GOVAN MBEKI MUNICIPALITY
Annual Financial Statements
for the year ended June 30, 2025

General Information

Legal form of entity	Local Municipality
List of councillors	
Executive Mayor	Zuma NG (ANC)
Chief Whip of Council	Mtsweni MJ (ANC)
Speaker of Council	Magagamela FF (ANC)
Chairperson of MPAC	Sibanyoni SI (ANC)
Councillors	Chamberlain M (DA)
	Chauke EW (EFF)
	De Vries GR (VF PLUS)
	Duma MP (ANC)
	Erasmus D (DA)
	Jonker L (VF PLUS)
	Khoza D (EFF)
	Kleynhans T (DA)
	Kubheka MA (ARP)
	Mabizela TM (DA)
	Madonsela NR (ANC)
	Madumise LJ (DA) (appointed 23 July 2024)
	Mahlangu TJ (ARP)
	Mahlangu SV (ANC)
	Makhado TC (ANC)
	Maluka JM (ANC)
	Masango W (EFF)
	Maseko JM (ANC)
	Masina NA (DA)
	Masinga MM (ANC)
	Mathebula SB (DA)
	Mazibuko SJ (ANC)
	Mazibuko TE (ANC)
	Mazibuko TM (DA)
	Mbokazi AV (ANC)
	Mkhwanazi SM (EFF)
	Mkwebane ZA (DA)
	Mnyukana MD (ANC)
	Mofokeng TS (EFF)
	Moloto BD (EFF)
	Mpatlanyane MP (DA)
	Mtahane AN (EFF)
	Mthebu BE (ANC)
	Mtombeni JL (EFF)
	Mtshali PD (ANC)
	Mtsweni TP (ANC)
	Mtungwa CM (IFP)
	Ndwanyaza PN (DA)
	Nel-Buitendag AD (VF PLUS)
	Ngwenya LP (ANC)
	Ngxonono YT (ANC)
	Nkabinde ER (ANC)
	Nkabinde JB (DA)

General Information

	Nkuna MM (EFF) Nkwanyana SE (ANC) Nsibande ME (EFF) Pelman FH (DA) Petterson VL (EFF) Pungwayo SM (ANC) Sehlalo MS (ANC) Seimela T (EFF) Sierana GC (EFF) Tesner J (DA) Thukwane KS (DA) Van Huyssteen AC (DA) Van Marle HE (DA) Vilakazi P (ANC) Ziwele L (ATM) Zwane PJ (ANC)
Grading of local authority	Grading 5
Accounting Officer	EN Maseko
Chief Finance Officer (CFO)	VB Nkhata - Appointed 01 July 2025
Acting Chief Finance Officer (ACFO)	ABM Mavimbela - Appointed 1 March 2024 to 28 February 2025, EN Maseko 28 February 2025 to 19 May 2025 and J. Mahlangu 19 May 2025 to 30 June 2025
Registered office	Secunda Civic Centre Horwood Street Secunda 2302
Postal address	Private Bag X1017 Secunda 2302
Bankers	Standard Bank
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	A Mbona Attorneys Inc BS Mabaso Inc Cronje De Vaal & Skhosana Attorneys KLM Maja Attorneys Makhaye Attorneys Inc Makhafola Inc Attorneys & Conveyancers Mthimunye Attorneys NG Dlamini Attorneys Inc Peyper Attorneys Inc PP Mabuza Attorneys Inc TH Mathebula Inc
Dermacation Code	MP307

General Information

Legislation governing Municipality's operation	Local Government: Municipal Finance Management Act (Act No. 56 of2003)
	Local Government: Municipal Structures Act (Act no 117. of 1998)
	Constitution of the Republic of South Africa (Act no. 108 of 1996)
	Municipal Property Rates Act (Act no. 6 of 2004
	Division of Revenue Act (Act No. 1 of 2007
Webpage	www.govanmbeki.gov.za
Email	callcenter@govanmbeki.gov.za
Contact number	017 620 6000
Social media	follow facebook: govan mbeki municipality

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Abbreviations used:

AGSA	Auditor General South Africa
COIDA	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
DBSA	Development Bank of Southern Africa
DDP	DDP Valuers (Pty) Ltd
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
LG Seta	Local Government Sector Educational and Training Authority
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SARS	South African Revenue Services
SCM	Supply Chain Management
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
VAT	Value Added Tax
WSP	Workplace Skills Plan
FRP	Financial Recovery Plan

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to June 30, 2025 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 municipality is wholly dependent on the municipality for continued funding of operations. 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.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. 7.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer (Mr EN Maseko) on August 29, 2025 and were signed on its behalf by:

Accounting Officer's Report

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

1. Review of activities

Main business and operations

2. Going concern

We draw attention to the fact that as at 30 June 2025, the municipality incurred a deficit of R733 209 396, and that the municipality’s total liabilities exceeded its total assets by R2 830 403 390.

The annual financial statements have been prepared on the going concern basis. This basis assumes that the municipality will continue operating for the foreseeable future and that sufficient funds will be available to finance operations, settle liabilities and meet obligations as they fall due.

Several conditions, as outlined in sections **138** and **140** of the Municipal Finance Management Act (MFMA), Act 56 of 2003, indicate continuing financial strain:

The municipality continues to face indicators of financial strain as outlined in MFMA sections 138 and 140. These include recurring deficits, delayed payment of suppliers due to financial constraints (s138(a) and s140(2)(c)), and default on financial obligations (s138(b) and s140(2)(a)–(b)). The municipality remains in a net liability and net current liability position, with revenue generation and collection challenges and insufficient cash-backed funding (s140(2)(3)). Cash-flow pressures, uncontrolled spending patterns and the deterioration of assets used to support revenue generation further affect operational and financial performance.

The municipality remains under a **Financial Recovery Plan (FRP)** adopted in the 2019/2020 financial year following an intervention by the Mpumalanga Provincial Executive in terms of section 139(1)(b) and 139(5)(a) of the Constitution, read with section 139 of the MFMA. The FRP aims to stabilise the municipality’s financial position by:

• Addressing long-standing financial challenges;
• Reducing debt obligations;
• Improving revenue collection, financial controls and cash-management practices.

Council continues to monitor the implementation of the FRP and holds the Accounting Officer and Senior Managers accountable for progress.

At year-end, National Treasury indicated its intention to invoke **section 216(2)** of the Constitution, read with **section 38** of the MFMA, due to persistent non-compliance with payment obligations to Water Boards. This created uncertainty regarding the timely receipt of the July 2025 equitable share and conditional grant transfers, which form a significant portion of the municipality’s operational funding. These allocations were subsequently received following engagements with National Treasury and Provincial Treasury.

Management and Council have since intensified corrective measures, including strengthening compliance with repayment arrangements to Water Board, implementing stricter cost-containment measures, improving revenue protection and collection initiatives, and enforcing the Budget Funding Plan.

Based on these mitigating actions and the continued implementation of the Financial Recovery Plan, the Accounting Officer and Council are of the view that the municipality is able to continue as a going concern. Accordingly, the annual financial statements have been prepared on that basis.

Accounting Officer's Report

3. Subsequent events

After the Annual Financial Statements (AFS) were submitted to the Auditor-General, the Accounting Officer became aware of developments relating to investigations previously referred to the Municipal Public Accounts Committee (MPAC). During the 2023/24 and 2024/25 financial years, Council resolved to refer several cases of unauthorised, irregular, fruitless and wasteful expenditure (UIFW) to MPAC for investigation.
MPAC finalised its report only in October 2025. The outcomes of the investigation relate to conditions that existed during the reporting period and therefore constitute an adjusting event. The municipality is required to amend the relevant amounts and disclosures in the AFS to reflect the final position as adopted by Council through the MPAC report.

The council made the following resolutions regarding expenditure for the 2023/24 financial year:
Unauthorized Expenditure.
The council confirmed unauthorised expenditure amounting to R1,601,862,687 and resolved to write it off as irrecoverable.
Irregular Expenditure.
The council confirmed irregular expenditure amount R157,992,534 and decided that this amount would also be written off as irrecoverable.
Fruitless and Wasteful Expenditure
The council confirmed fruitless and wasteful expenditure amount R295,679,983 and decided that this amount would also be written off as irrecoverable.

4. Accounting Officers' interest in contracts

The accounting officer does not have any direct or indirect interest in any contract of the municipality.

5. Accounting policies

The annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of Statements issued by the Accounting Practices Boards (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act no 56 of 2003)
Accounting policies for material transactions, events or conditions not covered by GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. Accounting Officer

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

Name
EN Maseko

Accounting Officer's Report

7. Corporate governance

Audit and risk committee

For the current financial year the chairperson of the audit committee was Mr Patrick Roy Mnisi. The committee met 10 times during the financial year

Name	Position	Appointment Date	Contract Expiry / Resignation Date
Patrick Roy Mnisi	Chairperson of Audit Committee	13/01/2021	12/01/2026
Leon Lankalebalela	Chairperson of Performance Audit	01/11/2022	31/10/2025
Andries Bothma	Member	13/01/2023	11/07/2024
Thabsile Ranape	Member	13/01/2023	12/01/2026
Sijabulile Makhathini	Member	01/11/2022	31/10/2025

Internal audit

The municipality has a fully functional internal audit unit. This is in compliance with the Municipal Finance Management Act, 2003

8. Auditors

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

Statement of Financial Position as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	15	122,773,963	130,810,317
Receivables from exchange transactions	18	627,487,308	359,622,863
Receivables from non-exchange transactions	16	143,729,655	78,747,362
VAT Receivable Accrual	17	834,373,928	710,780,272
Other receivables	13	97,739,563	32,982,304
Long term receivables	14	-	855,241
VAT Receivable - SARS	61	-	2,538,279
Cash and cash equivalents	19	49,822,933	25,751,185
		1,875,927,350	**1,342,087,823**
Non-Current Assets			
Investment property	2	1,373,123,101	1,290,732,363
Property, plant and equipment	3	1,843,422,236	1,745,375,645
Intangible assets	4	160,807	202,523
Heritage assets	5	5,430,550	5,430,550
Other financial assets	6	1,209,582	1,118,740
Long term receivables	14	-	174,805
		3,223,346,276	**3,043,034,626**
Total Assets		**5,099,273,626**	**4,385,122,449**
Liabilities			
Current Liabilities			
Finance lease obligation	20	3,611,866	7,169,291
Municipal debt relief liability	7	2,482,326,084	1,241,163,042
Payables from exchange transactions	8	3,402,698,535	2,037,485,226
Trade payables from non-exchange	9	27,087,120	26,950,926
VAT Payables Accrual	10	489,964,735	444,138,126
Consumer deposits	11	34,714,666	32,872,391
Employee benefit obligation	12	3,969,000	3,604,122
Unspent conditional grants and receipts	21	5,362,719	11,319,072
Provisions	22	46,715,318	44,196,504
Payment in advance	23	59,119,909	62,964,330
Long service award	24	5,324,000	5,116,950
VAT Payable - SARS	62	10,140,440	-
		6,571,034,392	**3,916,979,980**
Non-Current Liabilities			
Finance lease obligation	20	396,777	2,506,646
Municipal debt relief liability	7	912,642,462	2,153,805,504
Employee benefit obligation	12	44,428,000	50,204,975
Provisions	22	364,149,385	325,958,468
Long service award	24	37,026,000	32,860,871
		1,358,642,624	**2,565,336,464**
Total Liabilities		**7,929,677,016**	**6,482,316,444**
Net Assets		**(2,830,403,390)**	**(2,097,193,995)**
Accumulated surplus		(2,830,403,390)	(2,097,193,995)
Total Net Assets		**(2,830,403,390)**	**(2,097,193,995)**

* See Note 54

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	25	1,715,941,777	1,399,578,756
Rental of facilities and equipment	26	9,177,766	6,629,644
Interest received (trading)	28	235,139,962	237,019,872
Fees earned	31	11,319,774	11,128,599
Other income	32	5,361,373	12,592,237
Interest received - investment	33	3,793,489	14,898,674
Gain on disposal of assets		3,817,083	8,163,147
Fair value adjustments on investments	50	86,227,580	169,553
Actuarial gains		10,864,149	13,734,798
Inventories surplus		-	37,740
Total revenue from exchange transactions		**2,081,642,953**	**1,703,953,020**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	34	376,756,781	399,974,336
Circular 124 debt relief rebate	29	-	924,246,839
Interest, Dividends and Rent on Land	30	33,070,341	27,028,901
Transfer revenue			
Government grants & subsidies	36	614,401,202	594,816,471
Public contributions and donations	37	3,917,078	177,722
Fines, Penalties and Forfeits	27	30,881,346	14,187,034
Insurance refund		6,251,415	1,263,031
Total revenue from non-exchange transactions		**1,065,278,163**	**1,961,694,334**
Total revenue		**3,146,921,116**	**3,665,647,354**
Expenditure			
Employee related costs	38	(752,329,394)	(635,895,693)
Remuneration of councillors	39	(33,385,814)	(35,846,387)
Inventory consumed	40	(504,887,946)	(488,586,649)
Depreciation and amortisation	41	(125,352,510)	(133,720,724)
Assets impairments	42	(3,711,584)	(1,882,720)
Finance costs	43	(305,024,104)	(642,441,875)
Debt Impairment	44	(19,957,171)	(348,284,767)
Bad debts written off		(428,463,362)	(330,880,427)
Bulk purchases	46	(1,148,645,646)	(1,025,059,402)
Contracted services	47	(262,280,490)	(210,537,593)
Transfers and Subsidies	35	(39,530,741)	(35,253,324)
Loss on disposal of assets and liabilities		(9,570,753)	(14,163,338)
Inventories losses/write-downs		(2,366,123)	-
General Expenses	45	(244,624,874)	(249,433,152)
Total expenditure		**(3,880,130,512)**	**(4,151,986,051)**
Deficit for the year		**(733,209,396)**	**(486,338,697)**

* See Note 54

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(1,589,985,728)	(1,589,985,728)
Adjustments		
Correction of errors 54	(20,869,570)	(20,869,570)
Balance at July 1, 2023 as restated*	**(1,610,855,298)**	**(1,610,855,298)**
Changes in net assets		
Surplus for the year	(486,338,697)	(486,338,697)
Total changes	(486,338,697)	(486,338,697)
Restated* Balance at July 1, 2024	**(2,097,193,994)**	**(2,097,193,994)**
Changes in net assets		
Deficit for the year	(733,209,396)	(733,209,396)
Total changes	(733,209,396)	(733,209,396)
Balance at June 30, 2025	**(2,830,403,390)**	**(2,830,403,390)**

* See Note 54

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		1,461,669,241	2,010,036,766
Grants		608,444,849	599,709,971
Interest income		127,175,438	103,253,866
		2,197,289,528	2,713,000,603
Payments			
Employee costs		(766,528,698)	(679,158,907)
Suppliers		(1,121,474,538)	(1,930,948,927)
Finance costs		(47,688,567)	-
		(1,935,691,803)	(2,610,107,834)
Net cash flows from operating activities	48	**261,597,725**	**102,892,769**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(233,646,815)	(265,381,315)
Proceeds from sale of property, plant and equipment	3	901,000	4,025,480
Proceeds from sale of investment property	2	1,652,730	601,050
Net cash flows from investing activities		**(231,093,085)**	**(260,754,785)**
Cash flows from financing activities			
Finance lease payments		(6,432,890)	(5,826,752)
Net increase/(decrease) in cash and cash equivalents		**24,071,750**	**(163,688,768)**
Cash and cash equivalents at the beginning of the year		25,751,185	189,439,954
Cash and cash equivalents at the end of the year	19	**49,822,935**	**25,751,186**

The accounting policies on pages 24 to 54 and the notes on pages 55 to 121 form an integral part of the annual financial statements.

* See Note 54

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	2,069,965,224	-	**2,069,965,224**	1,715,941,777	**(354,023,447)**	Low collection rate, unemployment and economics conditions.
Rental of facilities and equipment	5,697,877	4,770,000	**10,467,877**	9,177,766	**(1,290,111)**	Rental targets not met due to lesser rentals than anticipated.
Interest Trading	213,599,231	-	**213,599,231**	235,139,962	**21,540,731**	Low collection resulting to increase to interest billing.
Fees earned	7,423,708	834,000	**8,257,708**	11,319,774	**3,062,066**	Implementation of revenue enhancement strategy increase in electricity cennection fee.
Other income - (rollup)	850,937	657,045	**1,507,982**	5,361,373	**3,853,391**	miscellaneous revenues targets shows an over achievement due to an amount of 5mil on recognised as revenue from unclaimed unknow deposits. No budget was allocated for revenue from unknown deposits.
Interest received - investment	16,378,546	-	**16,378,546**	3,793,489	**(12,585,057)**	Reduced investments for immediate availability of cash to fulfil commitments as they become due

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
Gains on disposal of assets	-	-	**-**	3,817,083	**3,817,083**	Gains and Losses budgeted on same line item. Budget on gains is a realistic estimation based on previous.
Dividends or similar distributions received	24,988	-	**24,988**	-	**(24,988)**	No dividends received during the year.
Total revenue from exchange transactions	**2,313,940,511**	**6,261,045**	**2,320,201,556**	**1,984,551,224**	**(335,650,332)**	
Revenue from non-exchange transactions						
Property rates	445,250,056	-	**445,250,056**	376,756,781	**(68,493,275)**	Budget figure is base on increase on the tariffs.
Interest - Property Rates	21,687,634	-	**21,687,634**	33,070,341	**11,382,707**	Low collection resulting to increase to interest billing.
Transfer revenue						
Government grants & subsidies	609,814,000	10,477,022	**620,291,022**	614,401,202	**(5,889,820)**	Slow and no implementation of grant funded programs.
Public contributions and donations	-	-	**-**	3,917,078	**3,917,078**	Not included in budget as it is not an anticipated revenue or benefit.
Fines, Penalties and Forfeits	19,836,386	(1,105,904)	**18,730,482**	30,881,346	**12,150,864**	Increased collection of issued fines.
Insurance refund	5,000,000	-	**5,000,000**	6,251,415	**1,251,415**	Increased number of case concluded by Insurance and processed claims
Total revenue from non-exchange transactions	**1,101,588,076**	**9,371,118**	**1,110,959,194**	**1,065,278,163**	**(45,681,031)**	
Total revenue	**3,415,528,587**	**15,632,163**	**3,431,160,750**	**3,049,829,387**	**(381,331,363)**	

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
Expenditure						
Employee Related Costs	(787,367,697)	-	**(787,367,697)**	(752,329,394)	**35,038,303**	Budgeted vacant posts not filled during the year.
Remuneration of councillors	(35,479,763)	-	**(35,479,763)**	(33,385,814)	**2,093,949**	variance is less than 10%, therefore no comment required.
Consumables	(503,800,009)	(32,283,891)	**(536,083,900)**	(504,887,946)	**31,195,954**	Due to ongoing capital infrastructure projects, there is reduced spending on repairs and maintenance.
Depreciation and amortisation	(165,836,853)	20,000,000	**(145,836,853)**	(125,352,510)	**20,484,343**	Delapitated infrastructure, which resulted in increase in the impairment write offs in the prior years and thus a decrease in the years going forward.
Impairment loss/ Reversal of impairments	-	-	**-**	(3,711,584)	**(3,711,584)**	Impairment conditions existed after budget.
Finance costs	(140,086,694)	(30,000,000)	**(170,086,694)**	(305,024,107)	**(134,937,413)**	Due to cash constrains suppliers invoices could not be serviced on time.
Debt Impairment	(988,750,000)	483,984,424	**(504,765,576)**	(19,957,171)	**484,808,405**	Further to underbudgeting the significant financial difficulties of the debtors and default or delinquency in payment or all debt outstanding for more than 360 days are considered as indicators are impaired; impairment

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
Bad debts written off	-	-	**-**	(428,463,362)	**(428,463,362)**	Indigent Consumers approved to be written off.
Bulk purchases	(853,967,099)	(247,645,541)	**(1,101,612,640)**	(1,148,645,645)	**(47,033,005)**	Inadequate budgeting due to unfunded budget
Contracted Services	(214,554,145)	(67,794,368)	**(282,348,513)**	(262,280,490)	**20,068,023**	Due to budget constraints some expenditure activities were not implemented.
Transfers and Subsidies	(28,360,647)	(9,000,000)	**(37,360,647)**	(39,530,740)	**(2,170,093)**	Increased number of indigent support during the year.
General Expenses	(270,324,808)	(88,095,178)	**(358,419,986)**	(244,624,874)	**113,795,112**	Due to budget constraints some expenditure activities were not implemented.
Total expenditure	**(3,988,527,715)**	**29,165,446**	**(3,959,362,269)**	**(3,868,193,637)**	**91,168,632**	
Operating deficit	**(572,999,128)**	**44,797,609**	**(528,201,519)**	**(818,364,250)**	**(290,162,731)**	
Loss on disposal of assets and liabilities	2,500,000	-	**2,500,000**	(9,570,752)	**(12,070,752)**	Gains and Losses budgeted on same line item. Budget on gains is a realistic estimation based on previous.
Fair value adjustments	-	-	**-**	86,227,580	**86,227,580**	Fair value adjustment was not budgeted for as this is unpredictable and not in control of the management.
Actuarial gains/losses	-	-	**-**	10,864,149	**10,864,149**	Actuarial gain was not budgted for as this is unpredictable and depends on the market.

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
Inventories losses/write-downs	-	-	-	(2,366,123)	**(2,366,123)**	Inventory losses and write off was not budgeted for as this is unpredictable.
	2,500,000	**-**	**2,500,000**	**85,154,854**	**82,654,854**	
Deficit before taxation	**(570,499,128)**	**44,797,609**	**(525,701,519)**	**(733,209,396)**	**(207,507,877)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(570,499,128)**	**44,797,609**	**(525,701,519)**	**(733,209,396)**	**(207,507,877)**	

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	19,428,000	32,511,000	**51,939,000**	122,773,963	**70,834,963**	Purchases of high value inventory not yet issued at year-end
Receivables from exchange transactions	399,704,000	511,849,000	**911,553,000**	627,487,308	**(284,065,692)**	Receivables from exchange reduced significantly as results of council approved write-off implemented.
Receivables from non-exchange transactions	110,969,000	(29,999,000)	**80,970,000**	143,729,655	**62,759,655**	Receivables from non-exchange reported a higher than the budget due to a final supplementary valuation roll implemented in 2024-25 financial year.
VAT receivable	133,483,000	-	**133,483,000**	834,373,928	**700,890,928**	VAT budgeted at the sum of input vs output
Other receivables	-	-	**-**	97,739,563	**97,739,563**	Increased controls on prepaid vending resulting in collection days reducing.
Cash and cash equivalents	581,262,000	(494,306,000)	**86,956,000**	49,822,933	**(37,133,067)**	Low collection with increased commitments.
	1,244,846,000	**20,055,000**	**1,264,901,000**	**1,875,927,350**	**611,026,350**	
Non-Current Assets						
Investment property	1,148,475,000	-	**1,148,475,000**	1,373,123,101	**224,648,101**	Fair value adjustment and donations from private entities.
Property, plant and equipment	1,780,810,000	45,282,000	**1,826,092,000**	1,843,422,236	**17,330,236**	Acquisitions of assets funded internally and by grants to ensure service delivery.

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
Intangible assets	951,000	(42,000)	**909,000**	160,807	**(748,193)**	Amortisation of assets during the year.
Heritage assets	5,431,550	-	**5,431,550**	5,430,550	**(1,000)**	No comment needed variance is less than 5%
Other financial assets	-	-	**-**	1,209,582	**1,209,582**	Less people utilised the agreement option than what was budgeted.
Receivables from exchange transactions	812,000	-	**812,000**	-	**(812,000)**	For the 2024/2025 financial year, the municipality entered into various consumer payment arrangements through signed acknowledgements of debt which were concluded for informative and administrative purposes only and did not result in additional accounting entries to the General Ledger. Hence no movement in the line item.
	2,936,479,550	**45,240,000**	**2,981,719,550**	**3,223,346,276**	**241,626,726**	
Total Assets	**4,181,325,550**	**65,295,000**	**4,246,620,550**	**5,099,273,626**	**852,653,076**	
Liabilities						
Current Liabilities						
Finance lease obligation	294,842	-	**294,842**	3,611,866	**3,317,024**	Current portion of finance lease obligation has been budgeted on trade and other payables.
Municipal Debt Relief	853,967,088	247,645,541	**1,101,612,629**	2,482,326,084	**1,380,713,455**	Increase in electricity tariff within the financial year

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
Payables from exchange transactions	3,108,228,611	(216,061,541)	**2,892,167,070**	3,402,698,535	**510,531,465**	Due to cash constraints suppliers invoices could not be served on time.
Trade payable from non-exchange	21,819,301	-	**21,819,301**	27,087,120	**5,267,819**	More bank deposits could not allocated due to consumer using an incorrect reference. Municipality made efforts to allocate deposits by taking out a notice through the local newspaper for consumers to come forth and claim their deposits.
VAT payable	-	-	**-**	489,964,735	**489,964,735**	VAT budgeted at the sum of input vs output
Consumer deposits	29,017,252	-	**29,017,252**	34,714,666	**5,697,414**	Increased deposits as result of new developments within Govan Mbeki
Employee benefit obligation	2,701,294	-	**2,701,294**	3,969,000	**1,267,706**	Changes in assumption used by actuaries.
Unspent conditional grants and receipts	85,227,000	(11,087,000)	**74,140,000**	5,362,719	**(68,777,281)**	Inaccurate budgeting in the line item.
Provisions	36,421,145	-	**36,421,145**	46,715,318	**10,294,173**	Changes in assumptions used by actuaries.
Payment in advance	-	-	**-**	59,119,909	**59,119,909**	Budget for under trade and other payables.
Long service award	3,887,060	-	**3,887,060**	5,324,000	**1,436,940**	Changes in assumption used by actuaries.
VAT Payable - SARS	-	-	**-**	10,140,440	**10,140,440**	
	4,141,563,593	**20,497,000**	**4,162,060,593**	**6,571,034,392**	**2,408,973,799**	

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
Non-Current Liabilities						
Finance lease obligation	427,000	-	**427,000**	396,777	**(30,223)**	Acquisition of new assets .
Municipal Debt Relief	-	-	**-**	912,642,462	**912,642,462**	Due to cash contrains municipality budgeted to meet current account to be able to benefit from the eskom debt incentive
Employee benefit obligation	41,295,607	-	**41,295,607**	44,428,000	**3,132,393**	Changes in assumption used by actuaries.
Provisions	293,198,286	(41,295,607)	**251,902,679**	364,149,385	**112,246,706**	Changes in assumption used by actuaries.
Long service award	34,519,336	-	**34,519,336**	37,026,000	**2,506,664**	Changes in assumption used by actuaries.
	369,440,229	**(41,295,607)**	**328,144,622**	**1,358,642,624**	**1,030,498,002**	
Total Liabilities	**4,511,003,822**	**(20,798,607)**	**4,490,205,215**	**7,929,677,016**	**3,439,471,801**	
Net Assets	**(329,678,272)**	**86,093,607**	**(243,584,665)**	**(2,830,403,390)**	**(2,586,818,725)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(329,678,272)	86,093,607	**(243,584,665)**	(2,830,403,390)	**(2,586,818,725)**	

Service charges:

An amount of R968 320 is mapped under fees in the statement of comparison, connection fees as per the NT chart item is budgeted under Service Charges. The total approved Revenue agrees to the Approved budget.

Contracted Services:

An amount R174 230 558 is mapped under General expenses in the statement of comparison.

Insurance:

An amount of R5 000 000 is mapped under non-exchange transactions but budgeted under exchange transaction overall total approved revenue remains unchanged.

Consumables:

An amount of R17 063 978 mapped under general expenses.

General Expenses:

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

Consumables and Contracted services segments mapped under general expenses.

Overall Budget per AFS does not exceed Approved budget, changes in classification of revenue and expenditure items in the AFS to ensure correctness and fair presentation.

Significant Accounting Policies

1. Significant accounting policies

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 in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. The amount in the annual financial statement are rounded to the nearest Rand.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

Significant Accounting Policies

1.3 Going concern assumption

We draw attention to the fact that as at 30 June 2025, the municipality incurred a deficit of R733 209 396, and that the municipality's total liabilities exceeded its total assets by R2 830 403 390.

The annual financial statements have been prepared on the going concern basis. This basis assumes that the municipality will continue operating for the foreseeable future and that sufficient funds will be available to finance operations, settle liabilities and meet obligations as they fall due.

Several conditions, as outlined in sections **138** and **140** of the Municipal Finance Management Act (MFMA), Act 56 of 2003, indicate continuing financial strain:

The municipality continues to face indicators of financial strain as outlined in MFMA sections 138 and 140. These include recurring deficits, delayed payment of suppliers due to financial constraints (s138(a) and s140(2)(c)), and default on financial obligations (s138(b) and s140(2)(a)–(b)). The municipality remains in a net liability and net current liability position, with revenue generation and collection challenges and insufficient cash-backed funding (s140(2)(3)). Cash-flow pressures, uncontrolled spending patterns and the deterioration of assets used to support revenue generation further affect operational and financial performance.

The municipality remains under a **Financial Recovery Plan (FRP)** adopted in the 2019/2020 financial year following an intervention by the Mpumalanga Provincial Executive in terms of section 139(1)(b) and 139(5)(a) of the Constitution, read with section 139 of the MFMA. The FRP aims to stabilise the municipality's financial position by:

- Addressing long-standing financial challenges;
- Reducing debt obligations;
- Improving revenue collection, financial controls and cash-management practices.

Council continues to monitor the implementation of the FRP and holds the Accounting Officer and Senior Managers accountable for progress.

At year-end, National Treasury indicated its intention to invoke **section 216(2)** of the Constitution, read with **section 38** of the MFMA, due to persistent non-compliance with payment obligations to Water Boards. This created uncertainty regarding the timely receipt of the July 2025 equitable share and conditional grant transfers, which form a significant portion of the municipality's operational funding. These allocations were subsequently received following engagements with National Treasury and Provincial Treasury.

Management and Council have since intensified corrective measures, including strengthening compliance with repayment arrangements to Water Board, implementing stricter cost-containment measures, improving revenue protection and collection initiatives, and enforcing the Budget Funding Plan.

Based on these mitigating actions and the continued implementation of the Financial Recovery Plan, the Accounting Officer and Council are of the view that the municipality is able to continue as a going concern. Accordingly, the annual financial statements have been prepared on that basis.

1.4 Materiality

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

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

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

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

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In making the above mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in the GRAP 17 (Property Plant and Equipment), (GRAP 13 (intangible assets), GRAP 26 (Impairment of cash generating assets) and
GRAP 21 (impairment of non cash generating assets) in particular, the calculation of the recoverable service amount for the property,plant and equipment and intangible assets and the net realisable value for inventories involves significant judgement by management.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

Useful lives of waste and water network and other assets

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

1.5 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 12.

Effective interest rate

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

Allowance for doubtful debts

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

1.6 Investment property

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

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

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

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

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

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

1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value reflecting the market conditions at the valuation roll period of the municipality and annually updated with amendments of the supplementary valuation roll.

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

At the reporting period the investment property is measured at fair value reflecting market conditions at the general valuation roll period and also incorporates changes in property value during the lifecycle of the general valuation roll through supplementary valuation rolls. This valuation premise is considered appropriate by the municipality as it is practical and market conditions at reporting date are expected to be significantly different from those reflected in the general valuation roll and supplementary valuations.

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

IInvestment property is unrecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or potential services are expected from its disposal

The gain or loss arising from the derecognition of the investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the investment property. Such difference is recognised in surplus or deficit when the investment property is derecognised.

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

1.7 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost at acquisition date or in case of donated assets or assets acquired by grant, the deemed cost being the fair value of the assets on initial recognition.

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

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

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

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

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

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

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

1.7 Property, plant and equipment (continued)

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, subsequent expenditure relating to the property, plant and equipment is capitalised if it is probable that future economic benefit or potential services delivery associated with the subsequent expenditure will flow to the municipality and cost or fair value of the future economic benefit associated with the assets. Where the municipality replaces major parts of an assets, it derecognised the part of the assets being replaced and capitalises the new component.

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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	30 years
Infrastructure	Straight-line	10-30 years
Library Books	Straight-line	15-30 years
Other property, plant and equipment	Straight-line	3-15 years
Landfill Site	Straight-line	45 years
Leased Movable Assets	Straight-line	3 Years

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

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

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

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

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

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

1.8 Site restoration and dismantling cost

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

1.8 Site restoration and dismantling cost (continued)

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

1.9 Intangible assets

An asset is identifiable, non-monetary asset without physical substance. The municipality has classified computer software and other intangible assets as intangible assets.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

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

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

Significant Accounting Policies

1.10 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

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

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

Significant Accounting Policies

1.11 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.

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

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

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

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

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.

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

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

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

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

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

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Long term receivable	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at fair value
Other financial asset	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Trade payables from non-exchange	Financial liability measured at amortised cost
Consumer deposit	Financial liability measured at amortised cost
Finance Lease Obligation	Financial liability measured at amortised cost

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability subsequently

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.

1.11 Financial instruments (continued)

- Financial instruments at amortised cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations.

Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Discounting of short-term receivables and payables

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.11 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Consumer debtors are evaluated at each reporting date and impaired using the following methodology-:

Category of Debtors	Percentage of Debt regarded as Collectable	Percentage of Debt Provided for as Irrecoverable (i.e. Impairment Percentage)
Credit Balances	Zero	Zero
In-Active Accounts	Zero	100% - Collective Assessment – Per Service Type
Handed-Over Accounts to Panel of Debt Collectors, Legal Handed-Over	Zero	100% - Collective Assessment – Per Service Type
Approved Indigents	Zero	100% - Collective Assessment – Per Service Type
Pending Indigents	Zero	100% - Collective Assessment – Per Service Type
Debt Ageing 90+ Days	Average Payment Collection Rate Over Preceding 12 Months	100% Less Average Payment Collection Rate Over Preceding 12 Months – Individually Assessed Per Service Type
Debt Ageing Less Than 90 Days	100%	Zero

Derecognition of Financial assets

The entity Derecognition financial assets using trade date accounting.

The entity Derecognition a financial asset only when:

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

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

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

1.11 Financial instruments (continued)

Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance

Financial liabilities

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

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

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

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
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1.12 Statutory receivables

Identification

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

1.12 Statutory receivables (continued)

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:
- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

Significant Accounting Policies

1.12 Statutory receivables (continued)

- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

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

Traffic fine are evaluated at each reporting date and impaired as follows-:

	Type of Traffic fines		Percentage of Debt Provided for as Irrecoverable
EXP	Expired after two years	Derecognised	100%
PAY	Payment from Court/Office	Derecognised	0%
SOR	Struck of the roll	Derecognised	100%
SUM/OUT/ISS	Summons issued / Outstanding	Less than 24 months from the date of issue	0%
WIT	Withdrawal	Derecognised	100%
WOA/CRT	Warrant of arrest / Court Roll	Less than 24 months from the date of issue	0%
NBS/UNT	Notice before summons / Untraceable	Summons is not issued because they still need to search for the details of the driver before they can issue summons (Illegal Parking)	100%
RED	Reduced/Discounted	Waived-is the discount resulting from Court	100% less Discounted Amount

Consumer debtors are evaluated at each reporting date and impaired using the following methodology-:

Category of Debtors	Percentage of Debt regarded as Collectable	Percentage of Debt Provided for as Irrecoverable (i.e. Impairment Percentage)
Credit Balances	Zero	Zero
In-Active Accounts	Zero	100% - Collective Assessment – Per Service Type
Handed-Over Accounts to Panel of Debt Collectors, Legal Handed-Over	Zero	100% - Collective Assessment – Per Service Type
Approved Indigents	Zero	100% - Collective Assessment – Per Service Type

Significant Accounting Policies

1.12 Statutory receivables (continued)

Pending Indigents	Zero	100% - Collective Assessment – Per Service Type
Debt Ageing 90+ Days	Average Payment Collection Rate Over Preceding 12 Months	100% Less Average Payment Collection Rate Over Preceding 12 Months – Individually Assessed Per Service Type
Debt Ageing Less Than 90 Days	100%	Zero

1.13 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the 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 of on the remaining balance of the liability.

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.14 Inventories

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

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

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

Significant Accounting Policies

1.14 Inventories (continued)

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

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

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

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

The cost of inventories is assigned using the 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.

Water Inventory

Water is regarded as inventory when the municipality purchase water in bulk with the intention to resell it to the customers or to use it internally, or where the municipality has incurred purification cost on the water obtained from natural resources(rain, rivers,springs,boreholes etc.) However, water in dams , that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all cost of purchase, cost of conversions and other costs incurred in bringing the inventory to its present location and condition, net if trade discounts and rebates.

water and purified effluent are valued by using the first-in-first-out method, at the lower of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year end.

Other arrangements

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regards to their estimated economic or realisable value and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Differences arising on the valuation of inventory are recognised in the statement of financial performances in the year in which they arise. The amount of any reversal of any write down on inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

1.15 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.

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.

Significant Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Designation

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

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

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

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.15 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.15 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.16 Impairment of non-cash-generating assets

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Assets are designated as Cash Generating if the Municipality intends to generate a commercial return being positive cash inflows from the assets that are expected to be significantly higher than the cost of the assets.

Assets are designated as Non Cash Generating if the entity intends to deliver a service.

The South African Constitution requires municipalities to achieve an objective of ensuring the provision of services to communities in a sustainable manner.

Govan Mbeki Municipality manages its fixed assets in a manner which is central in achieving an objective to deliver services to the community of Govan Mbeki Municipality rather than generate positive cash inflows.

1.16 Impairment of non-cash-generating assets (continued)

In addition the municipalities infrastructure assets such as substations, water reservoir and sewerage plants cannot independently generate cash flows as it is mainly for the purpose of providing a service to the general public.

The municipalities assets are thus designated as Non- Cash Generating Assets.

Designation

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

The municipality designates an asset or a cash-generating unit as cash-generating when:

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Significant Accounting Policies

1.16 Impairment of non-cash-generating assets (continued)

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

Significant Accounting Policies

1.17 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans

Defined benefit plans

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

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

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

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

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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

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

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

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

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

Significant Accounting Policies

1.18 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

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

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

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

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

- the amount that would be recognised as a provision; and

1.18 Provisions and contingencies (continued)

- the amount initially recognised less cumulative amortisation.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

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

1.19 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.

Significant Accounting Policies

1.20 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

Rendering of services

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.20 Revenue from exchange transactions (continued)

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.21 Revenue from non-exchange transactions

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

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

Recognition

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

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

Significant Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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

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

Taxation revenue are not grossed up for the amount of tax expenditures.

Transfers

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

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

Significant Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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

1.22 Investment income

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

1.23 Borrowing costs

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

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

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

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

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

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

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.14, 1.15 and 1.16. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

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

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

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

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

1.24 Comparative figures

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

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

1.25 Unauthorised expenditure (continued)

- 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.

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

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 and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and wasteful expenditure

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

Fruitless and wasteful 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).

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 and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance

1.27 Irregular expenditure

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

Irregular expenditure is 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).

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in according with the nature of the expense. Upon investigation, if a person was found to be liable in law for the irregular expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered , it is subsequently accounted for as revenue in the statement of financial performance

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorder 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 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 notes 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 notes to the financial statement and updated accordingly in the irregular expenditure register.

1.28 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2024 to 6/30/2025.

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.

1.29 Related parties

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

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

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

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

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

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

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

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

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

1.30 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,373,123,101	-	1,373,123,101	1,290,732,363	-	1,290,732,363

Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	1,290,732,363	(3,746,000)	86,136,738	1,373,123,101

Reconciliation of investment property - 2024

	Opening balance	Disposals	Total
Investment property	1,298,158,452	(7,426,089)	1,290,732,363

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

3. 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	310,066,360	-	310,066,360	310,123,388	-	310,123,388
Buildings	935,521,941	(801,422,577)	134,099,364	933,658,331	(784,920,650)	148,737,681
Infrastructure	5,473,376,912	(4,196,434,323)	1,276,942,589	5,299,862,042	(4,134,883,925)	1,164,978,117
Landfill Sites	225,279,845	(194,999,029)	30,280,816	222,856,918	(191,574,136)	31,282,782
Leased Movable Assets	19,059,841	(15,863,056)	3,196,785	17,463,432	(9,726,075)	7,737,357
Other property, plant and equipment	268,607,276	(179,771,240)	88,836,036	236,405,752	(153,889,738)	82,516,014
Library books	497,648	(497,362)	286	2,443,645	(2,443,339)	306
Total	**7,232,409,823**	**(5,388,987,587)**	**1,843,422,236**	**7,022,813,508**	**(5,277,437,863)**	**1,745,375,645**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Work in progress	Transfers	Depreciation	Impairment loss	Total
Land	310,123,388	-	(57,028)	-	-	-	-	310,066,360
Buildings	148,737,681	3,261,684	(108,122)	354,400	-	(18,093,941)	(52,338)	134,099,364
Infrastructure	1,164,978,117	136,615,309	(4,622,212)	118,939,831	(64,010,333)	(71,298,877)	(3,659,246)	1,276,942,589
Landfill Sites	31,282,782	2,422,927	-	-	-	(3,424,893)	-	30,280,816
Leased Movable Assets	7,737,357	1,837,091	(8,687)	-	-	(6,368,976)	-	3,196,785
Other Property Plant and Equipment	82,516,014	32,579,485	(135,376)	-	-	(26,124,087)	-	88,836,036
Library Books	306	-	-	-	-	(20)	-	286
	1,745,375,645	**176,716,496**	**(4,931,425)**	**119,294,231**	**(64,010,333)**	**(125,310,794)**	**(3,711,584)**	**1,843,422,236**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Work in progress	Transfers out	Depreciation	Impairment loss	Total
Land	312,717,180	-	(2,593,792)	-	-	-	-	310,123,388
Buildings	166,176,242	1,460,348	(16,332)	1,868,223	(1,640,364)	(19,035,111)	(75,325)	148,737,681
Infrastructure	987,697,991	183,109,426	(2,198,951)	126,172,380	(45,285,741)	(82,709,593)	(1,807,395)	1,164,978,117
Landfil Sites	38,242,467	-	(3,300,582)	-	-	(3,659,103)	-	31,282,782
Leased Movable Assets	13,837,128	-	(82,569)	-	-	(6,017,202)	-	7,737,357
Other Property Plant and Equipment	90,391,714	24,091,992	(176,651)	-	(9,564,283)	(22,226,758)	-	82,516,014
Library Books	2,986	-	(12)	-	-	(2,668)	-	306
	1,609,065,708	**208,661,766**	**(8,368,889)**	**128,040,603**	**(56,490,388)**	**(133,650,435)**	**(1,882,720)**	**1,745,375,645**

Assets subject to finance lease (Net carrying amount)

Infrastructure	469,444,310	416,001,169
Other equipment	3,196,785	7,737,357
	472,641,095	**423,738,526**

Reconciliation of Work-in-Progress 2025

	Opening balance	Project expenditure	Released Projects	Total
Energy	126,356,680	28,616,661	-	154,973,341
Roads	8,054,239	4,963,628	-	13,017,867
Sanitation	195,702,024	12,844,754	(64,010,332)	144,536,446
Water	84,056,353	72,869,188	-	156,925,541
	414,169,296	**119,294,231**	**(64,010,332)**	**469,453,195**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Opening balance	Project expenditure	Project completions included in additions	Total
Energy	86,383,377	40,007,501	-	126,390,878
Water	50,129,312	68,518,067	(34,625,225)	84,022,154
Sanitation	188,673,352	17,461,313	(10,660,516)	195,474,149
Roads	7,688,739	365,500	-	8,054,239
Buildings	-	1,688,223	(1,460,348)	227,875
Fleet	9,564,283	-	(9,564,283)	-
	342,439,063	**128,040,604**	**(56,310,372)**	**414,169,295**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance of Land and Buildings	769,749	2,523,722
Repairs and Maintenance of Infrastructure Assets	111,964,733	90,575,308
Repairs and maintenance of other Assets	490,425	436,264
	113,224,907	**93,535,294**

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

4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,774,816	(2,614,009)	160,807	2,774,816	(2,572,293)	202,523

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	202,523	(41,716)	160,807

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	64,116	208,696	(70,289)	202,523

5. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	5,430,550	-	5,430,550	5,430,550	-	5,430,550

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	5,430,550	5,430,550

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	5,430,550	5,430,550

6. Other financial assets

Designated at fair value		
Old Mutual Shares Terms and conditions 2025: 32287@12.07	389,468	400,035
Sanlam Shares Terms and conditions 2025: 2452 @88.67	217,419	198,416
Nedbank Shares Terms and conditions 2025: 1036@243.05	251,800	265,642
Quilter Shares Terms and conditions 2025: 9223@38.02	350,895	254,647

Figures in Rand	2025	2024

6. Other financial assets (continued)

	1,209,582	**1,118,740**
Non-current assets		
Held at Fair Value	1,209,582	1,118,740

7. Municipal debt relief liability

Non-current liabilities	912,642,462	2,153,805,504
Current liabilities	2,482,326,084	1,241,163,042
	3,394,968,546	**3,394,968,546**

The municipality does not have formal letter from eskom to confirm the debt relief for 2024/25 financial year.

8. Payables from exchange transactions

Trade payables	3,296,248,824	1,952,405,838
Retentions	40,273,043	34,709,543
Accrued leave pay	49,234,007	37,805,303
Accrued bonus	16,206,230	11,414,014
Salary control	736,431	1,150,528
	3,402,698,535	**2,037,485,226**

9. Trade payables from non-exchange

Unallocated deposits	27,087,120	26,950,926

10. VAT payable

VAT Output Accrual [on Receivables]	489,964,735	444,138,126

Govan Mbeki Local Municipality enters into contractual arrangements with third parties to provide goods and/or services in return for cash or on credit. VAT must be levied on all taxable goods and/or services supplied in terms of the VAT Act.

When VAT is charged to a customer, the transaction arises from a contract. Therefore, the entire amount invoiced (inclusive of the VAT portion) is recognised as a contractual receivable.

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11. Consumer deposits

Electricity	11,718,223	11,270,412
Water	22,796,705	21,417,624
Refuse	148,028	126,294
Sundry deposits	51,710	58,061
	34,714,666	**32,872,391**

Figures in Rand	2025	2024

12. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(53,809,097)	(42,009,944)
Movement for the year	5,412,097	(11,799,153)
	(48,397,000)	**(53,809,097)**

Non-current liabilities	(44,428,000)	(50,204,975)
Current liabilities	(3,969,000)	(3,604,122)
	(48,397,000)	**(53,809,097)**

Changes in the net defined liability (asset) are as follows:

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

Opening balance	(40,789,060)	(42,009,944)
Benefits pais	3,622,305	3,535,968
Net expense recognised in the statement of financial performance	(3,395,101)	(2,315,084)
	(40,561,856)	**(40,789,060)**

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

Current service cost	795,611	790,344
Past service cost	(3,622,305)	(3,535,968)
Interest cost	6,221,795	6,787,431
Actuarial (gains) losses	(8,807,198)	(5,262,691)
	(5,412,097)	**(1,220,884)**

Figures in Rand	2025	2024

12. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.79 %	11.96 %
Consumer price inflation	5.13 %	6.52 %
Health care cost inflation	6.63 %	8.02 %
Actual return on reimbursement rights	3.90 %	3.65 %

The determination of the investment returns are as per market yields at balance sheet date on government bonds. Two most
important financial variables used in our valuation are the discount- and medical aid inflation rates, the zero coupon yield curve
from Johannesburg Stock Exchange were used to determine the discount rates and CPI assumptions.

The discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 10.79 % per annum

The yield on inflation linked bonds of a similar term was about 5.13% per annum , implying an underlying expectation of inflation of 7.67 % per annum.

A healthcare cost inflation rate of 6.63% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with previous actuary . However, it is the relative levels of the discount rate and healthcare inflation to one another that are important rather than the nominal values. We have thus assumed a net discount factor of 6.63% per annum.

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for illhealth and early retirement

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.
In order to illustrate the sensitivity of our results to changes in certain ley variable, we have recalculated the liabilities using the following assumption:
- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation
- 1% increase/decrease in discount rate

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensions) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turn out higher than the rate assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa. We have illustrated the effect of higher and lower mortality rate by increasing and decreasing the mortality rates by 20%. The effect is as show in the table below.

Medical Inflation Rate

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid schem before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of the future retirees. We have tested the effect of a 1% p.a change in the medical aid inflation assumption. the effect is on the below table f medical aid inflation.

Discount Rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower and vice versa. We have tested the effect of a 1% p.a. change in the discount rate assumption. the effect is as in the below table.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Employee benefit obligations (continued)

Mortality rate	**-20% Mortality rate**	**Valuation Assumption**	**+20% Mortality rate**	**Total**
Total Accrued Liability	51,881,000	48,397,000	4,553,300	104,831,300
Interest Cost	5,413,000	5,036,000	4,726,000	15,175,000
Services Cost	449,000	430,000	413,000	1,292,000
Subtotal	57,743,000	53,863,000	9,692,300	121,298,300
	57,743,000	**53,863,000**	**9,692,300**	**121,298,300**

Medical aid inflation	**-1% Medical aid inflation**	**Valuation Assumption**	**+1% Medical aid inflation**	**Total**
Total Accrued Liability	46,524,000	48,397,000	50,119,000	145,040,000
Interest Cost	4,833,000	5,036,000	5,222,000	15,091,000
Services Cost	415,000	430,000	441,000	1,286,000
Subtotal	51,772,000	53,863,000	55,782,000	161,417,000
	51,772,000	**53,863,000**	**55,782,000**	**161,417,000**

Discount rate	**-1% Discount rate**	**Valuation Assumption**	**+1% Discount rate**	**Total**
Total Accrued Liability	52,365,000	48,397,000	44,939,000	145,701,000
Interest Cost	4,960,000	5,036,000	5,092,000	15,088,000
Service Cost	482,000	430,000	385,000	1,297,000
Subtotal	57,807,000	53,863,000	50,416,000	162,086,000
	57,807,000	**53,863,000**	**50,416,000**	**162,086,000**

13. Other receivables

	2025	2024
Other receivables- Prepiad electricity vendors	93,410,080	32,584,253
Accrued interest on investment	-	398,051
Vodacom Debtor	26,724	-
Overtime Debt	4,302,759	-
	97,739,563	**32,982,304**

14. Long term receivables

For the 2024/2025 financial year, the municipality entered into various consumer payment arrangements through signed Acknowledgements of Debt (AODs) with individual customers. These agreements generally cover arrear consumer accounts and provide for repayment periods ranging between 12 and 36 months.

These agreements were concluded for informative and administrative purposes only and did not result in additional accounting entries to the General Ledger.

The underlying arrear consumer debts remain fully recognised in the accounting records in accordance with GRAP 104: Financial Instruments.

The signed AODs are recorded and monitored in a separate Payment Arrangement Register, maintained by the Revenue Division, for purposes of credit control and debt collection.

Summary of consumer arrangement	2025	2024
Long term receivables	-	174,805
Long tem receivables:current portion	-	855,241
	-	**1,030,046**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Inventories

Consumable stores	100,369,332	106,067,939
Water for distribution	1,158,660	1,077,087
Land parcels held for sale	21,245,971	23,665,291
	122,773,963	**130,810,317**

Water for distribution

Opening balance	1,077,087	903,776
System input volume	81,573	173,311
Closing balance	**1,158,660**	**1,077,087**

16. Receivables from non-exchange transactions

Traffic Fines	32,236,540	19,443,691
Property rates	484,106,028	433,391,876
SASOL poitnt duty grants	639,422	335,573
Impairment property rates	(376,584,419)	(377,786,041)
Sundry debtors (Building control fines)	3,332,084	3,362,263
	143,729,655	**78,747,362**

Fines on the stamp AFS for 2023/24 financial year with the amount of R22 805 954 were splitted between Traffic fines (R19 443 691) and Building control fines (R3 362 263)

Statutory receivables are as follow:

Rates	484,106,028	69,733,764
Traffic Fines	32,236,540	19,443,691
VAT Input Accrual [on Payables]	834,373,928	710,780,272
Sundry debtors (Building fines)	3,332,084	3,362,263
Sasol point duty grants	639,422	335,573
	1,354,688,002	**803,655,563**

Statutory receivables restated balance increase from R362 450 617 to R806 193 838 due to changes of VAT presentation and disclosure on note 17 and 10

	-	-

Figures in Rand	2025	2024

16. Receivables from non-exchange transactions (continued)

Summary of propety rates		
Current (0-30 days)	39,732,435	31,964,811
31-60 days	25,555,115	13,414,127
61-90 days	11,589,285	12,353,342
91-120 days	11,146,413	11,767,918
>120 days	396,082,780	363,898,301
Less : Allowance for impairment	(376,584,491)	(377,786,041)
	107,521,537	**55,612,458**
Consumers		
Current (0-30 days)	28,273,506	17,243,897
31-60 days	17,088,216	8,925,672
61-90 days	7,729,505	8,138,505
91-120 days	7,370,724	7,681,433
>120 days	256,591,999	251,853,333
Less : Allowance for impairment	(243,993,312)	(259,691,622)
	73,060,638	**34,151,218**
Industrial/Commercial		
Current (0-30 days)	8,069,639	11,377,712
31-60 days	4,539,470	2,731,995
61-90 days	1,995,053	2,506,232
91-120 days	1,935,060	2,401,363
>120 days	79,642,239	68,320,977
Less : Allowance for impairment	(77,330,184)	(71,349,366)
	18,851,277	**15,988,913**
National and provincial government		
Current (0-30 days)	1,619,701	2,002,868
31-60 days	1,718,706	1,024,925
61-90 days	826,589	1,007,871
91-120 days	820,683	999,496
>120 days	27,034,068	27,603,995
Less : Allowance for impairment	(21,380,610)	(29,372,910)
	10,639,137	**3,266,245**
Other		
Current (0-30 days)	1,769,588	1,340,334
31-60 days	2,208,723	731,535
61-90 days	1,038,138	700,734
91-120 days	1,019,946	685,627
>120 days	32,814,475	16,113,375
Less : Allowance for impairment	(33,880,313)	(17,372,144)
	4,970,557	**2,199,461**
Rates		
Statutory receivables past due not impaired	107,521,608	55,602,836
Statutory receivables past due and impaired	(376,584,419)	(377,786,041)
	-	-
Traffic fines		
Statutory receivables past due not impaired	32,236,539	19,443,690
Statutory receivables past due impaired	(3,623,976)	(88,295,569)

Figures in Rand	2025	2024

16. Receivables from non-exchange transactions (continued)

	-	-

Sundry debtors		
Statutory receivables past due not impaired	3,332,084	3,362,263

Figures in Rand	2025	2024

16. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Sundry Debtor-SPLUMA (Spatial Planning and Land Use Management Act)

Rates-MPRA (Municipal Property Rates Act)

Rates and surcharge-MSA (Municipal Systems Act)

Traffic fines-AARTO (Administrative Adjudication of Road Traffic Offences Act)

VAT act

Determination of transaction amount

Rates amounts are based on valuation roll and tariffs approved

Traffic fines are base on vialotion of AARTO

Encroachment fines and penalties are base on SPLUMA

VAT receivables result from complying with the VAT Act

Interest or other charges levied/charged

Rates-Interest is charged monthly bases on accounts that are overdue and always on prime rat

Traffic fines-No interest charged

The municiaplity is not allowed to charge interest on VAT receivables

Basis used to assess and test whether a statutory receivable is impaired

The municiaplity is not allowed to charge interest on VAT receivables

VAT receivables are not subject to impaire

Discount rate applied to the estimated future cash flows

There are no expected discounted future cash flows on statutory receivabales

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Other impairment losses recognised or reversed

The main events is economic conditions with the municipality area

Key indicators and assumptions used to assess and calculate whether statutory receivables were impaired during the reporting period

The following are used to identifiy accounts to be impaired

Debtors are catergorised according to AOD, Tenants/occupier , inactive accounts and indigents and collectively assesed and
impaired

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Receivables from non-exchange transactions (continued)

100% Less Average Payment Collection Rate Over Preceding 12 Months of debt Ageing 90+ Days

Traffic fines are groupe and collectively assessed and impaired based on the status / stages of the fine

Fines

Fines are penalties of money that authories decided has to be paid as punishment of offence,the amounts are determined case by case.

Summary of traffic fines

Gross fines	13,492,729	97,867,506
Additions	22,367,785	9,871,754
Provision for impairment	(3,623,976)	(88,295,569)
	32,236,538	**19,443,691**

Reconciliation of provision for impairment of receivables from traffic fines

Opening balance	(88,295,569)	(86,845,041)
Movement on provision for impairment	(9,574,937)	(1,450,528)
Bad debt written-off	94,246,529	-
	(3,623,977)	**(88,295,569)**

Receivables from non-exchange transactions

17. VAT receivable

VAT Input Accrual	834,373,928	710,780,272

Govan Mbeki Local Municipality enters into contractual arrangements with third parties to provide goods and/or services in return for cash or on credit. Where the municipality is registered as a VAT vendor, VAT must be levied on all taxable goods and/or services supplied in terms of the VAT Act.

18. Consumer debtors disclosure

Gross balances

Consumer debtors - Electricity	671,753,354	584,864,960
Consumer debtors - Water	1,668,658,247	1,513,429,698
Consumer debtors - Sewerage	631,117,005	569,816,472
Consumer debtors - Refuse	581,015,460	516,727,137
Consumer debtors - Other	19,813,736	13,824,707
	3,572,357,802	**3,198,662,974**

Less: Allowance for impairment

Consumer debtors - Electricity	(517,267,826)	(476,564,655)
Consumer debtors - Water	(1,399,535,200)	(1,332,062,509)
Consumer debtors - Sewerage	(532,313,972)	(539,237,552)
Consumer debtors - Refuse	(485,593,137)	(482,127,456)
Consumer debtors - Other	(10,160,359)	(9,047,939)
	(2,944,870,494)	**(2,839,040,111)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Consumer debtors disclosure (continued)

Net balance		
Consumer debtors - Electricity	154,485,528	108,300,305
Consumer debtors - Water	269,123,047	181,367,189
Consumer debtors - Sewerage	98,803,033	30,578,920
Consumer debtors - Refuse	95,422,323	34,599,681
Consumer debtors - Other	9,653,377	4,776,768
	627,487,308	**359,622,863**

Electricity		
Current (0 -30 days)	93,272,233	67,778,719
31 - 60 days	33,491,355	16,761,934
61 - 90 days	14,157,087	13,235,384
91 - 120 days	13,475,866	12,757,610
>120 days	517,356,814	474,331,314
Less: Allowance for impairment	(517,267,827)	(476,564,656)
	154,485,528	**108,300,305**

Water		
Current (0 -30 days)	162,737,638	96,468,783
31 - 60 days	61,895,810	31,110,504
61 - 90 days	30,738,278	30,910,400
91 - 120 days	28,943,212	27,992,355
>120 days	1,384,343,308	1,326,947,656
Less: Allowance for impairment	(1,399,535,199)	(1,332,062,509)
	269,123,047	**181,367,189**

Sewerage		
Current (0 -30 days)	58,644,118	15,781,646
31 - 60 days	25,204,591	12,576,343
61 - 90 days	12,169,298	11,983,003
91 - 120 days	11,692,511	11,121,785
>120 days	523,406,487	518,353,694
Less: Allowance for impairment	(532,313,972)	(539,237,551)
	98,803,033	**30,578,920**

Refuse		
Current (0 -30 days)	57,861,901	15,387,902
31 - 60 days	23,596,830	11,255,258
61 - 90 days	11,241,958	10,799,280
91 - 120 days	10,813,099	10,497,733
>120 days	477,501,672	468,786,964
Less: Allowance for impairment	(485,593,137)	(482,127,456)
	95,422,323	**34,599,681**

Other		
Current (0 -30 days)	7,941,988	395,475
31 - 60 days	6,359,056	214,717
61 - 90 days	2,895,554	200,317
91 - 120 days	6,190,964	196,125
>120 days	(3,573,826)	12,818,073
Less: Allowance for impairment	(10,160,359)	(9,047,939)
	9,653,377	**4,776,768**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	3,900	3,900
Bank balances	29,160,784	8,444,548
Short-term deposits	20,658,249	17,302,738
	49,822,933	**25,751,186**

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

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

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2025	June 30, 2024	June 30, 2023
Standard Bank- Primary Account -0301-923-58	27,614,326	10,217,855	12,437,675	27,865,494	8,444,547	12,160,584
Standard Bank-MIG Account-0387-87024-008	16,080,340	10,238,343	4,544,344	16,080,340	10,238,343	4,544,344
Standard Bank-EMBA -0387-87024-003	538,950	497,525	463,162	538,950	497,526	463,162
Standard Bank-EMBA -0387-87024-009	4,038,958	5,345,784	53,447,214	4,038,958	5,345,785	53,447,214
Standard Bank-Traffic Acc-0301-952-76	1,295,290	1,221,084	3,561,267	1,295,290	1,221,084	3,561,267
Nedbank Bank-Fixed Deposit-03/7881073845	-	-	100,589,808	-	-	100,589,808
ABSA BANK- Fixed Deposit-20-64471346	-	-	14,638,517	-	-	14,638,517
Total	**49,567,864**	**27,520,591**	**189,681,987**	**49,819,032**	**25,747,285**	**189,404,896**

Cash and cash equivalents		
Statement of financial position balance	49,822,933	25,751,185
Cash flow statement balance	49,822,933	25,751,185
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Finance lease obligation

Minimum lease payments due		
- within one year	3,776,128	7,793,624
- in second to fifth year inclusive	406,120	2,557,768
	4,182,248	10,351,392
less: future finance charges	(173,604)	(675,454)
Present value of minimum lease payments	**4,008,644**	**9,675,938**

Present value of minimum lease payments due		
- within one year	3,611,867	7,169,292
- in second to fifth year inclusive	396,777	2,506,645
	4,008,644	**9,675,937**

Non-current liabilities	396,777	2,506,646
Current liabilities	3,611,866	7,169,291
	4,008,643	**9,675,937**

Contingent rent is that portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, and future market rates of interest). On current lease agreement with Data master the is a clause that allows the Datamaster to increase payment based on change on CPI. The increase of 5.08%, based on CPI effective 1st November 2024, old total R590 789.32 and new total R620 801.44, price listed are exclusive of VAT.

Contingent rents	755,670	278,024

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	4,008,644	9,675,937

The fair value of finance lease liabilitites approximates their carrying amounts .

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
LGSETA Grant	360,101	623,127
Sport development Grant	91,608	91,608
pre-capacity Grant	92,529	165,008
Economic Development Grant	313,901	313,901
Water Services Infrastructure	1,972,378	1,972,378
Gert Sibande District Grant	274,580	274,580
Energy Efficiency Demand Grant	3,470	3,470
Municipal Disaster Recover Grant	2,254,153	7,875,000
	5,362,720	**11,319,072**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

22. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	370,154,972	44,196,504	(3,486,773)	410,864,703

Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	338,823,089	42,759,473	(11,427,590)	370,154,972

Non-current liabilities	364,149,385	325,958,468
Current liabilities	46,715,318	44,196,504
	410,864,703	**370,154,972**

Environmental rehabilitation provision

The municipality will incur licensing and rehabilitation cost R410 864 703 (2024:R370 154 972) to restore landfill sites at the end of their useful life as at 30 June 2025. This liability will be incurred over 0 to 45 Years. Provision has been made for the net present value of the expenditure expected to be required to settle the obligation using the average cost of borrowings. There are currently no assets set aside for diclosure of the site, therefore the liability is unfunded..

23. Payment in Advance

Summary of advance payments		
Payments received on sold stands not yet transfered	18,955,381	21,440,657
Prepaid electricity advance	765,156	1,222,591
Insurance money waiting to be paid out	1,774,288	1,774,288
Accounts with credit balances	37,625,084	38,526,794
	59,119,909	**62,964,330**

24. Long service award

The municipality operates a defined benefit plan for all its employees. The long service award liability is not a funded arrangement, i.e. no separate assets have been set aside to meet its liability.

Under the plan, a long service award is payable after 10 years of continuous service and every 5 years thereafter, until 45years
of service (inclusive) to employees. Furthermore, a retirement gift of 1% of final annual salary is payable on retirement to employees with 10 years or more service. The provision is an estimate of a long service based on historical staff turnover.

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the
projected annual expense in the year following the valuation date.The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular the Advisory Practice Note 207
as issued by ASSA, and is consistent with the requirements of GRAP25.

Figures in Rand	2025	2024

24. Long service award (continued)

At year end of (2025:1210) employees (2024: 1150) were eligible for long service awards.Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Govan Mbeki advised that in most
cases,employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Valuation of liabilities
Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been
made for future award increases. For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

Valuation of assets
As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have
been set aside to meet this liability

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

	2025	2024
Carring amount		
Non current Liability	(37,026,000)	(32,860,871)
Current Liability	(5,324,000)	(5,116,950)
	(42,350,000)	**(37,977,821)**

	2025	2024
Changes in the present value of the long service liability are as follows:		
opening balance	(37,977,821)	(38,969,896)
Benefit paid	5,840,000	7,082,087
Net expense recognised in the statement of financial performance	(10,212,179)	(6,090,012)
	(42,350,000)	**(37,977,821)**

	2025	2024
Net expense recognised in the statement of financial performance		
Current services cost	2,584,073	2,670,682
Interest cost	3,640,324	3,755,458
Actuarial (gain)/loss	3,987,782	(336,128)
	10,212,179	**6,090,012**

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

	2025	2024
Valuation assumptions		
Discount rate	9.28%	10.28%
CPI	4.10%	5.25%
Salary increase rate	5.10%	6.25%
Net discount rate	3.97%	3.79%
	-	-

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retiees.

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follow:

Figures in Rand	2025	2024

24. Long service award (continued)

	-1% Normal salary infliation R's	Valuation Assumption R's	+1% Normal salary inflation R's
Total Accrued liability	40,074,000	42,350,000	44,823,000
Current services cost	3,053,000	3,258,000	3,484,000
Interest cost	3,588,000	3,809,000	4,049,000
	46,715,000	**49,417,000**	**52,356,000**

Discount rate
The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cashflows. If the discount rate is higher the present value of the liability will be lower abd vice versa.

We have tested the effect of a 1% p.a change in the discount rate assumption. The effect is as follow:

	-1% Discount rate R's	Valuation Assumption R's	+1% Discount rate R's
Total Accrued liability	44,743,000	42,350,000	40,179,000
Interest Cost	3,476,000	3,258,000	3,062,000
Service Cost	3,606,000	3,809,000	3,987,000
	51,825,000	**49,417,000**	**47,228,000**

Retirement

The liability value is directly influenced by the assumption about about the average retirement age of members as this determines the length these benefits are paid out to members.

We have tested the effect of a one- year increase and decrease in the assumed average retirement age. The effect is as follow.

	- 1 - year Average Retirement Age R's	Valuation Assumption R	+ 1- year Average Retirement Age R
Total Accrued Liability	39,644,000	42,350,000	45,006,000
Interest Cost	3,103,000	3,258,000	3,409,000
Service Cost	3,551,000	3,809,000	4,063,000
	46,298,000	**49,417,000**	**52,478,000**

Withdrawals

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actuak rates of withdrawal turn out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follow:

	-20% withdrawal rate R's	Valuation Assumption R's	+20% withdrawal rate R's
Total Accrued Liability	43,835,000	42,350,000	40,967,000
Current services cost	3,438,000	3,258,000	3,096,000
Interest cost	3,955,000	3,809,000	3,673,000
	51,228,000	**49,417,000**	**47,736,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Service charges

Sale of electricity	868,847,820	612,699,440
Sale of water	530,389,475	496,149,827
Sewerage and sanitation charges	161,132,694	147,023,828
Refuse removal	155,571,788	143,705,661
	1,715,941,777	**1,399,578,756**

Principal and agents.
The entity is party to a principal- agent when the is a binding arrangement(s)
Details of the arrangements are as follows:

During the financial year Govan Mbeki Municipality appointed the following service providers as a new agent for the selling and collecting of sakes revenue from prepaid electricity on the behalf of the municipality.
Gert Sibande District municipality for a 5 years stating from 30th June 2021 for a commission of vending fee 8.6% LPU management and resource management
MBL for period of 3 years starting from 1st November 2021 for a commission of vending fee 8.6%
Equalizer Group (Pty) Ltd for a period of 3 years starting from 1st November 2024 for a commission fee 8.4%

Vending Fees		
Gert Sibande District Municipality	28,525,442	20,227,528
MBL	7,918,263	15,910,476
Equalizer Group (Pty) Ltd	19,023,629	-
	55,467,334	**36,138,004**

26. Rental of facilities and equipment

Premises		
Premises	8,498,848	6,106,564
Facilities and equipment		
Rental of facilities	678,918	523,080
	9,177,766	**6,629,644**

27. Fines, Penalties and Forfeits

Building Fines	1,748,000	1,323,213
Illegal Connections Fines	2,062,976	-
Municipal Traffic Fines	27,053,602	12,858,050
Fines on overdue books	16,768	5,771
	30,881,346	**14,187,034**

28. Interest received (trading)

Receivables interest	235,139,962	237,019,872

29. Circular 124 debt relief rebate

Eskom rebate	-	924,246,839

The municipality does not have formal letter from eskom to confirm the debt relief for 2024/25 financial year.

30. Interest from non-exchange receivables

Interest - Receivables non-exchange	33,070,341	27,028,901

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Fees earned

Meter reading fees	1,067	-
Commission	425,270	357,537
Advertisements	11,698	23,543
Application Fees for Land usage	630,334	559,673
Building Plan Approval	1,497,813	1,878,125
Occupation certificates	122,172	115,259
Removal of restrictions	-	61
Waste water management connection	56,283	23,717
Publications: charts/ posters/ Maps	4,286	9,587
Plan	30	2,517
parking fees	974	174
Fire services	1,664,728	949,102
Library fees	-	4,471
Photo copies; faxes and telephone charges	2,862	9,897
Escort fees	158	5,350
Traffic control	24,839	24,049
water connetion	379,920	397,902
Clearnce certificates	1,122	11,003
valuation services	67,811	23,868
Objection appeal	-	1,208
Sales of tender documents	921,634	1,612,659
Street market informal traders	239,702	62,348
Electricity connection	3,794,852	3,273,088
Cemetery and Burial	1,250,338	1,560,572
Administrative handling fees	221,881	222,889
	11,319,774	**11,128,599**

32. Other income

Other income	5,361,373	12,592,237

33. Investment revenue

Interest revenue		
Bank	3,793,489	14,898,674

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Property rates

Rates received

Residential	227,612,908	205,377,935
Industrail properties	21,417,909	25,809,906
Public service infrastructure properties	19,260,225	23,973,714
Agricultural Properties	5,208,726	4,993,674
Business and Commercial Properties	103,257,013	139,819,107
	376,756,781	**399,974,336**

Valuations

Residential	27,857,240,300	27,729,633,500
Industrial properties	1,759,628,900	1,746,528,900
Business and Commercial Properties	3,819,558,000	3,791,058,000
Agricultural Properties	4,400,312,000	4,380,695,000
Mining Properties	263,968,000	263,968,000
Property owned by an organ and used for public service purpose	2,292,512,900	2,293,238,900
Public service infrastructure properties	27,880,200	27,880,000
Property owned by organ and used for public purpose	530,633,000	530,303,000
Vacand land	1,006,277,400	998,572,400
	41,958,010,700	**41,761,877,700**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2025.

35. Transfer and subsidies

Other subsidies

Indigent support	39,530,741	35,253,324

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Government grants & subsidies

Operating grants		
Equitable share	458,066,000	426,701,000
Extended Public works Programme	1,597,000	1,900,000
Financial Management Grant	3,500,001	2,100,000
Energy Efficiency and Demand Side Management Grant	-	402,679
LGSETA Grant	1,393,436	2,135,787
Municipal Infrastructure Skills Development	24,400,000	23,000,000
Pre-capacity Grant	72,479	101,078
SASOL Point Duty Grant	2,664,439	1,844,100
Art and Culture Grant	-	143,250
	491,693,355	**458,327,894**
Capital grants		
Municipal Infrastructure grant	77,418,000	84,236,000
Water service Infrastructure Grant	-	1,075,023
Intergrated National Electrification Grant	32,240,000	41,080,000
Provincial treasury Grant	-	10,020,000
Disaster Recovery Grant	13,049,847	-
SASOL	-	77,554
	122,707,847	**136,488,577**
	614,401,202	**594,816,471**

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

Current-year receipts	77,418,000	84,236,000
Conditions met - transferred to revenue	(77,418,000)	(84,236,000)
	-	-

Conditions still to be met - remain liabilities (see note 21).

To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises
and social institutions servicing poor communities.

LGSETA Grant

Balance unspent at beginning of year	623,127	1,805,043
Current-year receipts	1,130,410	953,871
Conditions met - transferred to revenue	(1,393,436)	(2,135,787)
	360,101	**623,127**

Conditions still to be met - remain liabilities (see note 21).

The LGSETA mission is to build Local Governments' ability to meet its development needs by engaging innovative training methods, effective capacity building frameworks and building strategic partnerships. LGSETA creates and implements various
innovative skills development interventions aimed at assisting local government employees, the unemployed and other people
such as ward councilors and traditional leaders working within the structures of local government

Figures in Rand	2025	2024

36. Government grants & subsidies (continued)

LG SETA allocates on a yearly basis the grants to the municipality to ensure that the skills development objectives are met as per Workplace Skills Plan(WSP).

Arts and Culture

Balance unspent at beginning of year	91,608	234,858
Conditions met - transferred to revenue	-	(143,250)
	91,608	**91,608**

Conditions still to be met - remain liabilities (see note 21).

This grant was received for promotion and development of sport. Projects identified for application of the grant will run in the subsequent financial year. No funds have been withheld.

Pre-Capacity Grant

Balance unspent at beginning of year	165,008	266,086
Conditions met - transferred to revenue	(72,479)	(101,078)
	92,529	**165,008**

Conditions still to be met - remain liabilities (see note 21).

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

Economic Development and Tourism Grant

Balance unspent at beginning of year	313,901	313,901

Conditions still to be met - remain liabilities (see note 21).

Contribution towards the detailed technical feasibility study and the development of business plan for establishment of Industrial Park.

Intergrated National Electrification Programme Grant

Current-year receipts	32,240,000	41,080,000
Conditions met - transferred to revenue	(32,240,000)	(41,080,000)
	-	-

Conditions still to be met - remain liabilities (see note 21).

Implementation the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings including upgrade of informal settlements, new, and normalisation,and the installation of relevant bulk infrastructure.

Water Services Infrastructure

Balance unspent at beginning of year	1,972,378	1,972,378

Conditions still to be met - remain liabilities (see note 21).

To assist Water Services Authorities (WSAs) to reduce water and sanitation backlogs Grant purpose
Facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities
Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection and groundwater development

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Government grants & subsidies (continued)

Gert Sibande District Grant

Balance unspent at beginning of year	274,580	274,580

Conditions still to be met - remain liabilities (see note 21).

Monies received for co-funding of Electricity for Embalenhle Substation and network upgrade and installation of boreholes.
Additional text

Energy Efficiency Demand Grant

Balance unspent at beginning of year	3,470	3,470

Conditions still to be met - remain liabilities (see note 21).

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

Municipal Infrastructure skills development Grant

Current-year receipts	24,400,000	23,000,000
Conditions met - transferred to revenue	(24,400,000)	(23,000,000)
	-	-

Conditions still to be met - remain liabilities (see note 21).

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

Municipal Disaster recovery Grant

Balance unspent at beginning of year	7,875,000	-
Current-year receipts	7,883,000	7,875,000
Conditions met - transferred to revenue	(13,049,847)	-
Equitable share withheld	(454,000)	-
	2,254,153	**7,875,000**

Conditions still to be met - remain liabilities (see note 21).

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

Financial Management Grant

Current-year receipts	3,500,000	2,100,000
Conditions met - transferred to revenue	(3,500,000)	(2,100,000)
	-	-

Conditions still to be met - remain liabilities (see note 21).

The Finance Management Grant is allocated to assist the municipality to secure sound and sustainable management of the fiscal and financial affairs and to promote and support reforms in financial management by building capacity in municipalities to
implement the Municipal Finance Management Act (MFMA).

Extended Public Works Programme Grant

Current-year receipts	1,597,000	1,900,000
Conditions met - transferred to revenue	(1,597,000)	(1,900,000)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Government grants & subsidies (continued)

	-	-

Conditions still to be met - remain liabilities (see note 21).

EPWP grant incentives municipalities to expand works creation efforts through the use of labour intensive delivery methods in the identified focus area and in compliance with EPWP guidelines.

37. Public contributions and donations

SASOL	201,888	163,522
Thungela	3,200,000	-
Evander Gold Mine	-	14,200
Gert Sibande	323,256	-
Rand Water	182,369	-
Merafa Holdings PTY LTD	9,565	-
	3,917,078	**177,722**

Conditions still to be met - remain liabilities (see note 21)

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

Figures in Rand	2025	2024

38. Employee related costs

Basic	417,513,341	308,972,186
Bonus	37,492,878	25,703,614
Medical aid - company contributions	41,217,786	37,685,710
UIF	2,569,471	2,488,114
SDL	5,988,174	5,291,517
Pension	91,049,518	67,970,002
Leave pay provision charge	14,659,695	8,279,572
Lumpsum Payment	316,587	-
Defined contribution plans	795,611	(3,621,061)
Travel and motor car allowances	19,776,092	18,891,221
Overtime payments	73,612,406	56,794,327
Long-service awards	2,584,073	-
Acting allowances	14,148,517	8,345,276
Housing benefits and allowances	3,046,330	2,070,868
Cellular and Telephone	2,782,685	2,659,810
Non-pensionable for directors	96,396	75,763,866
Standby Allowance	24,295,675	18,205,938
Bargaining Council	172,820	159,603
Group Life Insurance	196,339	200,130
Clothing allowance	15,000	35,000
	752,329,394	**635,895,693**

The post employment medical ais benefit liability was errorneuosly valued in the past. The liability included all employees of the municipality where else it was supposed to be limited to employees only appointed prior to December 1993 and retire being an active member of the medical aid.
The correction of the error results in an increase in acturial gain of R13 734 798, an increase in finance costs of R1 557 373, a decrease in employee cost expenditure of R2 165 594, a decrease in Acturial losses of R8 541 119 and decrease in retained earnings or accumulated surplus beginning of year of 2024/2025.

In the prior year interest for long services award was incorrect recognised as part of defined contribution plans under employee cost. There correction resulted in the increase in finance cost and decrease in employee cost with the same amount of R3 755 458.

The total amount of decrease in employee cost was (R2 165 594+ R3 755458) R5 921 052.

Remuneration of municipal manager

Annual Remuneration	1,617,928	1,557,747
Acting Allowance	163,454	-
Car Allowance	240,000	240,000
Cellphone Allowance	21,600	21,600
Contributions to UIF, Medical and Pension Funds	359,531	345,357
Other (NPA and Bargaining Council)	21,959	21,953
	2,424,472	**2,186,657**

Mr EN Maseko was appointed on 20 June 2022.

Remuneration of chief finance officer

Annual Remuneration	145,001	870,966
Acting Allowance	584,420	217,714
Car Allowance	-	144,000
Cellphone Allowance	-	14,400
Contributions to UIF, Medical and Pension Funds	-	1,417
Other (NPA and Bargaining Council)	9,802	13,651
Lumpsum	-	101,069
	739,223	**1,363,217**

Figures in Rand	2025	2024

38. Employee related costs (continued)

Mr A Mavimbela was appointed as acting chief financial officer from 01 March 2024 to 27 February 2025 and Mr J Mahlangu 19 May to 30 June 2025.

Remuneration of Director Corporate Services

Annual Remuneration	1,506,872	151,451
Acting Allowance	60,632	581,391
Car Allowance	120,000	20,000
Cellphone Allowance	21,600	3,600
Contributions to UIF, Medical and Pension Funds	27,493	36,013
Other (NPA and Bargaining Council)	20,483	3,413
	1,757,080	**795,868**

Remuneration of Director Planning and Development

Annual Remuneration	585,109	1,155,107
Acting Allowance	535,914	163,509
Car Allowance	47,500	150,000
Cellphone Allowance	7,200	21,600
Contributions to UIF, Medical and Pension Funds	71,799	209,840
Other (NPA and Bargaining Council)	6,828	20,477
Leave pay	144,202	-
Travel and Reimbursive	-	5,056
	1,398,552	**1,725,589**

Mr D Maake resigned on 30 September 2024 and was reappointed on 02 June 2024.
Mr A Karmesh acted from 01 October 2024 to 31 May 2025

Remuneration of Director Community Services

Annual Remuneration	654,296	996,614
Acting Allowance	472,073	43,871
Car Allowance	40,000	120,000
Cellphone Allowance	7,200	21,600
Contributions to UIF, Medical and Pension Funds	17,654	134,206
Other (NPA and Bargaining Council)	6,828	20,477
Travel and Reimbursive	-	4,158
Leave pay	172,385	-
	1,370,436	**1,340,926**

Mrs. N Raise-Mlandu resigned on 31 October 2024.
Mr. H Vander was appointed acting from 01 November 2024 to 31 April 2024.
Ms. P Malebye was appointed acting from 01 May 2025 to 30 June 2025

Remuneration of Director Electrical and Machanical Engineering

Annual Remuneration	1,088,202	1,103,299
Acting Allowance	71,577	22,366
Car Allowance	150,000	150,000
Cellphone Allowance	21,600	21,600
Contributions to UIF, Medical and Pension Funds	264,180	265,582
Other (NPA and Bargaining Council)	20,483	20,477
	1,616,042	**1,583,324**

Remuneration of Director Civil Engineering

Figures in Rand	2025	2024

38. Employee related costs (continued)

Annual Remuneration	1,552,767	1,051,600
Acting Allowance	-	47,718
Car Allowance	120,000	120,000
Cellphone Allowance	21,600	21,600
Contributions to UIF, Medical and Pension Funds	59,763	73,187
Other (NPA and Bargaining Council)	20,483	20,477
	1,774,613	**1,334,582**

Notes to the Annual Financial Statements

Figures in Rand

39. Remuneration of councillors

Executive Mayor	1,258,574	1,363,716
Chief Whip	954,729	1,033,870
Mayoral Committee Members	6,674,760	8,108,801
Speaker	1,015,475	1,100,086
Councillors	22,554,285	21,915,022
Section 79 Councillors	927,991	2,324,892
	33,385,814	**35,846,387**

39. Remuneration of councillors (continued)

EMPLOYEE	APPOINTMENT DATE / EXIT DATE	SALARY	PENSION	MEDICAL	MOTOR	CELL PHONE	TOTAL
CHAMBERLAIN M	8/10/2016	318,307.70	47,760.00	17,280.00	-	43,200.00	426,547.70
CHAUKE EW	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
DE VRIES GR	1/2/2014	333,332.04	50,016.00	-	-	43,200.00	426,548.04
DUMA MP	3/1/2024	327,538.04	49,144.00	-	-	43,200.00	419,882.04
ERASMUS D	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
JONKER L	11/9/2021	383,348.04	-	-	-	43,200.00	426,548.04
KHOZA D	11/9/2021	271,842.48	40,788.00	-	70,717.56	43,200.00	426,548.04
KLEINHANS T	11/12/2020	318,308.04	47,760.00	17,280.00	-	43,200.00	426,548.04
KUBHEKA MA	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MABIZELA TM	8/10/2016	270,590.48	40,600.00	1,440.00	70,717.56	43,200.00	426,548.04
MADONSELA NR	11/9/2021	318,308.04	47,760.00	17,280.00	-	43,200.00	426,548.04
MADUNISE LJ	7/23/2024	297,587.62	44,649.00	-	-	39,600.00	381,836.62
MAGAGAMELA FF	11/9/2021	845,464.92	126,810.00	-	-	43,200.00	1,015,474.92
MAHLANGU SV	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MAHLANGU TJ	5/12/2022	333,332.14	50,016.00	-	-	43,200.00	426,548.14
MAKHADO TC	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MALUKA JM	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MASANGO SJ	RESIGNED 06/2024 22/12/2022	8,075.92	-	-	-	-	8,075.92
MASANGO W	5/31/2023	318,308.04	47,760.00	17,280.00	-	43,200.00	426,548.04
MASEKO JM	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MASINA NA	12/4/2017	269,164.14	40,386.00	-	73,800.80	43,200.00	426,550.94
MASINGA MM	8/10/2016	429,215.04	64,380.00	-	-	43,200.00	536,795.04
MATHEBULA SB	8/20/2013	264,692.04	39,696.00	17,280.00	61,680.00	43,200.00	426,548.04
MAZIBUKO SJ	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MAZIBUKO TE	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
MAZIBUKO TM	11/9/2021	271,842.48	40,788.00	-	70,717.56	43,200.00	426,548.04
MBOKAZI AV	8/10/2016	741,054.12	111,168.00	-	59,307.00	43,200.00	954,729.12
MKHWANAZI SM	11/9/2021	318,308.04	47,760.00	17,280.00	-	43,200.00	426,548.04
MKWEBANE ZA	6/26/2015	266,739.96	40,020.00	17,280.00	59,307.96	43,200.00	426,547.92
MNYUKANA MD	11/9/2021	333,332.14	50,016.00	-	-	43,200.00	426,548.14
MOFOKENG TS	8/10/2016	429,215.04	64,380.00	-	-	43,200.00	536,795.04
MOLOTO BD	8/10/2016	268,640.04	40,308.00	-	74,400.00	43,200.00	426,548.04
MPATLANYANE MP	1/12/2023	245,818.79	36,883.00	17,280.00	79,200.00	43,200.00	422,381.79
MTAHANE AN	11/9/2021	258,258.48	38,532.00	17,280.00	70,717.56	43,200.00	427,988.04
MTHEMBU BE	11/9/2021	429,215.04	64,380.00	-	-	43,200.00	536,795.04

39. Remuneration of councillors (continued)

MTOMBENI JL	11/9/2021	271,842.48	40,788.00	-	70,717.56	43,200.00	426,548.04
MTSHALI PD	5/21/2011	683,346.36	102,509.00	-	125,678.76	43,200.00	954,734.12
MTSWENI MJ	5/21/2011	748,913.64	112,344.00	-	50,271.48	43,200.00	954,729.12
MTSWENI TP	1/8/2015	683,343.36	102,507.00	-	125,678.76	43,200.00	954,729.12
MTUNGWA CM	11/9/2021	333,332.14	50,016.00	-	-	43,200.00	426,548.14
NDWANYAZA PN	4/28/2022	333,332.14	50,016.00	-	-	43,200.00	426,548.14
NEL BUITENDAG AD	8/10/2016	269,996.84	40,512.00	-	72,839.04	43,200.00	426,547.88
NGWENYA LP	11/9/2021	313,042.83	46,971.00	-	23,334.30	43,200.00	426,548.13
NGXONONO YT	5/21/2011	668,295.12	100,247.00	17,280.00	125,700.00	43,200.00	954,722.12
NKABINDE ER	8/10/2016	362,598.00	54,408.00	17,280.00	59,309.04	43,200.00	536,795.04
NKABINDE JB	7/23/2024	297,587.62	44,649.00	-	-	39,600.00	381,836.62
NKABINDE JB	RESIGNED 07/2023 2013/03/01	724.25	-	-	-	-	724.25
NKUNA MM	11/9/2021	333,332.14	50,016.00	-	-	43,200.00	426,548.14
NKWANYANA SE	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
NSIBANDE ME	10/31/2017	718,467.48	107,784.00	17,280.00	67,997.52	43,200.00	954,729.00
PELMA FH	8/15/2023	326,918.58	49,052.00	8,640.00	-	43,200.00	427,810.58
PETTERSON VL	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
PUNGWAYO SM	11/9/2021	271,841.48	40,788.00	-	70,717.56	43,200.00	426,547.04
SEHLALO MS	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
SEIMELA T	11/9/2021	405,512.48	60,836.00	17,280.00	70,717.56	43,200.00	597,546.04
SEKALEDI TA	RESIGNED 06/2024 2024/03/01	8,075.92	-	-	-	-	8,075.92
SIBANYONI SI	8/10/2016	702,793.04	105,409.00	17,280.00	59,309.04	43,200.00	927,991.08
SIERANA GC	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
SINDELO	DECEASED 12/2023 2021/11/09	3,661.27	-	-	-	-	3,661.27
TESNER J	11/9/2021	318,308.04	47,760.00	17,280.00	-	43,200.00	426,548.04
THUKWANE KS	11/9/2021	307,570.50	46,146.00	-	29,653.98	43,200.00	426,570.48
VAN HUYSSTEEN NC	5/21/2011	274,612.56	41,184.00	17,280.00	50,271.48	43,200.00	426,548.04
VAN MARLE HE	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
VAN ROOYEN EJ	RESIGNED 08/2023 2011/05/21	1,448.58	-	-	-	-	1,448.58
VILAKAZI P	11/9/2021	333,332.04	50,016.00	-	-	43,200.00	426,548.04
ZIWELE L	RESIGNED 02/2025 2021/11/09	547,979.52	82,198.00	-	110,353.60	43,200.00	783,731.12
ZUMA NG	8/10/2016	925,244.56	138,792.00	17,280.00	134,057.28	43,200.00	1,258,573.84
ZWANE J	RESIGNED 05/2025 2021/12/03	716,107.61	107,424.00	17,280.00	70,717.56	43,200.00	954,729.17
TOTAL	-	24,698,047.99	3,644,356.00	321,120.00	2,007,890.52	2,714,400.00	33,385,814.51

Figures in Rand	2025	2024

39. Remuneration of councillors (continued)

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

Additional information

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

40. Inventory Consumed

Water consumed	390,635,985	404,438,661
Consumables	114,251,961	84,147,988
	504,887,946	**488,586,649**

41. Depreciation and amortisation

Property, plant and equipment	125,310,794	133,650,435
Intangible assets	41,716	70,289
	125,352,510	**133,720,724**

42. Impairment loss

Impairments		
Property, plant and equipment	3,711,584	1,882,720

43. Finance costs

Post Retirement Medical (employee cost obligation interest)	6,221,795	6,787,431
Trade and other payables	250,199,885	186,792,160
Finance leases	765,596	1,296,544
Long term service award	3,640,324	3,755,458
Interest on landfil sites	44,196,504	42,759,474
Interest on municipal debt relief	-	401,050,808
	305,024,104	**642,441,875**

In the prior year,the landfill site and debt relief amount were aggregated as R443 810 282 (401 050 808+42 759 474) which was incorrect due to debt relief not having a finance cost segment. Therefore in the current financial statements a correction was made.
Post retirement medical interest increase with an amount of R1 557 373 in the prior year due to the correction of prior period error on post medical benefit.
In the prior year interest for long services award was incorrect recognised as part of defined contribution plans under employee cost. There correction resulted in the increase in finance cost and decrease in employee cost with the same amount of R3 755 458.

44. Debt impairment

Debt impairment	19,957,171	348,284,767

Figures in Rand	2025	2024

45. General expenses

Advertising	2,236,008	1,600,987
Auditors remuneration	10,198,097	8,553,187
Bank charges	4,775,535	4,442,140
Job creation	1,023,435	-
Entertainment	287,715	493,739
Rental: Machinery and Equipment	7,330,369	9,384,820
Point Duty	2,664,419	1,844,109
Mayoral municipal operational cost and job creation	17,576,480	2,529,121
Insurance	17,680,801	17,056,882
EPWP	1,597,000	23,842,383
Ward Committes	5,662,500	5,649,000
Fuel and Oil	15,414,903	20,316,084
Printing and stationery	309,899	18,280
Public participation activities	50,950	474,425
Pre-Capacity Grant (Expenditure)	72,479	101,872
Sport, Arts and Recreational Programmes	978,714	1,137,037
Water quality testing	360,888	528,060
Pest control	82,135	692,291
Protective clothing	8,073,620	7,793,529
Aviation	-	3,560
Subscriptions and membership fees	8,891,430	16,198,923
Communication cost	1,733,054	2,709,443
Transport cost for municipal activities	590,907	307,673
Training	511,115	157,291
Travel and subsitence	1,769,184	1,584,163
Licence fees	2,183,457	3,574,535
Sejacufe	-	5,000,000
SMME support	-	29,325
Special funeral assistance	-	50,000
Professional Fees	14,326,439	16,445,046
Work Compensation	4,123,289	3,087,389
Other Expenses	868,145	622,464
Repairs and maintenane	113,251,907	93,205,394
	244,624,874	**249,433,152**

General expenses	2024 Restated	2024 stamped AFS
Municipal operational cost	-	5 853 364
Mayoral municipal operational cost	2 529 121	-
Pre-Capacity Grant (Expensiture)	101 872	-
Sport, Art and Recreational Programe	1 137 037	-
Water quality testing	528 060	-
Municipal services	692 291	-
Aviation	3 560	-
Public participation activities	474 425	-
SMME Support	29 325	-
Special funeral assistance	50 000	-
Transport cost for municipal activities	307 673	-
Total	5 853 364	5 853 364

Municipal operational cost amounting to R5 853 364 was reclassified to the above line iterms under general expenses in order to provide more clarity of the expenditure recorded in the general expense.

Mayoral municipal operational cost and job creation has increased with R15 047 359 which result to jobs created from the office of the mayor.

EPWP decreased in the financial year 2025, this is due to only grant amount was used while in the financial year 2024, EPWP spending was funded by grants and own funding.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Bulk purchases

Electricity - Eskom	1,148,645,646	1,025,059,402

Electricity losses

Units purchased	531,638,260	557,443,000
Units sold	(276,080,249)	(231,018,723)
Total loss	**255,558,011**	**326,424,277**
Comprising of:		
Technical losses	53,163,826	55,744,300
Non-technical losses	201,903,231	270,679,977
Total	**255,067,057**	**326,424,277**
Percentage Loss:		
Technical losses	10 %	10 %
Non-technical losses	38 %	49 %
Total	**48 %**	**59 %**

Water losses

Water stock opening	84,944	77,845
water stock closing balance	(86,274)	(84,944)
Units purchased	28,920,710	31,705,515
Units sold	(16,044,299)	(16,703,835)
Total	**12,875,081**	**14,994,581**
Comprising of:		
Technical losses	2,900,565	3,178,336
Non-technical losses	9,974,516	11,816,245
Total	**12,875,081**	**14,994,581**
Percentage Loss:		
Technical losses	10 %	10 %
Non-technical losses	34 %	38 %
Total	**44 %**	**48 %**

47. Contracted services

Outsourced Services		
Burial Services	66,598	32,250
Cleaning Services	1,746,480	-
Meter Management	37,053,783	14,414,787
Pest Control	26,584	26,450
Professional Staff	9,992,275	5,313,947
Security Services	49,942,494	46,381,602
Sewerage Services	25,726,235	21,419,372

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Contracted services (continued)

Consultants and Professional Services		
Business and Advisory	44,845,256	39,094,735
Audit committee	350,987	306,888
Legal Cost	20,494,277	19,252,938
Contractors		
Electrical	31,651,232	22,000,213
Prepaid Electricity Vendors	40,384,289	42,169,846
Sports and Recreation	-	124,565
	262,280,490	**210,537,593**

48. Cash generated from operations

Deficit	(733,209,396)	(486,338,697)
Adjustments for:		
Depreciation and amortisation	125,352,510	133,720,724
Loss/Gain on sale of assets and liabilities	9,570,753	14,163,338
Gain on disposal of assets	(3,817,083)	(8,163,147)
Fair value adjustments	(86,227,580)	(169,553)
Finance costs	54,824,219	-
Finance Cost Non cash(Long services Award)	-	455,649,715
Impairment deficit	3,711,584	1,882,720
Debt impairment	19,957,171	348,284,767
Bad debts written off	428,463,362	330,880,427
Movements in retirement benefit assets and liabilities	(15,250,831)	5,011,722
Movements in provisions	(3,486,773)	(11,427,591)
Public Contribution and Donations	(3,917,078)	(177,722)
Circula 124 debt relief rebate	-	(924,246,839)
Inventory losses or write-downs	2,366,123	(37,740)
Acturial gains	(10,864,149)	(13,734,798)
Movement in long service award	731,855	(4,747,533)
Changes in working capital:		
Inventories	5,670,232	(46,693,008)
Receivables from exchange transactions	(576,267,493)	(548,264,855)
Other receivables from non-exchange transactions	(185,042,607)	5,467,859
Other receivables	(64,757,259)	(22,415,545)
Long term receivables	1,030,046	13,670,893
VAT Receivable - SARS	2,538,279	(2,538,279)
Municipal relief debt liability	-	3,723,489,127
Payables from exchange transactions	1,365,213,317	(2,792,327,384)
VAT- Payable Accrual	45,826,609	444,138,126
Transfers payable from (non-exchange)	136,194	4,952,972
Unspent conditional grants and receipts	(5,956,353)	4,893,500
Consumer deposits	1,842,275	2,550,408
Payment in advance	(3,386,986)	(13,457,694)
Long service award	(123,593,656)	(511,123,144)
VAT Payable SARS	10,140,440	-
	261,597,725	**102,892,769**

49. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Operating (deficit) surplus (continued)

Loss on sale of property, plant and equipment	(5,875,743)	(7,174,822)
Loss on sale of investment property	(3,695,010)	(6,988,516)
Impairment on property, plant and equipment	3,711,584	1,882,720
Amortisation on intangible assets	41,716	70,289
Depreciation on property, plant and equipment	125,310,794	133,650,435
Employee costs	785,715,208	671,742,080

50. Fair value adjustments

Investment property (Fair value model)	86,136,738	-
Other financial assets		
• Other financial assets (Designated as at FV through P&L	90,842	169,553
	86,227,580	**169,553**

51. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	147,478,907	224,519,697

Total capital commitments		
Already contracted for but not provided for	147,478,907	224,519,697

Total commitments

Total commitments		
Authorised capital expenditure	147,478,907	224,519,697

Notes to the Annual Financial Statements

Figures in Rand

52. **Contingencies**

Contingent liabilities incurred relating to interests in other entities

Parties	Description of the case	2025	2024
Piet Bok Construction Cc // GMM	Piet Bok issued summons against the Municipality for standing time. R 9 021 856.41	9,021,856.41	9,021,856.41
Bosch//GMM	Bosch issued summons against the Municipality R 16 996 144.69 for standing time. Further they are suing R 8 785710.86 for damages	25,781,855.55	25,781,855.55
Abdala Mohamoud, T A Halfprice Tuckshop / GMM	The Plaintiff is suing the Municipality for tuckshop demolition and stock seized by the Bylaw enforcement unit to the Value of R 800 000.00 plus interest and costs	25,000.00	25,000.00
Kalapeng Contsruction CC / GMM	Summons issued against Municipality for services rendered in 2005 to the value of R 123 092.34.	123,092.34	123,092.34
Ocean Dawn Trading & Projects CC / GMM	Summons against GMM for services rendered by security company for the protection of the Municipal Manager R 293 600.00	293,600.00	293,600.00
Simon Filani Mndebele / GMM	Summons against GMM for costs of the disciplinary proceedings and matter in the High Court relating to the DC R 1 846 728.58	-	1,846,728.58
J E Mabona//Public Protector//GMM	Mr. Mabona has filed a complaint with the public protector claiming an amount of R 1 581 053 being for services rendered in 2004.	1,581,053.00	1,581,053.00
Joseph Visagie	The Plaintiff has lodged a claim for damages for a motor vehicle accident. He is suing for R 135 413.49	25,000.00	25,000.00
Anele Mandisa Maseko / GMM	Summons against GMM, the plaintiff collided with a porthole R 35 766.55	35,766.00	35,766.00
Johannes Hermarnus van der Westhuizen / GMM	Summons against the Municipality, the claim arising from porthole amounted to R107 440.00	25,000.00	25,000.00

52. Contingencies (continued)

Yvonne Beatrice Deetlefs / GMM	Summons against GMM, the plaintiff tripped and fell due to uneven paving in Bethal R300 000	25,000.00	25,000.00
Siyabonga Robert Mngomezulu / GMM	Summons against the Municipality for failing to provide and ensure maintenance of the road and signs on the intersection R60 000	25,000.00	25,000.00
Nadeem Sohail / GMM	Summons against the Municipality deriving from a porthole amounted to R286 491.78	25,000.00	25,000.00
Retshedistwe Johannes Mapheshoane / GMM	Summons against the Municipality for injuries from electrocution R10 510 100.00	25,000.00	25,000.00
Alpha Pharm (Pty) Ltd / GMM	Summons against GMM for a collusion between motor vehicles for an amount of R29 658.75	-	25,000.00
Chris Calitz / GMM	Summons against GMM for a collision of motor vehicles in the sum of R51 288.69	25,000.00	25,000.00
PJG Nieuwoudt / GMM	Summons against GMM for a collision of motor vehicles in the sum of R20 076.53	20,077.00	20,077.00
Lolo Martin Dube / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R57 756.93	-	25,000.00
Shaun Hatting / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R60 271.50	-	25,000.00
Absalom Mgabi / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R220 512.65	25,000.00	25,000.00
Phillimon Muzwandile Mogano & Sbongile Roselinah Mogano / GMM	Summons against the Municipality for the minor died in a quarry and the Plaintiff is claiming damages against the Municipality R 3 980 000.00	25,000.00	25,000.00
Willem Shaun Du Plessis / GMM	Summons against GMM for a claim alleging a pothole collision for R 67 300.00	25,000.00	25,000.00
Daniel S P Luiz / GMM	Plaintiff is suing GMM for a motor vehicle accident with the Municipal Vehicle to the amount of R 93 609.10	25,000.00	25,000.00
Lodewikus Johannes Steyl / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R31 924.50	25,000.00	25,000.00
Unathi Mpepe / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R34 379.35	25,000.00	25,000.00

Notes to the Annual Financial Statements

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52. Contingencies (continued)

Martin Johannes van Heerded / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R18 555.77	18,555.77	18,555.77
Jonathan Ball / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R18 059.09	-	18,059.09
William Seleme Tshenye / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R51 219.74	-	25,000.00
Mathys Christoffel Van der Merwe / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R 18 264.25	-	18,264.25
Sarel Holtzhausen / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R 11 359.69	11,359.96	11,359.96
JGS Holtshauzen / GMM	Summons against GMM, claim for damages for injuries for colliding with a pothole R 825 000.00	25,000.00	25,000.00
Gift Hlatshwayo / GMM	Summons against GMM, claim for damages for colliding with a pothole R 61 145.48	-	25,000.00
Johannes Swart / GMM	Summons against GMM, claim for damages for colliding with a pothole R 22 492.56	22,492.56	22,492.56
Shanieve Megan Kalicharan / GMM	Summons against GMM, claim for damages for colliding with a pothole R 66 887.61	-	25,000.00
Roland janse Van Resnburg / GMM	Summons against GMM, claim for damages for colliding with a pothole R 13 785.99	-	13,785.99
Ebenhaeser Du Toit / GMM	Summons against GMM, claim for damages for colliding with a pothole R 30 319.32	-	25,000.00
Eugen Schambriel / GMM	Summons against GMM, claim for damages for colliding with a pothole R18 792.34	18,792.34	18,792.34
Dylan Barrish / GMM	Summons against GMM, claim for damages for colliding with a pothole R24 788.07	-	24,788.07
Coleman Catharina Talita/GMM	Summons issued against Municipality: Delictual matter a person fell from a chair. R 750 000.00.	25,000.00	25,000.00
South African Music Rights Organisation NPC // GMM	Summons against the Municipality from an apparent contractual dispute between parties. Amount R199 296.67 claimed by SAMRO for a affiliation.	199,297.00	199,296.67

52. Contingencies (continued)

GMM V Nu-Way	The Municipality filed an application to expropriate the stand belonging to Nu-Way. Nu-Way refused an offer of R500 000 demanding R 3 000 000.	650,000.00	650,000.00
Weston Global Investment (Pty) Ltd / GMM	Application against the Municipality to reinstate valuation retrospective and payment of R 290 000.00 back to the Plaintiff	290,000.00	290,000.00
Thabelo Muridili vs The Minister of Police and GMM	The Plaintiff is suing the Minister of police and GMM for damages, loss of income and pain and suffering. The Plaintiff claims that he his been harassed by the Law enforcement offices of the Municipality and that of the SAPS.	65,000.00	250,000.00
Kau Reginald Ramphisa / GMM	Summons against GMM, claim for damages for hitting a pothole R 18 792.34	18,792.34	18,792.34
Hein Van Wyk / GMM	Summons against the Municipality, the claim arising from porthole amounted R99 614.63	25,000.00	25,000.00
GMM V RCH Trading	Summons against GMM for services rendered to the amount of R 1 398 417.92	200,000.00	-
S-Identity Holdings V GMM	S-Identity approached the Arbitration of South Africa alleging that the Municipality owes them R17 000 000 for connecting the water and sanitation at Ekhaya mall	-	-
Shaun Kroukamp / GMM	Summons Aginst GMM for claim for damages for colliding with a pothole R 60 640.00	25,000.00	-
Ideal Prepaid (Pty) Ltd / GMM	Combined Summons against GMM for services rendered in an amount of R 43 262 000.00 and interests thereon	-	-
Eskom/GMM	Eskom issued summons against the municipality over amount owed by the Municipality	-	-
AVAX SA	Summon against GMM to the value of R 1 107 893.18 for unpaid invoices for the refurbishment of the Kinross Sewer plant	-	-

52. Contingencies (continued)

Sinothile Transport & Projects (Pty) Ltd	Summons against GMM for hiring a low bed to transport the grader to the value of R 1 71 500.00. Summons against GMM for Services Rendered to the Value of R 335 100.00	-	-
Willem Kock / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R109 777.45	-	25,000.00
-	-	-	
Altimax /GMM	Altimax was appointed to assist the municipality with the annual financial report. Altimax started working before signing the agreement and the parties could not agree on the manner of payment. the municipality wanted to be paid as per milestones while Altimax wanted to be paid monthly. Altimax then refused to sign the agreement and refused to hand over the documents to the municipality Both parties did not agree with the order of the Arbitrator. The municipality wanted to claim the R300 000 back while Altimax did not want to pay it back. They alleged that the municipality owed them an amount of R1 103 586.02	-	-
Nomatiki VS GMM	Nomatiki sued the Municipality and Govan Mbeki Housing company for an amount of R 2597634.41 GMHC issued an exception on the summons of Nomatiki.	-	-
Sikunye Pty Ltd	An urgent application to compel GMM to comply with Judgement and contempt of court against the Municipal Manager	-	-
Mpempe Nanase group	Summons against GMM for alleged services rendered to the value of R 207000	207,000.00	-
Vusi Jiyane Eidonmme Pty	The Municipality switched off the eletricity at ERF 5095 Kinross belonging to Jiyane An urgent application was instituded against the municipality to restore the eletricity	-	-

Notes to the Annual Financial Statements

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52. Contingencies (continued)

Moonstone Investment /GMM	Application against GMM for review and setting aside of the valuation of their property from 2008 to 2020	-	-
Tronicorp VS GMM	The application brought application against the municipality to stop the Municipality from billing Terra Nova residents for rates	-	-
Bethal and eMzinoni Community	Application to compel GMM to pay Eskom , and Rand water and request the Gert Sibande District Municipality to supply eletricity directly .	-	-
Vuma Konke Transport and Projects CC	Application to set aside section 106 report of Municipal Systems Act by MEC of COGTA Iin far as it relates to Vuma Konke	-	-
Democratic Alliance V GMM	DA filed an application interdicting the Speaker from continuing to act as Speaker of Council. The DA went back to court to remove the Speaker of Council basing their argument on substance	-	-
State // GMM Case	The Municipality is charged with various counts of violation of Environmental Laws. The Green Scorpions wanted the municipality to be fined an amount of R600 000 000.	-	-
The Trustees of the Piet Greyling Trust	The Applicant seeks a Spoilation Order against the Municipality, interdicting the Municipality from cutting off Services on their Property after they had received a notice for cut-off of services because of an overdue account	-	-
GMM V Trichardtfointein	The Municipality issued an application against the farm owner and its residents for eviction as they are unlawfully there in the farm	-	-
Shaun Kroukamp / GMM	Summons Aginst GMM for claim for damages for colliding with a pothole R 60 640.00	25,000.00	-
-	**Total Contingent Liabilities**	**39,033,590.27**	**40,883,215.92**

52. Contingencies (continued)

Contigent Asset	-	-	-
GMM V Hwibidu Security CC	Municipality issued summons in the amount of R 4 800 000 for damages suffered at Embalenhle sewer plant. Hwibidu failed to guard the. Plant and copper was stolen	4,581,429.00	4,581,429.00
GMM V Nu-Way	Municipality issued summons in the amount of R 949 181.10 being for a stand that was bought for the purpose of a clinic.	949,181.10	949,181.10
Abdala Mohamoud, T A Halfprice Tuckshop /	The Plaintiff is suing the Municipality for tuckshop demolition and stock seized by the Bylaw enforcement unit to the Value of R 800 000.00 plus interest and costs	775,000.00	775,000.00
Joseph Visagie	The Plaintiff has lodged a claim for damages for a motor vehicle accident. He is suing for R 135 413.49	110,413.00	110,413.00
Johannes Hermarnus van der Westhuizen / (	Summons against the Municipality, the claim arising from porthole amounted to R107 440.00	82,440.00	82,440.00
Yvonne Beatrice Deetlefs / GMM	Summons against GMM, the plaintiff tripped and fell due to uneven paving in Bethal R300 000	275,000.00	275,000.00
Siyabonga Robert Mngomezulu / GMM	Summons against the Municipality for failing to provide and ensure maintenance of the road and signs on the intersection R60 000	35,000.00	35,000.00
Hein Van Wyk / GMM	Summons against the Municipality, the claim arising from porthole amounted R99 614.63	74,615.00	74,615.00
Nadeem Sohail / GMM	Summons against the Municipality deriving from a porthole amounted to R286 491.78	261,492.00	261,492.00
Retshedistwe Johannes Mapheshoane / GMI	Summons against the Municipality for injuries from electrocution R10 510 100.00	10,485,100.00	10,485,100.00
Alpha Pharm (Pty) Ltd / GMM	Summons against GMM for a collusion between motor vehicles for an amount of R29 658.75	4,659.00	4,659.00
Chris Calitz / GMM	Summons against GMM for a collision of motor vehicles in the sum of R51 288.69	26,289.00	26,289.00

Figures in Rand

52. Contingencies (continued)

Lolo Martin Dube / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R57 756.93	-	32,757.00
Shaun Hatting / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R60 271.50	-	35,272.00
Absalom Mgabi / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R220 512.65	195,513.00	195,513.00
Phillimon Muzwandile Mogano & Sbongile Ro	Summons against the Municipality for the minor died in a quarry and the Plaintiff is claiming damages against the Municipality R 3 980 000.00	3,955,000.00	3,955,000.00
Willem Shaun Du Plessis / GMM	Summons against GMM for a claim alleging a pothole collision for R 67 300.00	42,300.00	42,300.00
Daniel S P Luiz / GMM	Plaintiff is suing GMM for a motor vehicle accident with the Municipal Vehicle to the amount of R 93 609.10	68,609.10	68,609.10
Lodewikus Johannes Steyl / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R31 924.50	6,925.00	6,925.00
Willem Kock / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R109 777.45	-	84,777.00
Unathi Mpepe / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R34 379.35	9,379.00	9,379.00
Jonathan Ball / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R18 059.09	-	18,059.09
William Seleme Tshenye / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R51 219.74	-	26,220.00
Mathys Christoffel Van der Merwe / GMM	Summons against GMM, the plaintiff alleges that he collided with a pothole R 18 264.25	-	18,264.25
JGS Holtshauzen / GMM	Summons against GMM, claim for damages for injuries for colliding with a pothole R 825 000.00	800,000.00	800,000.00
Gift Hlatshwayo / GMM	Summons against GMM, claim for damages for colliding with a pothole R 61 145.48	-	36,145.00
Shanieve Megan Kalicharan / GMM	Summons against GMM, claim for damages for colliding with a pothole R 66 887.61	-	41,888.00
Ebenhaeser Du Toit / GMM	Summons against GMM, claim for damages for colliding with a pothole R 30 319.32	-	5,319.00

52. Contingencies (continued)

Moonstone Investment /GMM	Summons against Moonstone for oustanding rates and taxes R47 465 933.75 for 110 and 111 and the reminder of portion 3 Triefointein IS 137.	47,465,933.75	-
Ekhaya Mall Bodu Corporate /GMM	GMM Summons issued to Ekhaya Mall Bodu Corporate for rates	18,155,955.09	-
GMM V MBL Smart Solutions (Pty) Ltd /GMM	The Municipality issued a application against MBL for payment of an amount of R 24 048 455.42 for a stand that was bought for a clinic	24,048,455.42	-
Ungwalo/GMM	Summons were issued against and judgement obtained against Ungwalo for rates and taxes .	1,509,428.00	-
Moonstone Investment /GMM	The municipality has issued summons against Moonstone for oustanding rates and taxes	9,991,085.66	-
Coleman Catharina Talita/GMM	Summons issued against Municipality: Delictual matter a person fell from a chair. R 750 000.00.	725,000.00	725,000.00
Eugen Schambriel / GMM	Summons against GMM, claim for damages for colliding with a pothole R18 792.34	18,792.34	18,792.34
Shaun Kroukamp / GMM	Summons Aginst GMM for claim for damages for colliding with a pothole R 60 640.00	35,640.00	-
-	**Total Contigent asset**	**124,688,634.46**	**23,780,837.88**

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Contingent Assets
The contingent asset balance has been restated from R23 894 392 to R23 780 838. The restatement arose from the application of estimation techniques derived from the summons in the current financial year, whereas the previous disclosure was based on sammons amounts. The adjustment reflects the refinement of estimates in accordance with the requirements of GRAP 19, which prescribes the use of the best information available to measure and disclose contingent assets at reporting date.

Contingent Liabilities
The contingent liabilities balance has been restated from R61 428 328.02 to R40 883 216. The restatement arose from the application of estimation techniques derived from the summons in the current financial year, whereas the previous disclosure was based on sammons amounts. The adjustment reflects the refinement of estimates in accordance with the requirements of GRAP 19, which prescribes the use of the best information available to measure and disclose contingent assets at reporting date.

53. Related parties

Memebrs of managment	Mr EN Maseko was appointed as Municipal Manager from 20 June 2022. 6 Mr. A Karmesh - Acting Director Planning & Development (01 October 2024 to 31 May 2025) Mr H Vander Merwe - Acting Director Community Services (01 November 2024 to 30 April 2025) Mr. V Mlangeni - Director Civil Engineering Services (1 July 2024 to 30 June 2025) Mr. R Maswanganyi - Director Electrical & Mechanical (1 July 2024 to 30 June 2025) Mr B Khubeka - Director Corprorate Services (1 July 2024 to 30 June 2025) Mr AM Mavimbela - Acting Chief Financial Officer (1 July 2024 to 27 February 2025) Mr D Maake - Director Planning and Development resigned on 30 September 2024 and was reappointed on 02 June 2025. Mr J Mahlangu - Acting Chief Financial Officer (19 May 2025 to 30 June 2025) Ms P Malebye - Acting Director Community Services (01 May 2025 to 30 June 2025) Mr. ZL Mahlangu - Chief Operating Officer (01 September 2024 to 30 June 2025) Mrs. N Raisa-Mlandu - Director Cmmunity Services (01 July 2024 to 31 October 2024)
Executive Mayor	NG Zuma
Speaker	FF Magagamela
Chief Whip	MJ Mtsweni
Member of the Mayoral Committee	YT Ngxonono
Member of the Mayoral Committee	T Mtsweni
Member of the Mayoral Committee	MI Nsibande
Member of the Mayoral Committee	D Mtshali
Member of the Mayoral Committee	AV Mbokazi
Member of the Mayoral Committee	T Seimela
Member of the Mayoral Committee	L Ziwele
Member of the Mayoral Committee	PJ Zwane (July 2024 - 30 June 2025)

The remunaration of the above mentioned members of key management and councillors are disclosed on note 38 and 39 of the this annual financial statements.

Remuneration of management

54. Prior period errors

Debt impairment

Decrease of R22 760 197 result from change of accounting policy for debt impairment

Receivables from non-exchange transactions

The decrease of R20 182 059 is due to change in accounting policy for debt impairment adjustment

Receivables from exchange transactions

The increase of R39 492 023 is due to change in accounting policy for debt impairment adjustment

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Prior period errors (continued)

Other Income
The difference of R659 387 arose from the incorrect write-off of amounts owed to former employees from the Salary Control account.
The correction of the error result in an increase in salary control account liability and decrease in other income

Actuarial (gains)/loss
The correction for the post employment medical benefit mentioned on the employee related cost resulted actuarial adjustment of R22 275 917 resulting an actuarial loss of R 8 541 119 to be restated to an actuarial gain of R13 734 798

Insurance Refunds
R1,135,738 relates to insurance refunds that were incorrectly recorded as liabilities rather than revenue. The correction of the error results in an increase in insurance claims and decrease of the payment received in advance by R1 135 739

Employee related costs
In prior years, the post-employment medical aid benefit liability was incorrectly valued. The valuation included all employees of the municipality, whereas it should have been limited only to employees who were appointed prior to December 1993 and who will retire as active members of the medical aid scheme.
The correction resulted on Employee cost an increase of R5 921 056 resulting from line item Defined contribution plan change of R2 385 084 (resulting from bringing in the new report current services cost of R 790 344 reversing current cost of previous report of R1 592 304 also reversing the benefit cost of R 2 172 334 and reclassifing interest on long service award to finance cost R3 755 458.
And also an increase on medical - company contribution from new R3 535 968

Depreciation & Amortisation
Certain asset additions were incorrectly expensed in the prior year instead of being capitalised.
The correction of this error resulted in the following adjustments:
Increase in Property, Plant and Equipment: R131,852
Decrease in Inventory Consumed (Expenditure): R132,335
Increase in Depreciation: R483

Finance cost
The correction for the post employment medical benefit mentioned on the employee related cost resulted increase of R 1 557 372 on employee cost obligation interest. Long services award interest fo R3 755 458 was reclassified from employee related cost under line item defined contribution plans.

Inventory Consumed
Assets additions which were incorrectly expenses instead of being capitalised.
The effect of the correction is an increase in Property, plant and equipment of R131 852, a decreae of inventory consumed of R132 335 and increase in depreciation of R483

General expense
The decrease in General expenses amount of R329 902 is due to a reversal of an incorrect invoice processed on the systems for Khabokedi and Truvel respectively.
The correction has the same impact on general expediture descreasing with the same amount excluding VAT R329 902 (379387*100/115)

VAT Receivable Accrual and SARS
VAT Receivables differance of 441 204 948 result from reclassication, VAT receivable -SARS R2 538 279 , VAT receivable amounting to 710 780 272 of the VAT payable amounting to 444 138 128 from the previous reported VAT receivable of 269 575 324 being presented separate on liabities instead of presenting net of VAT acount , the reclassication was done to ensure compliance with GRAP

and futher VAT receivable difference R345 418 (443 792 708 - 444 138 126) result from for interest and penalities that were charged the VAT for late payment of VAT

Investment property
The difference of R6 824 000 on the opening balance relates to disposals in the prior year that were not recorded. These include the disposal of RDP houses amounting to R5 798 000, and a deed of sale valued at R1 026 000, which were erroneously omitted from the list of disposals in 2024.
The amount of R1 026 000 includes properties from investment property which were consolidated into one property

Figures in Rand	2025	2024

54. Prior period errors (continued)
amounting to R160 000.
The correction of this error has been accounted for retrospectively in terms of GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, resulting in a decrease in Investment Property and a corresponding decrease in Accumulated Surplus of R6 824 000

Land
The difference of R1,665,458 relates to disposals that were erroneously omitted in the prior year. These adjustments should have been effected in the 2023 financial period, and accordingly impact the opening balance of Accumulated Surplus.

The correction of this error has been accounted for retrospectively in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors, resulting in a decrease in Land and a corresponding increase in Accumulated Surplus of R1,665,458

Other Property, Plant and Equipment
Certain asset additions were incorrectly expensed in the prior year instead of being capitalised.

The effect of the correction is as follows:

Increase in Property, Plant and Equipment: R131,852

Decrease in Inventory Consumed (Expenditure): R132,335

Increase in Depreciation: R483

Trade payables from exchange transactions
Trade payables
Trade payables
The difference on salary control result from caseware TB that was imported for adjusted AFS have this following transaction hanging in the on caseware result an imbalance of R 367 975

The amomunt R367 974.71 result from journal 3648 (-R600+367 440.54+1134.17) the journal was reversed with journal 3662, the journal was for write off of council resolution A084/08/2024

R6 580 377.47 reuslt from correcting the municipality creditors ageing balance against the statement of rand water.
Salary Control Account
The difference on the Salary Control account, amounting to R367,975, arose from the CaseWare trial balance imported for the adjusted AFS. This resulted in an imbalance caused by a transaction that remained “hanging” in CaseWare.

The amount of R367,974.71 is attributable to Journal 3648 (comprising –R600 + R367,440.54 + R1,134.17). This journal was subsequently reversed with Journal 3662.

The original journal related to the write-off approved by Council Resolution A084/08/2024.

Further former employees were incorrectly written off on salary control account due to the same council resolution in the prior year with an amount of R659 381supported by journal number 4179. A correction of this error results to an increase in salary conrol account with the total amount of R1 027 356 (R367 975+R659 381)

VAT Payable
A difference of R444,138,126 relates to the reclassification of VAT payable, which in the prior year had been offset against the reported VAT receivable of R269,575,324.

In the current year, VAT receivable and VAT payable are presented separately as assets and liabilities, in order to comply with the presentation requirements of GRAP, which prescribe gross presentation rather than netting-off.

Employee benefit obligation (Current Liability)
The correction for the post employment medical benefit mentioned on the employee related costt resulted decrease of R205 484 on current portion of the employee benefit obligation,

The R205 484 is the current portion on the total change of employee benefit obligation of R9 864 102 which other leg of the adjustment Employee related cost R2 165 594 (change on employee cost R 5 921 056-3755 458 Long service award interest) ;minus finance cost R1 557 372 plus actuarial (gain)/ loss R22 275 917 minus accumulated surplus R13 020 037

54. Prior period errors (continued)
(changes relating to 2023 report)

Payments received in advance
The overall decrease in advance payments of R11,806,273 is attributable to the following:

R1,135,738: Insurance refunds that had been incorrectly recorded as liabilities rather than revenue. These amounts were subsequently reclassified to deposits during the 2024 financial year.

R6,413,384: Insurance refunds that were reclassified and transferred directly to Accumulated Surplus.

R4,257,151: Properties held for sale that had been erroneously recorded as advance payments. These properties were disposed of in prior years, and the correction of this error resulted in a decrease in liabilities and a corresponding increase in Accumulated Surplus of R4,257,151.

Employee benefit obligation (Non Current Liability)
The correction for the post employment medical benefit mentioned on the employee related cost resulted decrease of R9 658 618 non-current portion of the employee benefit obligation

The R9 658 618 is the non-current portion on the total change of employee benefit obligation of R9 864 102 which other leg of the adjustment Employee related cost R2 165 594 (change on employee cost R 5 921 056-3755 458 Long service award interest) ;minus finance cost R1 557 372 plus actuarial (gain)/ loss R22 275 917 minus accumulated surplus R13 020 037 (changes relating to 2023 report)

Accumulated surplus
The differance between the accumulated surplus the restated AFS and stamped AFS is R24 999 489, which result from:

Decrease of R46 582 446 result from2024 change of deficit when comparing stamped AFS and retstaed AFS

Increase of the net asset changed by R 713 393 resulting from
the correction of the salary control with R367 975 processed with journal 3648 and was reversed with journal 3662 journal for council write off (council resolution A084/08/2024)
And VAT adjsustement of 345 418 for interest and penalities that were charged on VAT for late payment

Increase of R 20 869 570 resulting from the below transaction processed on accumulated surplus segment

Increase result correction for the post employment medical benefit mentioned on the employee related cost resulted increase of R13 020 037 on accumulated surplus for correction relating to financial year 2023

Increase result from R 6 413 384.29 related to correction of insurance refunds that was incorrectly recorder as liabilities rather than revenue

Increase of R6 580 377.47 reuslt from correcting the municipality creditors ageing balance against the statement of rand water and eskom

Decrease of R4,257,151: Properties held for sale that had been erroneously recorded as advance payments. These properties were disposed of in prior years, and the correction of this error resulted in a decrease in liabilities and a corresponding decrease in advance payment of R4,257,151.

Increase of R8 489 457 result from proceed of 2 172 730 which is investment property proceed (258 382) and land proceeds (1 914 347)
Also included the loss R 6 316 727.02 for land and investment property disposed

Increase of R 3 420 233.11 result from correction of 2023 impairment correction as result of change in accounting policy

Contingent Liabilities
The contingent asset balance has been restated from R61 428 328.02 to R40 883 216. The restatement arose from the application of estimation techniques derived from the summons in the current financial year, whereas the previous disclosure was based on summons amounts. The adjustment reflects the refinement of estimates in accordance with the requirements of GRAP 19, which prescribes the use of the best information available to measure and disclose contingent assets at reporting date.

Contingent Assets

54. Prior period errors (continued)

The contingent assets balance has been restated from R23 894 392 to R23 780 839. The restatement arose from the application of estimation techniques derived from the summons in the current financial year, whereas the previous disclosure was based on summons amount. The adjustment reflects the refinement of estimates in accordance with the requirement of GRAP 19, which prescribes the use of the best information available to measure and disclosure contingen assets at reporting date.

Cash Flow Statements

Sale of goods

Revenue from the sale of goods and services were incorrectly calculated in the prior year, resulting in a misstatement of revenue. The error has been corrected to ensure accurate reporting.

Interest income

Incorrect inclusion of interest from consumer debtors, this interest relates in the gross debtors effect included in sales of goods and services

Other receipt

Other receipts were re-allocated to Sales of goods and services

Employees

The difference arose from the incorrect write-off of amounts owed to former employees from the Salary Control account as well as to account for the Post Employment Benefit Obligation, this has been corrected to reflect accurate expenditure

Payment made to Suppliers

The prior year figure for amounts paid to suppliers were incorrectly calculated and has been corrected to reflect the accurate expenditure.

Interest income

Interest on cash and cash equivalents incorrectly reflected as interest on non current assets investments. This has been moved to operating activities

Finance cost

Liability was broken into capital and interest, opening balance lus billed during the year to the closing balance. The were no movement of cash

Statement of Financial Performance		**Restated balances 2024**	**Figures As per 2024 signed AFS**	**Difference**
Other income		12,592,237.00	13,251,624.00	659,387.00
Acturial gains		13,734,798.00	-	(13,734,798.00)
Insurance claims		1,263,031.00	127,292.00	(1,135,739.00)
	-	**27,590,066.00**	**13,378,916.00**	**(14,211,150.00)**
Expenses		-	-	-
Employee related costs		(635,895,693.00)	(641,816,749.00)	-5,921,056.00
Depreciation & amortisation		(133,720,724.00)	(133,720,241.00)	483.00
Finance cost		(642,441,875.00)	(637,129,045.00)	5,312,830.00
Debt impairment		(348,284,767.00)	(371,044,964.00)	(22,760,197.00)
Actuarial losses		-	(8,541,119.00)	(8,541,119.00)
Inventory Consumed		(488,586,649.00)	(488,718,984.00)	(132,335.00)
General expenditure		(249,433,152.00)	(249,763,054.00)	(329,902.00)
	-	**(2,498,362,860.00)**	**(2,530,734,156.00)**	**(32,371,296.00)**
	-	**(2,470,772,794.00)**	**(2,517,355,240.00)**	**(46,582,446.00)**
	-	-	-	-

Statement of Financial Position		**Restated balances 2024**	**Figures As per 2024 signed AFS**	**Difference**
Current Assets		-	-	-
Receivables from exchange transactions		359,622,863.00	320,130,840.00	39,492,023.00
Receivables from non-exchange transactions		78,747,362.00	98,929,421.00	(20,182,059.00)
VAT Receivable		710,780,272.00	269,575,324.00	441,204,948.00
VAT Receivable -SARS		2,538,279.00	-	2,538,279.00
	-	**1,151,688,776.00**	**688,635,585.00**	**463,053,191.00**
	-	-	-	-

54. Prior period errors (continued)

Non-Current Assets	-	-	-
Investment property	1,290,732,363.00	1,297,556,363.00	-6,824,000.00
Property, plant and equipment	1,745,375,645.00	1,746,909,251.00	-1,533,606.00
-	**3,036,108,008.00**	**3,044,465,614.00**	**(8,357,606.00)**
Total Assets	**4,187,796,784.00**	**3,733,101,199.00**	**454,695,585.00**
-	-	-	-
Current Liabilities	-	-	-
Finance lease obligation	7,169,291.00	7,169,291.00	-
Municipal relief debt liability	1,241,163,042.00	1,241,163,042.00	-
Payables from exchange transactions	2,037,485,218.00	2,030,256,874.00	7,228,344.00
VAT Payable	444,138,126.00	-	444,138,126.00
Employee benefit obligation	3,604,122.00	3,809,606.00	(205,484.00)
Payments received in advance	62,964,330.00	74,770,603.00	(11,806,273.00)
-	**3,796,524,129.00**	**3,357,169,416.00**	**439,354,713.00**
Non-Current Liabilities	**-**	-	-
Employee benefit obligation	50,204,975.00	59,863,593.00	(9,658,618.00)
Total Non-Current Liabilities	**50,204,975.00**	**59,863,593.00**	(9,658,618.00)
Total Liabilities	**3,846,729,104.00**	**3,417,033,009.00**	**429,696,095.00**
-	**-**	**-**	-
Net Assets	(341,067,680.00)	(316,068,190.00)	-24,999,490.00
Accumulated surplus	(2,097,193,986.00)	(2,122,193,475.00)	24,999,489.00
-	-	-	-
Cash Flow Statement- Receipts	**Restated balances 2024**	**Figures As per 2024 signed AFS**	**Difference**
Sale of goods and services	2,010,036,766.00	1,171,152,830.00	838,883,936.00
Interest income	103,253,866.00	264,048,773.00	-160,794,907.00
Other receipts	-	19,409,260.00	-19,409,260.00
Payments	-	-	-
Employees	679,158,907.00	677,663,136.00	1,495,771.00
Suppliers	1,930,948,927.00	1,030,800,187.00	900,148,740.00
Finance Cost	-	186,792,160.00	-186,792,160.00
Cash flow from investing activities	-	-	-
Purchase of property, plant and equipment	-265,381,315.00	-336,352,011.00	70,970,696.00
interest income	-	14,897,674.00	-14,897,674.00
Proceeds from sale of investment property	601,050.00	709,180.00	-108,130.00
Purchase of intangible assets	-	-208,696.00	208,696.00

Disclosure	Restated balance	Previously reported	Difference
Contingent Liabilities	40,883,216.00	61,428,328.00	-20,545,112.00
Contingent assets	23,780,837.88	23,894,534.00	-113,696.12

55. Risk management

Financial risk management

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

The municipality’s overall risk management program focuses on thet unpredictability of financial markets and seeks to minimise potenial adverse effects on the municipality’s financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

55. Risk management (continued)

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.

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 board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2025	2024
Payable from exchange transactions	3,402,698,535	2,037,485,226
Payables from non-exchange transactions	27,087,120	26,950,926
Consumer deposits	34,714,666	32,872,391
Receivables from exchange transactions	627,487,308	359,622,863
Other receivables	97,739,563	32,982,304
Cash and cash equivalents	49,822,934	25,751,185
Long term receivables	-	855,241
Finance lease	4,008,643	9,675,937
Other Financial Assets	1,209,582	1,118,740

Market risk

Interest rate risk

The municipality is exposed to interest rate risk through the following financial instruments:
Cash and cash equivalents: Interest-bearing short-term deposits are subject to variable interest rates linked to prevailing market conditions.
Receivables from exchange transactions: These are exposed indirectly to interest rate fluctuations through the time value of money component on outstanding balances.
Interest income: Fluctuates as a result of changes in interest rates applicable to the municipality's deposits.
Although the municipality does not have significant long-term borrowings or loans, changes in interest rates may have a minimal impact on surplus or deficit and cash flows due to these exposures.

56. Going concern

We draw attention to the fact that as at 30 June 2025, the municipality incurred a deficit of R733 209 396, and that the municipality's total liabilities exceeded its total assets by R2 830 403 390.

The annual financial statements have been prepared on the going concern basis. This basis assumes that the municipality will continue operating for the foreseeable future and that sufficient funds will be available to finance operations, settle liabilities and meet obligations as they fall due.

Several conditions, as outlined in sections **138** and **140** of the Municipal Finance Management Act (MFMA), Act 56 of 2003, indicate continuing financial strain:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

56. Going concern (continued)

The municipality continues to face indicators of financial strain as outlined in MFMA sections 138 and 140. These include recurring deficits, delayed payment of suppliers due to financial constraints (s138(a) and s140(2)(c)), and default on financial obligations (s138(b) and s140(2)(a)–(b)). The municipality remains in a net liability and net current liability position, with revenue generation and collection challenges and insufficient cash-backed funding (s140(2)(3)). Cash-flow pressures, uncontrolled spending patterns and the deterioration of assets used to support revenue generation further affect operational and financial performance.
The municipality remains under a **Financial Recovery Plan (FRP)** adopted in the 2019/2020 financial year following an intervention by the Mpumalanga Provincial Executive in terms of section 139(1)(b) and 139(5)(a) of the Constitution, read with section 139 of the MFMA. The FRP aims to stabilise the municipality’s financial position by:

• Addressing long-standing financial challenges
• Reducing debt obligations;
• Improving revenue collection, financial controls and cash-management practices.

Council continues to monitor the implementation of the FRP and holds the Accounting Officer and Senior Managers accountable for progress.

At year-end, National Treasury indicated its intention to invoke **section 216(2)** of the Constitution, read with **section 38** of the MFMA, due to persistent non-compliance with payment obligations to Water Boards. This created uncertainty regarding the timely receipt of the July 2025 equitable share and conditional grant transfers, which form a significant portion of the municipality’s operational funding. These allocations were subsequently received following engagements with National Treasury and Provincial Treasury.

Management and Council have since intensified corrective measures, including strengthening compliance with repayment arrangements to Water Board, implementing stricter cost-containment measures, improving revenue protection and collection initiatives, and enforcing the Budget Funding Plan.

Based on these mitigating actions and the continued implementation of the Financial Recovery Plan, the Accounting Officer and Council are of the view that the municipality is able to continue as a going concern. Accordingly, the annual financial statements have been prepared on that basis.

57. Unauthorised expenditure

Opening balance as previously reported	1,162,695,174	458,656,775
Add: Unauthorised expenditure - current	888,880,321	911,136,361
Add: Unauthorised expenditure - prior period	-	251,558,813
Less: Amount authorised - prior period	(1,601,862,687)	(458,656,775)
Closing balance	**449,712,808**	**1,162,695,174**

57. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

	2025	2024
Civil and Engineering	-	(353,363,702)
Community services	(310,112,628)	(24,350,748)
Energy operation and mechanical workshop	-	(314,426,015)
Finance services	(386,164,848)	(218,820,257)
Executive and Council	-	(175,639)
Planning and Development	(191,610,989)	-
Corporate	(991,856)	-
	(888,880,321)	**(911,136,361)**

In accordance with the Municipal Finance Management Act (MFMA) and related regulations, all instances of unauthorised, irregular, fruitless, and wasteful expenditure identified during the financial year were compiled on a quarterly basis. These reports were duly submitted to Council for consideration. Council, in turn, referred the matters to the Municipal Public Accounts Committee (MPAC) for further investigation and recommendations in line with its oversight mandate.

Comment:	-
The over expenditure incurred by the municipal department during the year is attributable to the following catergories	2025
Cash Items	-56,235,402.00
Non- cash Items	-832,644,919.00
Total	**-888,880,321.00**

58. Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	295,679,983	327,828,096
Add: Fruitless and wasteful expenditure identified - current	250,199,884	295,679,983
Less: Amount written off - prior period	(295,679,983)	(327,828,096)
Closing balance	**250,199,884**	**295,679,983**

In accordance with the Municipal Finance Management Act (MFMA) and related regulations, all instances of unauthorised, irregular, fruitless, and wasteful expenditure identified during the financial year were compiled on a quarterly basis. These reports were duly submitted to Council for consideration. Council, in turn, referred the matters to the Municipal Public Accounts Committee (MPAC) for further investigation and recommendations in line with its oversight mandate.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest and penalties	Reported to MPAC	249,941,204	295,679,983

59. Irregular expenditure

	2025	2024
Opening balance as previously reported	209,263,313	141,293,283
Add: Irregular expenditure - current	83,432,032	157,922,534
Irregular expenditure as per the narrative below	-	51,340,779
Less: Amount written off - current	(157,992,534)	(141,293,283)
Closing balance	**134,702,811**	**209,263,313**

Irregular expenditure amount was restated due to the municipality doing the IE investigation for prior financial years and identify an amount of R51 340 779 that was not disclosed as irregular expenditure in the prior years but should have been included in the irregular expenditure register.

In according with the Municipal Finance Management Act (MFMA) and related regulations, all instances of unauthorized, irregular, fruitless, and wasteful expenditure identified during the financial year were compiled on a quarterly basis. These reports were duly submitted to Council for consideration. Council, in turn, referred the matters to the Municipal Public Account Committee (MPAC) for further investigation and recommendations in line with its oversight mandate.

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Current year subscription / fee	346,502	320,023
Amount paid - current year	(346,502)	(320,023)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Audit fees

Opening balance	1,690,876	1,069,150
Current year subscription / fee	11,499,786	9,867,292
Amount paid - current year	(13,075,279)	(9,245,566)
	115,383	**1,690,876**

PAYE and UIF

Current year subscription / fee	130,688,381	114,987,231
Amount paid - current year	(130,688,381)	(114,987,231)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	215,443,741	176,347,379
Amount paid - current year	(215,443,741)	(176,347,379)
	-	-

VAT

VAT output payables and VAT input receivables are shown in note 10 and 17 .

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Councillors' arrear consumer accounts

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

June 30, 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Duma MP	7,668	76,666	84,334
Kubheka AM	2,464	44,375	46,839
Mabizela TM	2,700	2,097	4,797
Magagamela FF	3,662	1,787	5,449
Mahlangu MJ	1,487	-	1,487
Maluka J	1,085	-	1,085
Maseko BS	119,730	7,610	127,340
Masina NA	6,645	-	6,645
Masiteng SM	4,193	43,965	48,158
Masiteng SM	1,161	-	1,161
Mofokeng TS	4,996	-	4,996
Mpatlanyane PM	7,627	3,038	10,665
Mpatlanyana PM	1,570	-	1,570
Mthembu BE	2,587	-	2,587
Mtshali PD	3,931	-	3,931
Ndwanyaza BL	6,593	16,630	23,223
Ngweenya NM	3,849	1,542	5,391
Nkabinde ME	4,705	-	4,705
Nkwanyana AL	1,185	-	1,185
Nsibande ME	3,079	-	3,079
Sehlalo MS	4,116	88,004	92,120
Sierana MR	13,293	96,507	109,800
Thukwane KS	5,337	45,930	51,267
Ziwele L	24,623	6,183	30,806
Zuma NG &SG	9,193	71,545	80,738
	247,479	**505,879**	**753,358**

June 30, 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sehlalo MS	5,706	90,518	96,224
Siera MR&N	11,349	77,621	88,970
Thukwane KS	5,007	60,430	65,437
Lubheka AM	6,531	35,014	41,545
Maluka J	4,684	21,799	26,483
Magagamela FF	12,848	5,125	17,973
Nkuna MM	4,160	6,346	10,506
Mofokeng TS	6,995	1,200	8,195
Vilakazi P	3,646	4,208	7,854
Nkwanyana AL	7,848	-	7,848
Makhado TC	5,261	-	5,261
Mabizela TM	1,397	1,824	3,221
Masiteng SM	3,082	-	3,082
Maseko MA	1,119	272	1,391
Nkabunde ER	190	-	190
Masinga AMP	136	-	136
Mtshali PD	81	-	81
Mthembu AP	66	-	66
Sindelo S	65	-	65

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

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

	80,171	**304,357**	**384,528**

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

June 30, 2025	Highest outstanding amount	Aging (in days)
Sierana MR	96,507	120
Sehlalo MS	88,004	120
Duma MP	76,666	120
Zuma NG & SG	71,545	120
Thukwane KS	45,930	120
Kubheka AM	44,375	120
Masiteng SM	43,965	120
Ndwanyaza BL	16,630	120
Maseko BS	7,610	120
Ziwele L	6,183	120
Mpatlanyane PM	3,038	120
Mabizela TM	2,097	120
Magagamela FF	1,787	120
Ngwenya NM	1,542	120
	505,879	**1,680**

June 30, 2024	Highest outstanding amount	Aging (in days)
Sehlalo MS	90,518	120
Sieran MR&N	77,620	120
Thukwane KS	60,429	120
Kubheka AM	35,014	120
Maluka J	21,799	120
Nkuna MM	6,346	120
Magagamela FF	5,125	120
Vilakazi P	4,208	120
Mabizela TM	1,824	120
Mofokeng TS	1,200	120
Maseko MA	272	120
	304,355	**1,320**

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.

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

The municipality did not incurre any deviations in the year under review.

Incident		
Sole service provider	-	137,684
Impractical to obtain three quotations (Strip and quotes)	-	38,180
	-	**175,864**

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

SCM Regulation 45

	2025	2024
Vuma konke hiring	35,328	1,820,487
Dota 72 Trading	172,500	172,500
Kham Lee Services	2,120,000	-
	2,327,828	**1,992,987**

Company name	Employee name	Relationship	Institution	Amount	Total
Vuma Konke	Busiwe Mathebula	Spouse	Govan Mbeki Municipal	35,328	35,328
Dota 72 Trading	Evelyn Katlego Mamphitha	Spouse	Govan Mbeki Municipality	172,500	172,500
Kham Lee Services	Lindi Masina	Spouse	Provincial Legislator	2,120,000	2,120,000
	-	-	-	**2,327,828**	**2,327,828**

61. VAT Receivable - SARS

	2025	2024
VAT Receivable - SARS	-	2,538,279

VAT charged and receivable from SARS becomes a deemed debt owed by SARS to the municipality and creates a debtor-creditor relationship.

62. VAT Payable - SARS

	2025	2024
VAT Payable - SARS	10,140,440	-

VAT charged and payable to SARS becomes a deemed liability owed to SARS by the municipality and creates a debtor-creditor relationship.

63. Events after the reporting date

After the Annual Financial Statements (AFS) were submitted to the Auditor-General, the Accounting Officer became aware of developments relating to investigations previously referred to the Municipal Public Accounts Committee (MPAC). During the 2023/24 and 2024/25 financial years, Council resolved to refer several cases of unauthorised, irregular, fruitless and wasteful expenditure (UIFW) to MPAC for investigation.
MPAC finalised its report only in October 2025. The outcomes of the investigation relate to conditions that existed during the reporting period and therefore constitute an adjusting event. The municipality is required to amend the relevant amounts and disclosures in the AFS to reflect the final position as adopted by Council through the MPAC report.

The council made the following resolutions regarding UIFWexpenditure for the 2023/24 financial year:

- **Unauthorized Expenditure.**
  The council confirmed unauthorised expenditure amounting to R1,601,862,687 and resolved to write it off as irrecoverable.

63. Events after the reporting date (continued)

- **Irregular Expenditure.**
  The council confirmed irregular expenditure amount R157,992,534 and decided that this amount would also be written off as irrecoverable.
  Fruitless and wasteful Expenditure
  The council confirmed fruitless and wasteful expenditure amount R295,679,983 and decided that this amount would also be written off as irrecoverable.

64. Segment information

General information

Aggregated segments

The municipality operates throughout the Mpumalanga Province in three regions. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Govan Mbeki Municipality were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
The segment for Executive and Council Services	This segment consists of executive services and support services
The segment for Community and Social Services	The segment consists of all services for community and social development.
The segment for Road Transport Services	The segment consists of all services for providing road and storm water in the municipal
The segment for Energy Sources	This segment consists of all services for energy supply to the community
The segment for Waste Management	This segment of all consists of all services for the management of solid waste in the municipal
The segment for Waste Water Management	This segment consists of all services for management of sewer and sanitation
The segment for Public Safety	This segment consists of all services for public safety
The segment for Hosing	This segment consists of all services for Housing
The segment for Economic and Environment services	This segment consists of all services for economic and environmental services
The Finance for Finance and administration	The segment consists of services such as finance and administration
The segment for Internal Audit	This segment consists of internal audit services
The segment for Water Management	This segment consists of water management services
The segment for planning and development	This segment consists of planning and development services
The segment for sport and recreation	This segment consists of sport and recreation services.

64. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

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

Sum of TotalActual	Column Labels	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Row Labels	**Community and Social Services**	**Energy Sources**	**Environmental Protection**	**Executive and Council**	**Finance and Administration**	**Housing**	**Internal Audi**	**Planning and Development**	**Public Safety**	**Road Transpor**	**Sport and Recreation**	**Waste Management**	**Waste Water Management**	**Water Management**	**Grand Total**
Exchange Revenue	**-166,553,610.07**	**-1,107,782,634.14**	**-**	**-**	**44,468,702.27**	**-**	**-**	**,508,896.59**	**-1,726,924.30**	**-**	**-8,364.36**	**-157,344,813.32**	**61,188,977.26**	**-528,997,436.69**	**-2,081,642,954.46**
Service Charges	-	-868,847,820.38	-	-	-	-	-	-	-	-	-	-157,344,813.32	61,132,693.80	-528,616,449.45	-1,715,941,776.95
Rental from Fixed Assets	-670,553.91	-	-	-	-8,498,847.48	-	-	-	-	-	-8,364.36	-	-	-	-9,177,765.75
Fees Earned	-1,251,312.15	-3,794,851.96	-	-	-1,637,718.06	-	-	,508,896.59	-1,689,725.74	-	-	-	-56,283.46	-380,987.24	-11,319,775.20
Interest received (trading)	-	-235,139,961.80	-	-	-	-	-	-	-	-	-	-	-	-	-235,139,961.80
Interest received - Investment	-	-	-	-	-3,793,489.34	-	-	-	-	-	-	-	-	-	-3,793,489.34
Acturial gains	-	-	-	-	-10,864,149.00	-	-	-	-	-	-	-	-	-	-10,864,149.00
Gain on disposal	-847,006.00	-	-	-	-2,970,077.41	-	-	-	-	-	-	-	-	-	-3,817,083.41
Other Income	-	-	-	-	-5,324,174.81	-	-	-	-37,198.56	-	-	-	-	-	-5,361,373.37
Gains and Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustment	-163,784,738.01	-	-	-	77,557,158.37	-	-	-	-	-	-	-	-	-	-86,227,579.64
Non-exchange Revenue	**-3,216,768.10**	**-32,240,000.00**	**-**	**-**	**-905,934,335.46**	**-72,479.00**	**-283,690.70**	**,965,215.10**	**-29,718,041.00**	**-1,597,000.00**	**-**	**-17,200,784.90**	**13,049,846.78**	**-**	**-1,065,278,161.04**
Fines; Penalties and Forfeits	-16,768.10	-	-	-	-2,062,975.54	-	-	,748,000.00	-27,053,602.00	-	-	-	-	-	-30,881,345.64
Discounts and Early Settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-33,070,340.98	-	-	-	-	-	-	-	-	-	-33,070,340.98
Property Rates by Usage	-	-	-	-	-376,756,781.28	-	-	-	-	-	-	-	-	-	-376,756,781.28
Transfers and Subsidies	-	-32,240,000.00	-	-	-487,075,744.84	-72,479.00	-283,690.70	,217,215.10	-2,664,439.00	-1,597,000.00	-	-17,200,784.90	13,049,846.78	-	-614,401,200.32
Public contribution and donation	-3,200,000.00	-	-	-	-717,077.73	-	-	-	-	-	-	-	-	-	-3,917,077.73
Insurance Refund	-	-	-	-	-6,251,415.09	-	-	-	-	-	-	-	-	-	-6,251,415.09
Expenditure	**104,506,345.02**	**1,613,559,969.29**	**-**	**9,817,551.31**	**829,785,729.65**	**,104,019.03**	**4,158,759.96**	**,591,652.78**	**125,358,612.33**	**57,900,543.98**	**,190,692.18**	**136,832,610.67**	**41,501,653.33**	**707,648,422.09**	**3,880,130,418.82**
Bulk Purchases	-	1,148,645,645.49	-	-	-	-	-	-	-	-	-	-	-	-	1,148,645,645.49
Depreciation and Amortisation	727,051.03	62,846,274.23	-	-	51,846,413.67	-	-	-	-	289,674.91	,344,234.44	19,867.33	4,401,162.68	3,877,833.57	125,352,511.86
Employee Related Cost	83,311,912.55	68,564,221.07	-	9,870,241.05	176,749,864.93	,690,077.69	3,211,956.04	,309,455.94	108,451,522.04	40,367,771.56	,051,684.04	69,511,551.99	71,142,040.45	44,097,106.68	752,329,405.99
Finance cost	-	-	-	-	305,024,103.64	-	-	-	-	-	-	-	-	-	305,024,103.64
inventory consumed	7,688,268.01	76,857,145.11	-	472,420.43	2,111,944.88	24,332.69	-	93,061.87	1,260,682.30	5,618,406.70	,014,096.08	788,225.41	2,684,706.25	404,274,655.61	504,887,945.34

Notes to the Annual Financial Statements

Figures in Rand

64. Segment information (continued)

Bad Debts Written Off	-	42,739,695.59	-	-	60,010,825.68	-	-	-	94,246,529.24	-	-	43,869,830.20	2,855,053.80	184,741,427.08	428,463,361.59
Contracted services	66,598.00	104,264,503.78	-	-	124,157,398.29	161,000.00	375,033.15	936,864.61	-	-	26,584.00	24,837.12	32,267,669.24	-	262,280,488.19
Remuneration of Councillors	-	-	-	3,385,814.51	-	-	-	-	-	-	-	-	-	-	33,385,814.51
Fair value adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	-	-	-	-	39,530,740.96	-	-	-	-	-	-	-	-	-	39,530,740.96
Debt Impairment	-	40,703,171.04	-	-	-89,201.78	-	-	-	-84,671,592.42	-	-	3,465,681.86	-6,923,579.48	67,472,690.76	19,957,169.98
Asset Impairment	52,338.18	2,679,612.93	-	-	-	-	-	-	-	400,187.90	-	-	370,979.42	208,465.85	3,711,584.28
General expenses	5,536,596.34	62,030,170.30	-	6,089,075.32	70,252,557.86	228,608.65	571,770.77	,252,270.36	6,071,471.17	11,135,650.92	,754,093.62	19,152,616.76	34,703,620.97	2,672,411.30	244,624,771.58
Inventory loss	2,373,000.00	-	-	-	-6,877.25	-	-	-	-	-	-	-	-	-	2,366,122.75
Loss on disposal od assets	4,750,580.91	4,229,529.75	-	-	197,958.77	-	-	-	-	88,851.99	-	-	-	303,831.24	9,570,752.66
Deficit for the year	**-65,264,033.15**	**473,537,335.15**	**-**	**9,817,551.31**	**-31,679,903.54**	**,031,540.03**	**3,875,069.26**	**,882,458.91**	**93,913,647.03**	**56,303,543.98**	**,182,327.82**	**-37,712,987.55**	**32,737,170.71**	**178,650,985.40**	**733,209,303.32**
Sum of TotalActual	**Column Labels**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Row Labels	**Community and Social Services**	**Energy Sources**	**Environmental Protection**	**Executive and Council**	**Finance and Administration**	**Housing**	**Internal Auc**	**Planning and Development**	**Public Safety**	**Road Transport**	**Sport and Rec**	**Waste Managem**	**Waste Water Ma**	**Water Managemen**	**Grand Total**
Assets	**-675,146,989.22**	**2,252,137,584.76**	**-4,492,286.52**	**8,137,122.62**	**192,086,405.10**	**-1,151,238.30**	**61,367.80**	**7,653,855.97**	**24,900,141.53**	**83,487,531.40**	**,890,921.01**	**545,039,816.63**	**81,361,639.90**	**771,086,576.09**	**5,099,273,625.91**
Current Assets	**-21,918,264.31**	**2,680,973,171.43**	**-4,492,286.52**	**1,717,035.12**	**-1,247,228,447.30**	**-1,151,238.30**	**61,367.80**	**74,763,891.24**	**24,900,141.53**	**13,605,342.76**	**,799,701.70**	**381,548,769.04**	**95,970,355.33**	**61,344,704.75**	**1,875,927,349.51**
Cash and Cash Equivalents	-42,375,836.69	1,200,286,849.30	-3,922,161.52	1,129,223.44	-1,538,953,551.44	-740,834.66	700,905.44	54,236,295.75	-6,870,974.47	11,036,829.36	,146,292.88	302,632,490.08	65,501,218.02	173,042,692.14	49,822,935.39
Inventory	19,531,127.55	-295,873,380.42	-557,757.21	-937,620.76	448,904,161.25	-347,759.98	-1,689.75	-693,676.30	-1,314,435.15	-3,924,728.42	,661,158.55	-9,622,504.01	-11,695,499.42	-18,031,118.01	122,773,960.82
Receivables from Non-exchange Transactions	-	-683,140.05	-	-	108,742,082.92	-	-	2,992,745.38	32,236,538.75	-	-	490,413.59	-	-48,987.76	143,729,652.83
Receivables from exchange Transactions	548,378.90	1,165,135,042.48	-	-	-496,551,016.25	-62,400.91	-	-967,469.08	2,300.00	-	-	87,853,397.96	38,838,812.11	-167,309,736.16	627,487,309.05
Other receivables	-	-	-	-	97,739,563.64	-	-	-	-	-	-	-	-	-	97,739,563.64
VAT Receivables	378,065.93	612,107,800.12	-12,367.79	349,809.08	132,890,312.58	-242.75	41,227.39	9,195,995.49	846,712.40	1,356,215.02	7,749.73	194,971.42	3,325,824.62	73,691,854.54	834,373,927.78
Non-current Assets	**-653,228,724.91**	**-428,835,586.67**	**-**	**3,579,912.50**	**1,439,314,852.40**	**-**	**-**	**12,889,964.73**	**-**	**97,092,874.16**	**,091,219.31**	**163,491,047.59**	**85,391,284.57**	**709,741,871.34**	**3,223,346,276.40**
Heritage Assets	5,430,550.06	-	-	-	-	-	-	-	-	-	-	-	-	-	5,430,550.06
Investment Property	98,013,000.00	-	-	-	1,275,110,100.00	-	-	-	-	-	-	-	-	-	1,373,123,100.00
Other financial assets	-	-	-	-	1,209,581.58	-	-	-	-	-	-	-	-	-	1,209,581.58
Property; Plant and Equipment	-756,672,274.97	-428,835,586.67	-	3,579,912.50	162,834,363.18	-	-	12,889,964.73	-	97,092,874.16	,091,219.31	163,491,047.59	85,391,284.57	709,741,871.34	1,843,422,237.12
Intangible Assets	-	-	-	-	160,807.64	-	-	-	-	-	-	-	-	-	160,807.64
Current Liabilities	**-181,875.05**	**-3,675,544,891.22**	**-8,771,198.23**	**82,946.04**	**-1,957,158,686.84**	**-1,624,941.85**	**113,502.99**	**51,631,071.53**	**259,061.71**	**6,468,713.44**	**685,657.60**	**-84,430,155.26**	**130,971,607.62**	**-871,591,996.05**	**-6,571,034,398.81**
Consumer Deposits	587,459.00	-11,259,556.41	-	-	-2,035,711.11	-1,797,220.76	-	-89,870.33	-350.00	-	-	264,489.65	229,001.62	-20,612,906.26	-34,714,664.60
Employee Benefit Obligations	-	-	-	-	-3,969,000.00	-	-	-	-	-	-	-	-	-	-3,969,000.00
Financial Lease obligation	-	-	-	-	-3,611,868.20	-	-	-	-	-	-	-	-	-	-3,611,868.20
Trade payables from non-exchange	-	-	-	-	-27,087,120.23	-	-	-	-	-	-	-	-	-	-27,087,120.23

Notes to the Annual Financial Statements

Figures in Rand

64. Segment information (continued)

Unspent conditional grants and receipts	-	4,818,425.02	0.40	-	-454,699.70	-92,528.63	283,690.70	8,043,349.52	-	144,730.65	362,076.61	17,200,784.90	-25,352,672.28	-10,315,875.98	-5,362,718.79
Provision	-	-	-	-	-2,610,672.00	-	-	-	-	-	-	-44,104,646.00	-	-	-46,715,318.00
Advance Payments	-	-765,172.72	-	-	-58,354,735.78	-	-	-	-	-	-	-	-	-	-59,119,908.50
Long-service Awards	-	-	-	-	-5,324,000.00	-	-	-	-	-	-	-	-	-	-5,324,000.00
Municipal debt relief liability	-	-2,482,326,084.00	-	-	-	-	-	-	-	-	-	-	-	-	-2,482,326,084.00
Trade and Other Payable Exchange Transactions	-4,273,309.08	-1,006,860,675.34	-4,912,902.64	-1,714,514.42	-1,847,191,279.42	681.00	312,190.52	93,319,290.19	-1,053,839.75	-7,924,342.47	-283,867.51	68,540,515.16	-17,900,801.43	-672,131,302.99	-3,402,698,539.22
VAT Payable	-27,690.12	-77,264,122.05	-	-	-134,724,386.50	244,927.79	-	-173,226.73	-	-	-	-74,885,795.09	-73,508,732.04	-129,625,712.33	-489,964,737.07
VAT payables SARS	3,531,665.15	-101,887,705.72	-3,858,295.99	1,797,460.46	128,204,786.10	19,198.75	142,002.81	50,531,528.88	1,313,251.46	14,248,325.26	607,448.50	-51,445,503.88	-14,438,403.49	-38,906,198.49	-10,140,440.20
Non-current Liabilities	**-**	**-912,642,462.00**	**-**	**-**	**-163,184,535.03**	**-**	**-**	**-**	**-**	**-**	**-**	**282,815,626.00**	**-**	**-**	**-1,358,642,623.03**
Employee Benefit Obligations	-	-	-	-	-44,428,000.00	-	-	-	-	-	-	-	-	-	-44,428,000.00
Finance lease obligation	-	-	-	-	-396,776.03	-	-	-	-	-	-	-	-	-	-396,776.03
Provision	-	-	-	-	-81,333,759.00	-	-	-	-	-	-	282,815,626.00	-	-	-364,149,385.00
Long-service Awards	-	-	-	-	-37,026,000.00	-	-	-	-	-	-	-	-	-	-37,026,000.00
Municipal debt relief liability	-	-912,642,462.00	-	-	-	-	-	-	-	-	-	-	-	-	-912,642,462.00
Total Liabilities	**-181,875.05**	**-4,588,187,353.22**	**-8,771,198.23**	**82,946.04**	**-2,120,343,221.87**	**-1,624,941.85**	**113,502.99**	**51,631,071.53**	**259,061.71**	**6,468,713.44**	**685,657.60**	**367,245,781.26**	**130,971,607.62**	**-871,591,996.05**	**-7,929,677,021.84**
Total Net Assets	**-675,328,864.27**	**-2,336,049,768.46**	**3,263,484.75**	**38,054,176.58**	**-1,928,256,816.77**	**-2,776,180.15**	**547,864.81**	**39,284,927.50**	**25,159,203.24**	**89,956,244.84**	**5,205,263.41**	**177,794,035.37**	**50,390,032.28**	**-100,505,419.96**	**-2,830,403,395.93**
Accumulated Surplus/(Deficit)	**-675,328,864.27**	**-2,336,049,768.46**	**3,263,484.75**	**38,054,176.58**	**-1,928,256,816.77**	**-2,776,180.15**	**547,864.81**	**39,284,927.50**	**25,159,203.24**	**89,956,244.84**	**5,205,263.41**	**177,794,035.37**	**50,390,032.28**	**-100,505,419.96**	**-2,830,403,395.93**