grant	6 067 606	-
Water service infrastrucutre grant	4 882 645	(659 205)
	11 284 668	**3 253 743**

Figures in Rand	2025	2024

16. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	3 253 743	14 940 794
Current year receipts	107 968 100	54 044 819
Conditions met - Transferred to revenue	(99 937 175)	(50 131 870)
Repaid to National Treasury	-	(15 600 000)
	11 284 668	**3 253 743**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National and Provincial Government. These amounts are invested in a ring-fenced investment until utilised.

17. Finance lease obligation

Minimum lease payments due		
- within one year	238 543	-
- in second to fifth year inclusive	258 421	-
	496 964	-
less: future finance charges	(58 046)	-
Present value of minimum lease payments	**438 918**	**-**

Present value of minimum lease payments due		
- within one year	197 375	-
- in second to fifth year inclusive	241 543	-
	438 918	**-**

Non-current liabilities	241 543	-
Current liabilities	197 374	-
	438 917	**-**

The municipality entered into a 36 months lease contract on photocopiers with Pendigo Trade and Investment (Pty) Ltd trading as Itec finance which commenced on 01 July 2024 and will end on 30 June 2027. The legal nature of the lease agreement is an operating lease but substance over form prevails in the context of GRAP 13. The lease agreement meets the requirement of a finance lease and has been accounted for as such in accordance with GRAP 13. The average lease term was 3 years and the average effective borrowing rate was 11.75%. This effective borrowing rate was used to perform the discounting of present value of future minimum lease payments.

All leases have fixed repayments over the duration of the lease term.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

It is municipality policy to lease certain equipment under finance leases.

18. Employee benefit obligations

Defined benefit plans - General information

Post-Employment Medical Aid subsidy liability

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

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 60% subsidy. All post-employment subsidies are subject to a maximum of R 5,791 per principal member per month, for the year ending 30 June 2026. The maximum subsidy amount has been assumed to increase annually on 1 July at 75% of salary inflation. Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Discount Rate: GRAP 25 stipulates that the choice of thie discount rate should be derived from government bond yields consistent with the estimated term of the post-employment benefit. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 11.2% per annum has been used. The corresponding index-linked yield at this term is 5.20%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

These yields were obtained by calculating the duration of the obligation and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the obligation).

Long Service Award liability (LSA)

The characteristics of the plan is that the LSA liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The valuation considers all employees eligible for LSA.

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive. In the month that each “Completed Service” milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day.

The employees’ basic salaries, referred to as “earnings”, are used to determine the Rand value of LSA. The municipality does not pay any pro-rata LSA.

Discount Rate: GRAP 25 stipulates that the choice of thie discount rate should be derived from government bond yields consistent with the estimated term of the post-employment benefit. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 9.5% per annum has been used. The corresponding index-linked yield at this term is 5.3%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

These yields were obtained by calculating the duration of the obligation and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the obligation). The duration of the obligation was estimated to be 7.25 years.

Short-term employee benefits

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonusses at reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

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

The amounts recognised in the statement of financial position as at 30 june 2025 are as follows:

Carrying value		
Opening balance of the Post-Employment Medical Aid subsidy liability	(24 784 999)	(27 811 999)
Movement in the Post-Employment Medical Aid subsidy liability	(1 382 000)	3 027 000
Opening balance of the Long Service Award liability	(6 121 000)	(5 801 000)
Movement of the Long Service Award liability	807 000	(320 000)
Short term employee benefits:		
Leave Accrual	(7 423 318)	(7 583 584)
Bonus provision	(2 101 155)	(2 312 979)
	(41 005 472)	**(40 802 562)**

Non-current liabilities	(30 026 000)	(28 774 000)
Current liabilities	(10 979 473)	(12 028 562)
	(41 005 473)	**(40 802 562)**

The Defined Benefit Obligation recognised in Statement of Financial Position is wholly unfunded.

The prior year amount for employee benefits has been adjusted. Refer to Note 47 for details of the restatement.

Current Portion of Employee Benefit Liabilities

Opening Balance Post-Employment Medical Aid subsidy liability	(901 000)	(1 154 000)
Opening balance Long Service Award liability	(1 231 000)	(766 000)
Opening balance Leave accual	(7 583 585)	(7 116 753)
Opening balance Bonus provision	(2 312 978)	(2 207 631)
Movement Post-Employment Medical Aid subsidy liability	6 000	253 000
Movement Long service Award liability	671 000	(465 000)
Movement Leave accual	160 266	(467 105)
Movement Bonus provision	211 824	(105 347)
	(10 979 473)	**(12 028 836)**

Represented by:		
Post-Employment Medical Aid subsidy liability	(895 000)	(901 000)
Long Service Award liability	(560 000)	(1 231 000)
Leave Accrual	(7 423 319)	(7 583 585)
Bonus provision	(2 101 154)	(2 312 978)
	(10 979 473)	**(12 028 563)**

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

Opening balance	(985 860)	1 721 140
Current service cost - Post-Employment Medical Aid subsidy liability	1 034 000	987 000
Current service cost - Long Service Award liability	440 000	463 000
Interest cost Post-Employment Medical Aid subsidy liability	2 990 000	3 412 000
Interest cost - Long Service Award liability	590 000	611 000
Actuarial loss / (gain) - Post-Employment Medical Aid subsidy liability	(1 741 000)	(6 272 000)
Actuarial loss / (gain) - Long Service Award liability	(606 000)	12 000
Benefits paid - Post-Employment Medical Aid subsidy liability	(901 000)	(1 154 000)
Benefits vesting - Long Service Award liability	(1 231 000)	(766 000)
	(410 860)	**(985 860)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Service cost	1 474 000	1 450 000
- Current service cost - Municipal Staff	1 474 000	1 450 000
Net interest on the net defined benefit liability (asset)	3 580 000	4 023 000
Remeasurements of the net defined benefit liability (asset)	(2 347 000)	(6 260 000)
- Actuarial gains and losses arising from:		
- Changes in financial assumptions	888 000	(831 000)
- Experience adjustments	(3 235 000)	(5 429 000)
Benefits paid - Post-Employment Medical Aid subsidy liability	(901 000)	(1 154 000)
Benefits vesting - Long Service Award liability	(1 231 000)	(766 000)
Leave Acrual	160 266	467 105
Bunus Provision	211 824	105 347
	947 090	**(2 134 548)**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(2 347 000)	(6 260 000)

Post-retirement Benefit included in Employee Related Costs refer note 29 and Interest in Finance Cost refer note 34.

The prior year amounts for short term employee benefits incorrectly classfied as paybales from exchange transactions for leave accrual and bonus provision was reclassified to employee benefits refer to note 47.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate - Post-Employment Medical Aid subsidy liability	11,20 %	12,28 %
General salary inflation (long term) - Post-Employment Medical Aid Subsidy liability	6,20 %	7,26 %
CPI Inflation - Post-Employment Medical Aid Subsidy liability	5,20 %	6,26 %
Medical aid contribution inflation rate - Post-Employment Medical Aid subsidy liability	7,00 %	7,76 %
Net discount rate (medical aid contributions) - Post-Employment Medical Aid subsidy liability	3,90 %	4,19 %
Net discount rate (maximum subsidy) - Post-Employment Medical Aid subsidy liability	6,30 %	6,48 %
Discount rate - Long service awards liability	9,50 %	10,68 %
Net discount rate - Long service awards liability	4,80 %	4,51 %
CPI Inflation - Long service awards liability	3,50 %	4,91 %

Other assumptions - Long service awards :

Earnings Inflation Rate:

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee’s earnings at the date of the award.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in consumer price index (CPI) than in absolute terms. In most industries, experience has shown that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 3.5 % per annum was obtained from the differential between market yields on index-linked bonds (5.3%) consistent with the estimated term of the obligation and those of nominal bonds (9.5%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

Thus, a general earnings inflation rate of 4.5% per annum over the expected term of the obligation has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.8%.

It was assumed that the next general earnings increase will take place on 1 July 2026.

Other assumptions - Medical aid defined benefit obligation:

Medical Aid Contribution Inflation Rate.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A medical aid contribution inflation rate of 7% per annum has been assumed. This is 1.8% in excess of expected consumer price index (CPI) inflation over the expected term of the obligation, namely 5.2% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.9% per annum which derives from ((1+11.2%)/(1+7%))-1.

The CPI inflation assumption of 5.2% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the obligation (5.20%) and those of fixed interest bonds (11.2%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

The next contribution increase was assumed to occur with effect from 1 January 2026.

Notes to the Annual Financial Statements

18. Employee benefit obligations (continued)

Sensitivity analysis

Medical aid contribution inflation rate

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

2025	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost	1 129 000	915 000
Effect on interest cost	3 210 000	2 721 000
Effect on defined benefit obligation	27 863 000	24 018 000

2024	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost	1 078 000	870 000
Effect on interest cost	3 647 000	3 121 000
Effect on defined benefit obligation	26 577 000	22 591 000

Discount rate

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

2025	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	877 000	1 234 000
Effect on interest cost: Post-Employment Medical Aid subsidy	2 834 000	3 164 000
Effect on the service cost: Long Service Award	417 000	465 000
Effect on interest cost: Long Service Award	612 000	564 000
Effect on Post-Employment Medical Aid subsidy obligation	22 996 000	30 072 000
Effect on Long Service Award obligation	5 056 000	5 597 000

2024	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	834 000	1 181 000
Effect on interest cost: Post-Employment Medical Aid subsidy	3 253 000	3 590 000
Effect on the service cost: Long Service Award	440 000	489 000
Effect on interest cost: Long Service Award	631 000	588 000
Effect on Post-Employment Medical Aid subsidy obligation	21 777 000	28 484 000
Effect on Long Service Award obligation	5 841 000	6 428 000

Post-employment mortality

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. A one year change in assumed assumption would have the following effects:

2025	**One year increase**	**One year decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	1 014 000	1 054 000
Effect on interest cost: Post-Employment Medical Aid subsidy	2 915 000	3 063 000

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

Effect on Post-Employment Medical Aid subsidy obligation	25 513 000	26 811 000

2024	**One year increase**	**One year decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	966 000	1 007 000
Effect on interest cost: Post-Employment Medical Aid subsidy	3 325 000	3 497 000
Effect on Post-Employment Medical Aid subsidy obligation	24 178 000	25 382 000

Average retirement age

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. A one year change for post-employment medical aid subsidy and a two year change for long service awards in assumed assumption would have the following effects:

2025	**One year increase * 2 years LSA**	**One year decrease * 2 years LSA**
Effect on the service cost: Post-Employment Medical Aid subsidy	-	1 104 000
Effect on interest cost: Post Employment Medical Aid subsidy	-	3 209 000
Effect on the service cost: Long Service Award	481 000	401 000
Effect on interest cost: Long Service Award	660 000	525 000
Effect on Post-Employment Medical Aid subsidy obligation	-	28 027 000
Effect on Long Service Award obligation	5 940 000	4 697 000

2024	**One year increase * 2 years LSA**	**One year decrease * 2 years LSA**
Effect on the service cost: Post-Employment Medical Aid subsidy	-	1 046 000
Effect on interest cost: Post Employment Medical Aid subsidy	-	3 618 000
Effect on the service cost: Long Service Award	503 000	425 000
Effect on interest cost: Long Service Award	678 000	549 000
Effect on Post-Employment Medical Aid subsidy obligation	-	26 584 000
Effect on Long Service Award obligation	6 775 000	5 506 000

Membership continiuation

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. A ten percentage point decrease in assumed assumption would have the following effects:

2025		**Ten percentage point decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	-	904 000
Effect on interest cost: Post Employment Medical Aid subsidy	-	2 719 000
Effect on Post-Employment Medical Aid subsidy obligation	-	23 834 000

2024		**Ten percentage point decrease**
Effect on the service cost: Post-Employment Medical Aid subsidy	-	864 000
Effect on interest cost: Post Employment Medical Aid subsidy	-	3 159 000
Effect on Post-Employment Medical Aid subsidy obligation	-	22 572 000

General earnings inflation rate

18. Employee benefit obligations (continued)

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

2025	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost: Long Service Award	468 000	414 000
Effect on interest cost: Long Service Award	621 000	561 000
Effect on Long Service Award obligation	5 584 000	5 064 000

2024	**One percentage point increase**	**One percentage point decrease**
Effect on the service cost: Long Service Award	492 000	437 000
Effect on interest cost: Long Service Award	644 000	580 000
Effect on Long Service Award obligation	6 413 000	5 850 000

Expected contributions

The expected contributions to the plan for the next reporting period is R 1 455 000. (2024: R2 132 000)

Maturity analysis of the defined benefit obligations

The following table presents information about the distribution of the timing of the undiscounted expected benefit payments:

It is important to note that this table does not show the total benefits payments that the Municipality will need to pay in each future year, but just the expected payments or benefits vesting in respect of the current eligible employees i.e. no allowance has been made for future new eligible employees.

The detail maturity analysis was done for the current year but not for the prior year as such information was not available.

	Payable in		
	Post-Employment Medical Aid Subsidy	**Long Service Award**	**Total**
Within 1 year	945 000	608 000	1 553 000
Between 1 - 2 years	1 141 000	587 000	1 728 000
Between 2 - 3 years	1 299 000	1 125 000	2 424 000
Between 3 - 4 years	1 502 000	960 000	2 462 000
Between 4 - 5 years	1 650 000	1 463 000	3 113 000
6 to 10 years	12 700 000	4 562 000	17 262 000
11 to 15 years	24 039 000	3 485 000	27 524 000
16 to 20 years	35 736 000	2 728 000	38 464 000
21 to 25 years	50 199 000	-	50 199 000
21 to 30 yeras	-	2 190 000	2 190 000
26 to 30 years	60 986 000	-	60 986 000
31 to 40 years	138 311 000	197 000	138 508 000
41 to 50 years	120 277 000	-	120 277 000
51 to 60 years	63 224 000	-	63 224 000
61 to 70 years	18 363 000	-	18 363 000
71 to 80 years	2 528 000	-	2 528 000
	532 900 000	**17 905 000**	**550 805 000**

Figures in Rand	2025	2024

18. Employee benefit obligations (continued)

19. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	72 737 480	20 058 217	92 795 697

Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	65 988 778	6 748 702	72 737 480

General Landfill Closure Costing Model was used in the current year. General Landfill Closure Costing Model provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19. General Landfill Closure Costing Model uses unit costs of elements and Consumer price index.

The current expected remaining life of the landfill sites for Volksrust, Perdekop and Wakkerstroom is not one year less than last year because of enhanced management practices.

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The discount rate was deduced from inflation linked RSA retail bond rate. The CPI rate as at 30 June 2025 was 2.8878 % (2024: 5.244%). The CPI figure used is based on the three-month average CPI for the quarter that includes the financial year-end date.

The environmental rehabilitation provision relates to four landfill sites namely: Volksrust, Amersfoort, Wakkerstroom and Perdekop. For the Amersfoort and Volklsrust sites, the number of years until closure is 7 and 3 years respectively, whilst the Wakkerstroom and Perdekop site has nil remaining years.

20. Payables from exchange transactions

Department of Water and Sanitation - Bulk water

During the 2023 financial year the municipality reached an agreement with the Department of Water and Sanitation. In terms of the agreement the municipality would pay the long outstanding balance over 60 months as well as paying all current amounts. If the municipality adheres to these conditions, the department will write off the interest. The amount due to the department has been split between current and long-term portions of the debt.

	2025	2024
Long-term portion		
	63 385 264	72 076 860

21. Service charges

	2025	2024
Sale of electricity conventional	39 892 646	32 163 419
Sale of electricity prepaid	42 492 893	36 637 335
Sale of water	36 717 342	34 220 484
Solid waste	12 911 891	12 365 164
Sewerage and sanitation charges	41 658 232	21 001 259
	173 673 004	**136 387 661**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

22. Rental income

Premises		
Premises	1 618 819	1 730 256
Venue hire	53 490	176 056
	1 672 309	**1 906 312**

23. Agency fees

Road and Transport	5 074 123	6 639 265

Refer to note 51 on Principal-Agent arrangements.

24. Operational revenue

Breakages and losses recovered	1 743	3 560
Library Fees	8 871	6 735
Building plan approvals	261 947	114 330
Clearance certificates	52 165	23 440
Insurance claims	552 473	105 123
Cemetry and Burial	119 308	121 697
Merchandising, jobbing and contracts	116 440	57 041
Publications tender documents	10 283	8 772
Occupation Certificates	-	39 992
	1 123 230	**480 690**

25. Interest income

Interest revenue		
Unit trusts	187 750	64 253
Bank	3 993 239	2 207 632
Interest charged on receivables from exchange transactions	40 516 515	40 268 020
	44 697 504	**42 539 905**

Figures in Rand	2025	2024

26. Property rates

Rates received

Residential	24 983 114	19 195 882
Commercial	7 246 254	6 283 883
State	8 006 858	4 685 655
Small holdings and farms	12 701 464	8 602 965
Mining properties	408 580	120 870
	53 346 270	**38 889 255**

Valuations

Agricultural	5 327 041 600	5 327 041 600
Business	483 599 700	411 119 700
Industrial	17 325 100	17 325 100
Mining	5 322 000	5 322 000
Municipal	92 836 900	92 716 900
Multiple use property	630 689 830	630 689 830
Public benefit organisation	73 930 300	73 930 300
Public service infrastructure	103 982 350	103 982 350
Puplic servie purposes	329 485 400	329 485 400
Residential	2 431 178 100	2 429 538 100
Undeveloped land	227 838 000	228 658 000
Worship	78 625 500	78 625 500
	9 801 854 780	**9 728 434 780**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The municipality received an extension on the valuation roll from the MEC Cogta until 30 June 2026.

Figures in Rand	2025	2024

27. Government grants and subsidies

Operating grants		
Equitable share	167 330 000	157 696 000
Financial management grant	2 400 000	2 450 000
Disaster response grant	700 000	-
Capacity building support grant	2 569 444	596 139
Skills Development Grant	464 099	350 819
Expanded public works programme integrated grant	1 931 000	3 209 000
	175 394 543	**164 301 958**
Capital grants		
Municipal infrastructure grant	34 440 087	28 525 913
Water services infrastructure grant	48 064 150	15 000 000
Integrated national electrification programme grant	9 368 394	-
	91 872 631	**43 525 913**
	267 267 174	**207 827 871**

Unspent conditional grants and receipts

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited. Unfulfilled conditions and other contingencies attached to government assistance that has been recognised. These amounts are invested in a ring-fenced investment until utilised.

National Treasury advised the Municipality that a total of R Nil would be withheld from their equitable share (2024: R15 600 000). This amount was made up of the following:

Municipal infrastructure grant – R Nil (2024: R1 181 003)

Water services infrastructure grant – R Nil (2024: R14 418 897)

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	309 087	1 181 003
Current-year receipts	34 131 000	28 835 000
Conditions met - transferred to revenue	(34 440 087)	(28 835 000)
Repaid to National Treasury	-	(1 181 003)
Roll over application	-	309 087
	-	**309 087**

Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of upgrading of poor households, micro enterprises, social institutions and to provide for the rehabilitation and upgrading of municipal infrastructure.

Financial management grant

Current-year receipts	2 400 000	2 450 000
Conditions met - transferred to revenue	(2 400 000)	(2 450 000)
	-	-

Figures in Rand	2025	2024

27. Government grants and subsidies (continued)

The financial management grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003.

Skills development grant

Current-year receipts	464 100	350 819
Conditions met - transferred to revenue	(464 100)	(350 819)
		-

The skills development grant has been allocated to the municipality to further develop specific skillset of staff members within the municipality.

Integrated national electrification programme

Current-year receipts	15 436 000	-
Conditions met - transferred to revenue	(9 368 394)	-
	6 067 606	**-**

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

The Intergrated National Electrification Programme grant has been provided to the municipality for purpose of providing new households with access to electricity.

Water services infrastructure grant

Balance unspent at beginning of year	(659 205)	13 759 792
Current-year receipts	53 606 000	15 000 000
Conditions met - transferred to revenue	(48 064 150)	(15 000 000)
Other	-	(14 418 997)
	4 882 645	**(659 205)**

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

Water services infrastructure grant has been provided to the municipality to assist the municipality with water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services sanitation backlogs.

Expanded public works programme integrated grant

Current-year receipts	1 931 000	3 209 000
Conditions met - transferred to revenue	(1 931 000)	(3 209 000)
	-	-

The expanded public works programme integrated was allocated to the municipality for environmental projects.

Capacity building support grant

Balance unspent at beginning of year	2 903 861	-
Current-year receipts	-	3 500 000
Conditions met - transferred to revenue	(2 569 444)	(596 139)
	334 417	**2 903 861**

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

The capacity building grant was allocated by the provincial government to the municipality by provincial government to assist with enhancing the skills and capabilities of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Government grants and subsidies (continued)

Disaster Recovery grant

Balance unspent at beginning of year	700 000	-
Current-year receipts	-	700 000
Conditions met - transferred to revenue	(700 000)	-
		700 000

The provincial disaster response grant is allocated by the provincial government to the municipality for support recovery and repair efforts following significant disasters.

28. Fines, Penalties and Forfeits

Illegal connections fines	180 451	578 860
Law enforcement fines	490 759	356 851
Overdue books fines	19 110	7 607
	690 320	**943 318**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs

Basic	60 763 136	62 304 783
Bonus	4 587 671	4 781 776
Medical aid - company contributions	7 469 781	7 426 363
UIF	482 635	503 189
Scarcity allowance	48 164	48 164
Actuarial (gains) / losses	(2 347 000)	(6 260 000)
Bargaining council	33 029	33 151
Pension fund and group life	12 671 895	12 760 878
Overtime payments	5 991 540	7 336 743
Car allowance	2 399 334	2 375 881
Housing benefits and allowances	373 328	339 119
Leave gratuity	1 894 453	1 538 572
Standby and acting allowance	4 869 357	4 516 288
Non-Pensionable	216 000	-
Cellular and telephone allowances	153 000	155 714
Post-retirement benefits	(658 000)	(470 000)
Section 56 Employees	5 264 632	5 436 516
	104 212 955	**102 827 137**

Municipal Manager - MA Ngcobo

Annual Remuneration	795 632	718 221
Car Allowance	200 000	200 000
Non pensionable	52 868	51 066
Telephone	18 000	18 000
Housing	200 000	200 000
Pension	130 967	124 562
Medical	63 131	60 084
Bargaining	143	137
UIF	2 125	2 125
	1 462 866	**1 374 195**

Chief Financial Officer

Annual Remuneration	672 511	612 635
Car Allowance	180 000	180 000
Non pensionable	38 535	37 222
Contributions to UIF, Medical and Pension Funds	168 107	159 299
Bargaining	143	137
Telephone	18 000	18 000
Acting Allowance	-	1 766
	1 077 296	**1 009 059**

Director: Technical Services - ST Phakathi 01 July 2023 - 31 August 2024

Annual Remuneration	170 087	726 811
Traveling	20 000	120 000
Non pensionable	6 337	37 222
Telephone	3 000	18 000
Leave sold	185 464	-
Pension	20 697	121 216
Medical	2 744	15 919
Bargaining	24	137
UIF	531	2 125
	408 884	**1 041 430**

Figures in Rand	2025	2024

29. Employee related costs (continued)

Director: Community Services - MG Nyembe

Annual Remuneration	1 116 945	1 080 623
Acting allowance	1 372	232
Non pensionable	44 041	42 540
Telephone	18 000	18 000
Medical	44 143	40 982
Bargaining	143	137
UIF	2 125	2 125
	1 226 769	**1 184 639**

Director: Corporate services - FI Mofokeng September 2023 to Current

Annual Remuneration	679 451	505 054
Car Allowance	120 000	100 000
Non pensionable	38 535	31 170
Telephone	18 000	15 000
Medical	83 687	73 188
Pension	113 955	90 909
Provident	12 662	10 101
UIF	2 125	1 771
	1 068 415	**827 193**

Post-retirement Benefits

Service Cost		
Current Service Cost: Medical Aid - Municipal Staff	1 034 000	987 000
Current Service Cost: Long service awards - Municipal Staff	440 000	463 000
Remeasurement:		
Actuarial (Gains) and Losses:Medical Aid - Municipal Staff	(1 741 000)	(6 272 000)
Actuarial (Gains) and Losses:Long Service Awards - Municipal Staff	(606 000)	12 000
Benefits paid:Medical Aid - Municipal Staff	(901 000)	(1 154 000)
Benefits vesting:Long Service Awards - Municipal Staff	(1 231 000)	(766 000)
Defined Contribution Fund Expenses		
Senior Management	637 968	694 136
Municipal Staff	20 011 551	20 185 490
	17 644 519	**14 149 626**

The remuneration of staff is within the upper limits of the SALGA bargaining council determinations.

Acting Director Technical services - ZO Lugongolo-Goso 03 June 2025 to current

Acting	16 602	-
Non Pensionable	3 680	-
UIF	120	-
	20 402	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Remuneration of councillors

Executive Mayor	1 046 305	1 007 282
Chief Whip	796 480	768 763
Mayoral committee members	2 389 443	2 306 290
Speaker	846 446	816 467
Councillors	5 717 167	5 583 609
	10 795 841	**10 482 411**

In-kind benefits

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

The Executive Mayor have the use of separate Council owned vehicles for official duties.

Additional information

Members of municipal council should be remunerated within the upper limits as determined by the Department of Cooperative Governance and Traditional Affairs. Any deviations are disclosed as irregular expenditure.

31. Inventory Consumed

Consumables, materials and supplies	3 368 885	4 708 146
Water consumed	14 497 289	14 092 728
Water losses	6 712 973	5 691 465
	24 579 147	**24 492 339**

Refer to Notes 3 and 36 for detail on water inventory and water losses.

32. Depreciation and amortisation

Property, plant and equipment	59 674 280	63 653 734
Investment property	21 267	21 326
	59 695 547	**63 675 060**

33. Impairment loss

Impairments		
Property, plant and equipment	16 223 181	13 262 964
Reversal of impairments		
Property, plant and equipment	(336 451)	-
Total impairment losses (recognised) reversed	**15 886 730**	**13 262 964**

34. Finance costs

Trade and other payables	600 687	71 717
Finance leases	56 931	30 334
Unwinding of discount	7 640 646	7 316 327
GRAP 25 Interest on medical aid and long service awards	3 580 000	4 023 000
	11 878 264	**11 441 378**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Debt impairment

Receivables from exchange transactions	94 278 258	9 671 768
Receivables from non-exchange transactions	27 603 124	18 313 696
Bad debts written off	4 170 784	7 973 875
	126 052 166	**35 959 339**

The prior year amount for debt impairment has been adjusted. Refer to Note 47 for details of the restatement

36. Bulk purchases

Electricity - Eskom	98 888 006	87 156 277

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased in bulk on a monthly basis from Eskom.

Electricity losses

	Units 2025	Units 2024	R '000s 2025	R '000s 2024
Units purchased (KW)	46 050 971	45 634 710	98 888 050	87 156 277
Units sold (KW)	(37 141 950)	(27 323 394)	(83 744 111)	(70 095 246)
Total loss	**8 909 021**	**18 311 316**	**15 143 939**	**17 061 031**
Comprising of:				
Distribution losses	8 909 021	18 398 075	15 143 939	15 805 948
Percentage Loss:				
Distribution losses	19 %	40 %	15 %	20 %

Water losses

	Units 2025	Units 2024	R '000s 2025	R '000s 2024
Unnits purified (KL)	5 474 222	4 016 216	21 287 803	19 897 510
Units sold (KL)	(3 728 017)	(2 858 303)	(14 497 289)	(14 160 862)
Water inventory	(19 940)	(9 120)	(77 541)	(45 183)
Total loss	**1 726 265**	**1 148 793**	**6 712 973**	**5 691 465**
Percentage Loss:				
Distribution losses	32 %	29 %	32 %	29 %

Management has embarked on water meter reading excercise to ensure that all water meters are read regularly in an effort to reduce line losses. Refer note 3.

Losses for electricity and water are determined by calculating the diffrence between units purchased and units soild.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Contracted services

Outsourced Services		
Business and advisory	3 464 191	2 948 512
Professional staff	20 280 186	13 771 504
Refuse removal	1 842 757	3 047 272
Security services	7 864 011	7 555 696
Maintenance of equipment	10 160	13 247
Consultants and Professional Services		
Laboratory services	7 153 028	6 236 272
Legal cost	2 366 333	4 897 925
Contractors		
Burial services	16 000	-
Event promoters	27 918	61 095
Maintenance of buildings and facilities	5 454 362	10 913 463
Maintenance of unspecified assets	5 424 898	4 691 861
Maintenance of Equipment	5 352	-
	53 909 196	**54 136 847**

The prior year amount for contracted services has been adjusted. Refer to Note 47 for details of the restatement.

38. General Expenses

Advertising	277 007	276 487
Auditors remuneration	9 451 251	8 362 982
Bank charges	1 162 820	657 611
Commission paid	216 302	311 339
Entertainment	36 544	60 727
Insurance	3 128 476	2 964 559
External computer services	2 004 401	4 609 310
Fuel	9 727 570	10 196 916
Printing and stationery	440 995	692 100
Registration fees	451 723	1 139 790
Skills Development fund levy	952 415	934 017
Subscriptions and membership fees	1 130 915	1 441 062
Communication	763 085	848 941
Transport and freight	42 800	70 890
Workmen's compensation fund	653 140	677 533
Travel - local	1 076 142	1 201 999
Title deed search fees	231 162	349 565
Electricity	18 230 129	15 562 620
Protective clothing	1 860 793	1 632 625
Bursaries (employees)	608 288	713 595
Landfill site provision expense	12 417 571	(567 625)
Remuneration of ward committees	1 148 000	1 176 000
Indigent relief	8 184 183	6 071 460
	74 195 712	**59 384 503**

The prior year amount for general expenses has been adjusted. Refer to Note 47 for details of the restatement.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Cash generated from operations

Deficit	(15 921 747)	(19 534 920)
Adjustments for:		
Depreciation and amortisation	59 695 547	63 675 060
Impairment for non-current assets	15 886 730	13 262 964
Fair value adjustment on investment	(187 750)	(64 253)
Debtors impairment	126 052 166	35 959 399
Loss (gain) on disposal of assets	5 207 522	17 481 213
Movements in retirement benifit iabilities	(1 030 090)	(470 000)
Actuarial (gain) / losses	(2 347 000)	(6 260 000)
Provision on rehabilitation on landfill site	12 417 571	(567 625)
Finance costs	11 220 646	11 339 327
Interest on consumers	(62 220 169)	(65 013 523)
Changes in working capital:		
Inventories	(481 299)	(65 333)
Other receivables from exchange transactions	261 318	6 510 497
Receivables from exchange transactions	(72 206 688)	(55 157 623)
Receivables from non-exchange transactions	(8 183 806)	32 117
Consumer deposits	19 903	22 346
Payables from exchange transactions	20 823 595	16 138 645
VAT	5 779 264	5 918 169
Unspent conditional grants and receipts	8 030 925	(11 687 053)
	102 816 638	**11 519 407**

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	106 108 486	77 203 612

Total capital commitments		
Already contracted for but not provided for	106 108 486	77 203 612

Total commitments

Total commitments		
Authorised capital expenditure	106 108 486	77 203 612

This committed expenditure relates to plant and equipment and will be financed by, retained surpluses, existing cash resources, funds internally generated, and grants.

The prior year amount for commitments has been adjusted. Refer to Note 47 for details of the restatement.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Contingencies

Contingent Liabilities relating to 2024/2025:

Note that for items with zero amounts, the financial impact cannot be determined at reporting date.

CLAIMANT	DESCRIPTION	RESPONSIBLE LAW FIRM	FILE NUMBER	AMOUNT CLAIMED
BERRY ROBERTS AND THE MUNICIPALITY	ALLEGES AN ACCIDENT HAPPENING WITH THE JURISDICTION OF THE MUNICIPALITY	None	235/10	56 200
GABRIEL MICHAEL DU TOIT AND THE MUNICIPALITY	ALLEGES THAT THE MUNICIPAL EMPLOYEE NEGLIGENTLY CAUSED AN ACCIDENT.	MJALI AND ZIMEMA ATTORNEYS	336/13	29 190
ALIDA MAGDALENA DE BEER AND THE MUNICIPALITY	ALLEGES THAT THE MUNICIPAL EMPLOYEE NEGLIGENTLY CAUSED AN ACCIDENT	None	65/18	33 559
NICOLAS SOLIDATOS AND THE MUNICIPALITY	ALLEGES AN ACCIDENT HAPPENING WITH THE JURISDICTION OF THE MUNICIPALITY	None	None	10 099 995
EMALANGENI TECHNOLOGIES	BREACH OF CONTRACT	MOHLALA ATTORNEYS	1954/19	16 547 408
MOSTERT AND THE MUNICIPALITY	ALLEGES THAT THE OPEN MANHOLE IS THE CAUSE OF HER INJURIES.	MJALI AND ZIMEMA ATTONEYS	165/15	75 000
AFIKA POWER	ALLEGES NON-PAYMENT FOR SERVICE PROVIDED	None	113/219	92 288
MINING AND ENVIRONMENTAL JUSTICE COMMUNITY NETWORK OF SOUTH AFRICA AND OTHERS	APPEAL AGAINST THE DECISION OF THE MUNICIPAL APPEAL TRIBUNAL	MOHLALA ATTORNEYS	1344/20	-
PRINCESS MASEKO	REVIEWAL OF THE DECISION OF THE ARBITRATION	MOHLALA ATTORNEYS	409/19	-
RAND WATER	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	2818/2020	1 982 737
HENSAL CIVIL CONSTRUCTION	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	3046/21	3 000 388

Notes to the Annual Financial Statements

Figures in Rand			2025	2024

41. Contingencies (continued)

THOKOZANI MAZIBUKO	APPLICATION FOR REVIEW	MOHLALA ATTORNEYS		
NTINGA ENGINEERS INVESTMENT	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	2739/2022	1 557 587
AFRICANDO CIVILS	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	4408/2021	39 298 466
PIPE IN CONSTRUCTION GUTYANA JOINT VENTURE	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	2027/2023	783 075
				73 555 894

Management performed an reasonable estimates for all contingent liabilities confirming the amounts disclosed.The outcome of the litigation is subject to judicial processes and is therefore uncertain. The Municipality is unable to determine the exact timing of the settlement or the final amount that may become payable.

Contingent Liabilities relating to 2023/2024

CLAIMANT	**DESCRIPTION**	**RESPONSIBLE LAW FIRM**	**FILE NUMBER**	**AMOUNT CLAIMED**
BERRY ROBERTS AND THE MUNICIPALITY	ALLEGES AN ACCIDENT HAPPENING WITH THE JURISDICTION OF THE MUNICIPALITY	NONE	235/10	56 200
GABRIEL MICHAEL DU TOIT AND THE MUNICIPALITY	ALLEGES THAT THE MUNICIPAL EMPLOYEE NEGLIGENTLY CAUSED A	MJALI AND ZIMEMA ATTORNEYS	336/13	29 190
ALIDA MAGDALENA DE BEER AND THE MUNICIPALITY	ALLEGES THAT THE MUNICIPAL EMPLOYEE NEGLIGENTLY CAUSED AN ACCIDENT	NONE	65/18	32 559
NICOLAS SOLIDATOS AND THE MUNICIPALITY	ALLEGES AN ACCIDENT HAPPENING WITH THE JURISDICTION OF THE MUNICIPALITY	NONE	NONE	10 099 995
MOSTERT AND THE MUNICIPALITY	ALLEGES THAT THE OPEN MANHOLE IS THE CAUSE OF HER INJURIES	MJALI AND ZIMEMA ATTONEYS	165/15	75 000
EMALANGENI TECHNOLOGIES	BREACH OF CONTRACT	MOHLALA ATTORNEYS	1954/19	16 547 408

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Contingencies (continued)

AFIKA POWER	ALLEGES NON-PAYMENT FOR SERVICE PROVIDED	NONE	113/219	92 288
MINING AND ENVIRONMENTAL JUSTICE COMMUNITY NETWORK OF SOUTH AFRICA AND OTHERS	APPEAL AGAINST THE DECISION OF THE MUNICIPAL APPEAL TRIBUNAL	MOHLALA ATTORNEYS	1344/20	-
PRINCESS MASEKO	REVIEWAL OF THE DECISION OF THE ARBITRATION	MOHLALA ATTORNEYS	409/19	-
RAND WATER	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS		1 982 737
HENSAL CIVIL CONSTRUCTION	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	3046/21	3 000 388
THOKOZANI MAZIBUKO	APPLICATION FOR REVIEW	MOHLALA ATTORNEYS	1	-
PIPE IN CONSTRUCTION GUTYANA JOINT VENTURE	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS 2027/2023		783 075
NTINGA	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	2739/22	1 557 587
AFRICANDO CIVILS	CLAIMING NON-PAYMENT FOR THE SERVICE PROVIDED	MJALI ATTORNEYS	4408/2021	39 298 466
				73 554 893

Contingent assets

The outcome of the litigation is subject to judicial processes and is therefore uncertain. The Municipality is unable to determine the exact timing of the settlement or the final amount that may become payable.

DEFENDANT	DESCRIPTION	RESPONSIBLE LAW FIRM	FILE NUMBER	AMOUNT CLAIMED
KAIZER NZUZA	TMN KGOMO ATTORNEY	TMN KGOMO ATTORNEY	4085/18	-
HUMAN BROTHERS AND THE MUNICIPALITY	NON-PAYMENT OF MUNICIPAL SERVICES	COETZEE SPOELSTRA AND VAN ZYL INC	904/2002	73 072
	-	**-**		**73 072**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note 5
Members of key management	Mr. MA Ngcobo- Municipal Manager Mr. MG Nyembe – Director Community Services Mr. S. Phakathi – Director Infrastructure Services Ms. NL Khuzwayo- Chief Financial Officer ZO Lungongolo Goso – Acting Director Corporate Services (From 01 June 2025) Mr. FI Mofokeng – Director Corporate Services (From 01 September 2023)
Remuneration of management	Refer to note 29
Councillors and Mayoral committee members	Refer to General Information on page 1

Remuneration of management

Management class: Councillors

2025

Name	Allowance	Non-pensionable alowances	Pension	Medical Aid	Total
BJ Mhlanga (Mayor)	875 568	47 004	123 733	-	1 046 305
BG Mavuso (Speaker)	653 848	47 004	91 990	53 604	846 446
BTA Zulu (Chief Whip)	656 675	47 004	92 801	-	796 480
TV Hlakutse (MMC)	656 678	47 004	92 801	-	796 483
TH Thwala (MMC)	656 675	47 004	92 801	-	796 480
NW Msibi (MMC)	656 675	47 004	92 801	-	796 480
Councillors	4 336 093	898 872	482 202	-	5 717 167
	8 492 212	**1 180 896**	**1 069 129**	**53 604**	**10 795 841**

2024

Name	Allowance	Non-pensionable alowances	Pension	Medical Aid	Total
BJ Mhlanga (Mayor)	835 125	53 208	118 948	-	1 007 281
BG Mavuso (Speaker)	625 524	53 208	88 767	48 968	816 467
BTA Zulu (Chief Whip)	626 344	53 208	89 211	-	768 763
TV Hlakutse (MMC)	626 346	53 208	89 211	-	768 765
TH Thwala (MMC)	626 343	53 208	89 211	-	768 762
NW Msibi (MMC)	626 343	53 208	89 211	-	768 762
Councillors	4 359 580	798 120	425 910	-	5 583 610
	8 325 605	**1 117 368**	**990 469**	**48 968**	**10 482 410**

Refer to note 30 Remuneration of councillors

Management class: Executive management

Refer to note 29 Employee related costs

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Irregular expenditure

Opening balance as previously reported	75 356 237	62 056 506
Add: Irregular expenditure - current	2 398 773	7 862 264
Add: Irregular expenditure - prior period	910 693	6 952 515
Less: Amount written off - current	(25 331 114)	(1 515 048)
Closing balance	**53 334 589**	**75 356 237**

43. Irregular expenditure (continued)

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

Inadequate SCM process followed - 5 cases (2024: 11 cases)	3 309 465	14 817 779

Cases under investigation

Investigations are in progress regarding cases for 30 June 2025 for R3 309 465 and for (2024: R14 814 779) which related to non-compliance with procurement process requirements.

Amount written-off

After investigations, council took a resolution to write-off an amount of R25 331 114 from the total irregular expenditure amount as the amount was not recoverable.

44. Fruitless and wasteful expenditure

Opening balance as previously reported	2 512 937	2 104 911
Add: Fruitless and wasteful expenditure identified - current	788 029	408 026
Less: Amount written off - prior period	(2 022 060)	-
Closing balance	**1 278 906**	**2 512 937**

Fruitless and wasteful expenditure is presented inclusive of VAT

44. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Interest charged on overdue accounts - 42 cases	669 187	72 138
Indigent customers houses market value exceeding RDP value	-	335 888
Indigent customers -deceased 55 cases	113 402	-
Indigent customers - spouses in service of the state 2 cases	5 440	-
	788 029	**408 026**

Cases not yet investigated: Investigations are still pending regarding above cases for R 408 026 for 30 June 2024 and (2024: R408 026)

Cases under investigation R 788 029 (2024: R Nil)

Cases to be written off R2 022 060 (2024: R Nil)

45. 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.

Date	Name of Company	Amount	Reason for Deviation	Items/services	Department
Quarter 2	VASTICORP T/A SUPAQUICK	330 264,99	Ermegency procurement to respond quictly to service delivery	Tyres for yellow fleet vehicles, lowbed and other bakkies of the municipality. Which were standstill at the time of request which resulted in disruption of service delivery.	Infrastructure
Quarter 3	Government Printing	1 008,80	Sole supplier	Advert for the publication of the draft Valuation Roll to Government printing	Finance
		-			
		-			
		-			

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position as at 30 June 2025 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	135 847 403	-	63 385 264	-
Consumer deposits	-	-	-	1 721 028

At Year ended 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	106 332 215	-	72 076 860	-
Consumer deposits	-	-	-	1 701 123

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

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

Financial instrument	2025	2024
Receivables from exchange transactions	74 490 287	59 794 930
Other receivables from exchange transactions	1 757 113	2 018 431
First National Bank	30 665 947	8 952 053
Old Mutual	1 162 379	974 629

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates. Loans are taken at fixed interest rates to minimise interest rate risk.

47. Prior-year adjustments

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

Statement of financial position

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Prior-year adjustments (continued)

2023

	Ref	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange transactions	C F	22 569 628	(11 630 254)	-	10 939 374
Receivables from exchange transactions	F	49 035 104	(49 034 796)	-	308
Property, plant and equipment	E	1 092 840 905	36 190 614	2 485 291	1 131 516 810
Investment property	E	100 645 147	(43 436 165)	(2 485 291)	54 723 691
Payables from exchange transactions	A	102 332 620	(11 337 781)	-	90 994 839
VAT Payable	B C D	24 087 019	(6 747 579)	-	17 339 440
Accumulated surplus	A	990 580 722	(49 825 241)	-	940 755 481
			-	-	-

2024

	Ref	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange transactions	A D	33 333 056	(5 314 801)	-	28 018 255
Receivables from exchange transactions	D F	69 283 611	(1 761 366)	-	67 522 245
Payables from exchange transactions	A C G	126 942 807	(10 714 024)	(9 896 563)	106 332 220
Property, plant and equipment	E	1 035 553 307	33 774 997	2 485 291	1 071 813 595
Investment property	E	100 405 733	(43 436 165)	(2 485 291)	54 484 277
Other receivables from exchange transactions	E	1 910 922	107 508	-	2 018 430
VAT Payable	B C D	28 146 979	(7 114 242)	-	21 032 737
Employee benefits	1	30 906 000	-	9 896 563	40 802 563
Cash and cash equivalents	B	8 204 857	747 196	-	8 952 053
Accumulated surplus	A B C D	919 274 910	1 524 451	-	920 799 361
		-	-	-	-

Statement of financial performance

2024

	Ref	As previously reported	Correction of error	Restated
Service charges	F G	139 309 454	(2 994 710)	136 314 744
Property rates	D F	52 550 679	(13 661 424)	38 889 255
Interest income	F	45 406 984	(2 867 079)	42 539 905
Interest income - Property rates	F	26 379 479	(1 633 975)	24 745 504
Debt impairment	D F	(110 522 601)	74 563 200	(35 959 401)
Contracted services	C	(54 136 850)	3	(54 136 847)
General expenditure	B C	(60 164 982)	780 479	(59 384 503)
Loss on disposal of assets and liabilities	E	(15 065 597)	(2 415 616)	(17 481 213)
Surplus (Deficit) for the year		**(71 305 805)**	**51 770 878**	**(19 534 928)**

Cash flow statement

2024

	Ref	As previously reported	Restated
Net cash flow from operating activities	10 772 202	747 197	11 519 399

Errors

47. Prior-year adjustments (continued)

The following prior period errors adjustments occurred:

A) Correction Property Rates

Reversal of the incorrect adjustment of billing for property rates for agricultural properties Rural Development previously adjusted for the 2022 and 2021 years effecting advance payments, receivables and surplus.

	2025	2024
Statement of financial position opening balance		
Receivables from non-exchange transactions	-	(17 895)
Payables from exchange transactions	-	11 347 704
Accumulated surplus	-	(11 315 640)
Other receivables from exchange transactions	-	(14 169)
	-	**-**

B) Correction Cash and cash equivalents

Correction of an amount for payment made to First Auto incorrectly captured in the cashbook during 2024 effecting operational expenses and VAT.

	2025	2024
Statement of financial position		
Cash and cash equivalents	-	747 196
VAT Payable	-	(1 030)
	-	**746 166**

	2025	2024
Statement of financial performance		
Operational cost	-	(746 166)

C) Corrections Trade Payables

Reversal of credit notes incorrectly processed in previous financial years.

	2025	2024
Statement of financial position		
Payables from exchange transactions	-	43 241
VAT Payable	-	(4 777)
Accumulated surplus	-	(4 148)
	-	**34 316**

	2025	2024
Statement of financial performance		
Contracted services	-	(3)
Operational cost	-	(34 313)
	-	**(34 316)**

Figures in Rand	2025	2024

47. Prior-year adjustments (continued)

D) Correction bad debt written off prior year

Bad debt relating to the prior incorrectly written of in current year was corrected.

Statement of financial position		
Receivables from non-exchange transactions	-	(35 516)
Receivables from exchange transactions	-	(73 877)
VAT Payable	-	18 669
	-	**(90 724)**

Statement of financial performance		
Debt impairment	-	90 724

E) Non-Current Assets

Statement of financial position		
Property, plant and equipment	-	33 774 998
Investment property	-	(43 436 165)
Accumulated surplus	-	7 245 552
	-	**(2 415 615)**

Statement of financial performance		
Loss on disposal of assets and liabilities	-	2 415 616

The municipality conduct a yearly verification process to verify the existence and conditions of all its fixed assets. Land not previously listed on the asset register were identified and corrected. The adjustment also included reclassifications from Investment proiperties to property plant and equipment.

On inspection of the investment property certain properties were identified with incorrect classifications. These properties were land used by the Council for service delivery and therefore the classification was changed to land.

During the same process investment properties were identified with the cost of the property to be more than the actual value on the valuation roll. For these properties an impairment was calculated to ensure the carry value is in line with the Valuation Roll.

Properties were also identified that the Council lost control of the property due to land invasion or disposal of property not disclose in the past.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Prior-year adjustments (continued)

F) Receivables from exchange and non-exchange transactions

Statement of financial position		
Receivables from exchange transactions - gross balances	-	(54 695 045)
Receivables from exchange transactions - provision for impairment	-	53 007 555
Receivables from non-exchange transactions - gross balances	-	(26 907 757)
Receivables from non-exchange transactions - provision for impairment	-	21 646 369
Other receivables from exchange transactions	-	121 678
Payables from exchange transactions	-	(121 678)
VAT Payable	-	7 101 381
Accumulated surplus	-	53 899 476
	-	**54 051 979**

Statement of financial performance		
Service charges	-	2 439 467
Property rates	-	13 661 424
Interest income	-	2 867 079
Interest income - Property rates	-	1 633 975
Debt impairment	-	(74 653 924)
	-	**(54 051 979)**

During the financial year under review the municipality identified receipts for agency fees receipted in the current year that pertained to prior year transactions not accrued for. Furthermore the municipally identified that municipal owned properties were incorrectly levied for property rates and municipal services. This was corrected and resulted in the restatement of revenue, debt impairment and receivables.

Commitments

Prior year balance	-	124 320 991
Less operational commitments	-	(47 117 379)
Restated balance	**-**	**77 203 612**

The municipality removed operational commitments from the prior year disclosure as it is not required in terms of GRAP.

G) Prepaid electricity - Unused

The municipality recognised revenue from prepaid electricity using the actual sales information without considering the unused prepaid electricity. This was corrected resulting in the recognition of advance payments.

Statement of financial position		
Payables from exchange transactions	-	(555 243)

Statement of financial performance		
Service charges	-	555 243

VAT Reclassification

The VAT input accrual and VAT output accrual have previously been netted off. Input accruals - VAT receivable in the amount of R 99 025 203 was reclassified as current assets and output accruals in the amount of R 119 636 765 as current liabilities.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

1) Employee benefits

The prior year amounts for short term employee benefits for leave accrual R 7 583 585 and bonus provision R 2 312 978 have been reclassified from payables from exchange transactions to correct employee benefits disclosure in terms of GRAP 25.

2) PPE

Land previously incorrectly classified as investment property in the amount of R 2 485 291 were reclassified as land.

Community assets reclassified to Infrastructure R 16 662 324

Operating buildings reclassified to Infrastructure R 2 231 393

3) Payables from exchange transactions

The municipality reclassified refunds made for consumer service debtors included in sundry payables incorrectly classified as advance payments in the amount of R 643 657.

4) Financial instruments

Short-term employee benefits for leave accrual and bonus provision in the amount of R 9 896 563 included in payables from exchange transactions was reclassified to employee benefits as per GRAP 25.

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year	1 119 271	1 399 096
Amount paid - current year	-	(1 399 096)
	1 119 271	**-**

Audit fees

Opening balance	821 403	264 093
Current year fees	10 868 938	9 617 430
Amount paid - current year	(8 938 042)	(8 796 027)
Amount paid - previous years	(821 403)	(264 093)
	1 930 896	**821 403**

PAYE and UIF

Current year	18 150 234	16 416 170
Amount paid - current year	(16 709 454)	(16 416 170)
	1 440 780	**-**

Pension and Medical Aid Deductions

Current year	32 014 219	30 718 602
Amount paid - current year	(32 014 219)	(30 718 602)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. 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:

Year ended 30 June 2025	Outstanding more than 90 days	Total
CLR Khumalo GL	12 161	12 161

Year ended 30 June 2024	Outstanding more than 90 days	Total
Councillor Msibi NW	1 302	1 302
Councillor Khumalo GL	24 327	24 327
	25 629	**25 629**

49. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	74 490 278	74 490 278
Other receivables from exchange transactions	-	1 757 113	1 757 113
Short term investments at present value	1 162 379	-	1 162 379
Cash and cash equivalents	-	30 665 947	30 665 947
	1 162 379	**106 913 338**	**108 075 717**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	199 232 667	199 232 667
Consumer deposits	1 721 028	1 721 028
	200 953 695	**200 953 695**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Financial instruments disclosure (continued)

2024

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	59 794 930	59 794 930
Other receivables from exchange transactions	-	2 018 431	2 018 431
Short term investments at present value	974 629	-	974 629
Cash and cash equivalents	-	8 952 053	8 952 053
	974 629	**70 765 414**	**71 740 043**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	178 409 075	178 409 075
Consumer deposits	1 701 124	1 701 124
	180 110 199	**180 110 199**

Receivables disclosed for financial instruments excludes statutory receivables.

50. Segment information

Notes to the Annual Financial Statements

Figures in Rand

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Energy Sources	Executive And Council	Finance And Administration	Planning And Development	Waste managenment	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total
Revenue										
Service charges	82 371 905	-	13 821	-	12 911 704	41 658 231	36 717 342	-	-	173 673 003
Rental income	-	-	1 618 819	-	-	-	-	-	53 490	1 672 309
Agency fees	-	-	5 074 123	-	-	-	-	-	-	5 074 123
Public contributions and transfers'	126 553	-	-	-	-	-	-	-	-	126 553
Operational revenue	56 241	552 473	92 352	261 947	-	-	-	128 178	32 038	1 123 229
Interest income	40 516 515	-	4 180 989	-	-	-	-	-	-	44 697 504
Property rates	-	-	53 346 268	-	-	-	-	-	-	53 346 268
Property rates Interest income	-	-	21 703 654	-	-	-	-	-	-	21 703 654
Licences or Permits	-	-	-	5 198	-	-	-	-	-	5 198
Government grants & subsidies	9 368 394	167 330 000	4 969 444	35 140 087	1 931 000	-	48 064 150	-	464 100	267 267 175
Fines, penalties and forfeits	180 451	-	-	-	-	-	-	19 110	490 759	690 320
Total segment revenue	**132 620 059**	**167 882 473**	**90 999 470**	**35 407 232**	**14 842 704**	**41 658 231**	**84 781 492**	**147 288**	**1 040 387**	**569 379 336**
Entity's revenue										**569 379 336**

50. Segment information (continued)

	Energy Sources	Executive And Council	Finance And Administration	Planning And Development	Waste managenment	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total
Expenditure										
Employee related cost	(4 398 499)	(9 618 175)	(20 291 733)	(3 118 776)	(12 520 429)	(5 793 579)	(13 480 612)	(17 698 617)	(17 292 534)	(104 212 954)
Remuneration of councillors	-	(10 795 840)	-	-	-	-	-	-	-	(10 795 840)
Inventory consumed	-	-	62 497	-	(122 659)	-	(24 319 899)	(199 087)	-	(24 579 148)
Depreciation and amortisation	(7 262 873)	-	(1 996 920)	-	(5 281 153)	(7 108 338)	(16 653 819)	(2 006 867)	(19 385 578)	(59 695 548)
Impairment	(4 700 043)	-	(1 026 286)	-	(1 956)	(860 843)	(3 011 908)	(5 699 011)	(586 682)	(15 886 729)
Interest cost	-	-	(11 878 264)	-	-	-	-	-	-	(11 878 264)
Debt impairments	(7 125 042)	-	(27 650 879)	-	(15 807 651)	(34 886 686)	(40 581 908)	-	-	(126 052 166)
Bulk purchases	(98 888 006)	-	-	-	-	-	-	-	-	(98 888 006)
Contracted services	(5 095 612)	(589 116)	(23 492 507)	(1 613 817)	(4 800 229)	(256 000)	(7 692 375)	(7 885 363)	(2 484 176)	(53 909 195)
Gain /(Loss) on disposal of asset	-	(3 533 891)	(1 213)	-	-	-	(10 624)	-	(1 661 794)	(5 207 522)
General expenses	(18 338 697)	(3 770 283)	(29 897 000)	(304 649)	(9 745 167)	(49 597)	(8 291 773)	(346 055)	(3 452 493)	(74 195 714)
Total segment expenditure	**(145 808 772)**	**(28 307 305)**	**(116 172 305)**	**(5 037 242)**	**(48 279 244)**	**(48 955 043)**	**(114 042 918)**	**(33 835 000)**	**(44 863 257)**	**(585 301 086)**
Total segmental surplus/(deficit)	**(13 188 713)**	**139 575 168**	**(25 172 835)**	**30 369 990**	**(33 436 538)**	**(7 296 812)**	**(29 261 426)**	**(33 687 712)**	**(43 822 869)**	**(15 921 748)**

2024

	Energy Sources	Executive and Council	Finance and Administration	Planning and Development	Waste managenment	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total

50. Segment information (continued)

Revenue										
Service charges	68 318 519	-	409 318	-	12 365 351	21 001 259	34 220 297	-	-	136 314 744
Rental income	-	-	1 730 256	-	-	-	-	-	176 056	1 906 312
Agency fees	-	-	6 721 627	-	-	-	-	-	(82 362)	6 639 265
Operational revenue	55 310	105 123	60 276	163 095	-	-	-	151 660	18 144	553 608
Interest income	69 514 578	64 253	(27 038 926)	-	-	-	-	-	-	42 539 905
Government grants & subsidies	-	157 696 000	3 046 139	28 525 913	3 209 000	-	15 000 000	-	350 819	207 827 871
Fines, penalties and forfeits	578 860	-	-	-	-	-	-	7 607	356 851	943 318
Public contributions and transfers	404 825	-	-	-	-	-	-	-	-	404 825
Property rates Interest income	-	-	24 745 504	-	-	-	-	-	-	24 745 504
Property rates	-	-	38 889 255	-	-	-	-	-	-	38 889 255
Total segment revenue	**138 872 092**	**157 865 376**	**48 563 449**	**28 689 008**	**15 574 351**	**21 001 259**	**49 220 297**	**159 267**	**819 508**	**460 764 607**
Entity's revenue										**460 764 607**
Expenditure										
Employee related cost	(4 275 437)	(9 994 120)	(16 858 988)	(10 436 071)	(13 950 597)	(6 804 414)	(13 008 032)	(17 854 624)	(9 644 854)	(102 827 137)
Remuneration of councillors	-	(10 482 411)	-	-	-	-	-	-	-	(10 482 411)
Inventory consumed	-	-	83 697	-	(131 954)	-	(24 008 686)	(435 396)	-	(24 492 339)
Debt Impairments	(10 855 518)	-	33 870 648	-	(10 240 779)	(17 323 506)	(31 410 245)	-	-	(35 959 400)
Bulk Purchases	(87 156 277)	-	-	-	-	-	-	-	-	(87 156 277)
Contracted services	(5 759 653)	(1 175 358)	(19 083 217)	(1 415 780)	(3 193 933)	(4 410 577)	(6 330 951)	(7 927 794)	(4 839 586)	(54 136 849)
Interest cost	-	-	(11 441 378)	-	-	-	-	-	-	(11 441 378)
General expenses	(15 668 303)	(4 219 449)	(18 071 496)	(942 721)	(10 216 858)	(58 121)	(6 174 721)	(294 347)	(3 738 486)	(59 384 502)
Depreciation and amortisation	(27 055 169)	-	(1 223 281)	-	(5 304 023)	(4 988 437)	(18 508 003)	(2 257 951)	(4 338 196)	(63 675 060)
Loss on disposals of assets and liabilities	-	1 580 900	(19 062 113)	-	-	-	-	-	-	(17 481 213)
Impairment	(22 283)	(737 746)	(360 040)	-	-	(4 021 521)	(6 412 199)	-	(1 709 175)	(13 262 964)
Total segment expenditure	**(150 792 640)**	**(25 028 184)**	**(52 146 168)**	**(12 794 572)**	**(43 038 144)**	**(37 606 576)**	**(105 852 837)**	**(28 770 112)**	**(24 270 297)**	**(480 299 530)**

50. Segment information (continued)

	Energy Sources	Executive and Council	Finance and Administration	Planning and Development	Waste managenment	Waste Water Management	Water Management	Public Safety, Community and Social Services	Other	Total
Total segmental surplus/(deficit)	**(11 920 549)**	**132 830 541**	**(3 607 260)**	**15 894 436**	**(27 429 481)**	**(16 605 316)**	**(56 632 541)**	**(28 613 966)**	**(23 450 789)**	**(19 534 924)**

51. Accounting by principals and agents

The entity is a party to a principal-agent arrangements.

51. Accounting by principals and agents (continued)

Details of the arrangments are as follows:

Agent arrangement: Agency service for licensing

The municipality entered into an agreement with the Mpumalanga Department of Safety, Security and Liason ('the Department"). The agreement is entered into every five years, signed within three months of the new term of office for Local Government. In terms of the agreement the Department is responsible for registration, licensing, and testing functions in terms of applicable national and provincial road traffic legislation. In order to provide greater access to clients throughout the Province, the Department transferred specified registration, licensing and testing functions to appropriately identified agents, who process these functions for and on behalf of the Department.

As a result of the abovementioned agreement the municipality acted as an agent on behalf of the department. In Volksrust the agent is thus entitled to 20% of the total collected fees in terms of clause 6.2 in respect of motor vehicle registration and licensing fees, as specified in the relevant schedules contained in the applicable national and provincial road traffic legislation. In Amersfoort the agent is entitled to 18%. During the financial period under review, the Department indicated that it plans to take back the function during the next financial year. The date of the planned transfer of function is still to be confirmed. No material risks were identified on the agreement for the municipality. The municipality does not incur any expenses on behalf of the principal.

Principal arrangement: Prepaid electricity

The municipality entered into an agreement with Countour Technology (PTY) Ltd, to distribute, collect, process and manage the sales of prepaid electricity on behalf of the municipality.

A fee of 1.69% of the total revenue collected is payable by the municipality for the prepared sales of the electricity bought in directly on their platform.

Entity as agent

Resources held on behalf of the principal, but recognised in the entity's own financial statements

The municipalities do not hold any resources on behalf of the Department and hence no risks flow to the municipality that could eminate from custodianship over the resources held on behalf of a principal. There is no liability or expenses incurred on behalf of the principal.

During the financial period under review, the Department took back the function from municipalities At year end no outstanding monies was owed to the department.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R5 074 123 (2024: R6 639 265).

Reconciliation of revenue		
Funds collected including collections included in prior year accruals	22 256 945	28 666 408
Paid to department	(17 182 822)	(20 577 848)
Payable	-	(1 449 245)
	5 074 123	**6 639 315**

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

There is no risk or rewards in relation to the assets, expenditures and payables in terms of the this agreement applicable to the municipality.

Fee paid

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Accounting by principals and agents (continued)

Fee paid as compensation to the agent	826 638	941 019

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

No penalties are payable if the contract with the agent is terminated.

52. Change in estimate

Property, plant and equipment

The useful lives of all asset classes were adjusted during the 2025 financial year to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 8. The effect of changing the remaining useful life of assets for the Municipality during 2025 has decreased the depreciation charge for the current year by R3 652 798 (2024: R2 357 211). It is impracticable to estimate the effect of these changes on future periods.

Asset Class		
Infrastructure	3 258 678	2 099 808
Buildings	9 173	12 593
Movable assets	306 879	241 623
Community	78 067	3 187
	3 652 797	**2 357 211**

Detailed descriptions, component types of the assets in question are available in the Fixed Asset Register of the municipality.

53. VAT receivable

VAT Input Accrual	103 983 435	99 025 203

The VAT position above is the VAT Accrual as at 30 June each year. VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS. Furthermore, VAT is claimable on the payment basis.VAT Receivable and VAT Payable are exchange transactions.