Siyathemba
LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

SIYATHEMBA LOCAL MUNICIPALITY

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SIYATHEMBA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

NATURE OF BUSINESS

Siyathemba Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Siyathemba Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyathemba Municipality includes the following areas:

Prieska
Niekerkshoop
Marydale
Copperton

MEMBERS OF THE COUNCIL

Mayor	*JA Phillips*
Speaker	*G Macdonald*
Councillor	*J Platvoet*
Councillor	*RJ Februarie*
Councillor	*WH Pieterse*
Councillor	*SBI Tieties*
Councillor	*LM Zenani*
Councillor	*S Saaiman*
Councillor	*W Pelster*
Councillor	*ME Nimmerhoudt*
Councillor	*SP Mooi*

MUNICIPAL MANAGER

TI van Staden

CHIEF FINANCIAL OFFICER

HH Meiring

REGISTERED OFFICE

Victoria Street	*P.O. Box 16*
Prieska	*Prieska*
8940	*8940*

GRADING

Grade 2
Medium Capacity

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA Bank, Prieska

ATTORNEYS

Zisiwe Attorneys
Van Heerden Fourie Attorneys Inc
Pixley Ka Seme District Municipality

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Intergovernmental Relations Framework Act 13 of 2005
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Fiscal Powers and Functions Act No. 12 of 2007
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Structures Amendment Act Act 3 of 2021
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

SIYATHEMBA LOCAL MUNICIPALITY

MEMBERS OF THE SIYATHEMBA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	*J Platvoet*
2	*RJ Februarie*
3	*WH Pieterse*
4	*SBI Tieties*
5	*LM Zenani*
6	*G Macdonald*
Proportional	*S Saaiman*
Proportional	*W Pelster*
Proportional	*JA Phillips*
Proportional	*ME Nimmerhoudt*
Proportional	*SP Mooi*

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 JUNE 2025, which are set out on pages 1 to 114 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2026 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

TI Van Staden **Date**

Municipal Manager

SIYATHEMBA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
ASSETS			
Non-Current Assets		**635 569 566**	**621 020 317**
Property, Plant and Equipment	**2**	458 991 216	465 501 703
Investment Property	**3**	175 060 622	153 957 916
Intangible Assets	**4**	36 592	38 653
Heritage Assets	**5**	1 474 250	1 514 350
Operating Lease Asset	**11**	6 886	7 695
Current Assets		**79 567 069**	**65 196 282**
Inventory	**7**	966 983	762 483
Trade Receivables from exchange transactions	**8**	18 699 866	15 735 524
Other Receivables from non-exchange transactions	**9**	22 357 050	13 640 984
Operating Lease Asset	**11**	809	127
VAT Receivable from exchange transactions	**12**	36 658 725	27 612 773
Cash and Cash Equivalents	**13**	883 637	7 444 392
Total Assets		**715 136 635**	**686 216 599**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**35 287 391**	**29 178 381**
Long-term Liabilities	**14**	494 568	593 360
Employee benefits	**15**	18 753 400	16 636 500
Non-Current Provisions	**16**	16 039 423	11 948 521
Current Liabilities		**342 847 795**	**281 567 255**
Consumer Deposits	**17**	1 317 774	1 202 897
Current Employee benefits	**18**	8 245 605	8 326 040
Payables From Exchange Transactions	**20**	332 292 925	262 951 884
Unspent Conditional Government Grants and Receipts	**21**	210 979	8 405 325
Current Portion of Long-term Liabilities	**14**	780 512	681 110
Total Liabilities		**378 135 186**	**310 745 636**
Net Assets		**337 001 448**	**375 470 963**
Accumulated Surplus		337 001 448	375 470 963
Total Net Assets and Liabilities		**715 136 635**	**686 216 599**

SIYATHEMBA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 (Actual) R	2024 (Restated) R	Correction of error R	2024 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**104 124 328**	**114 142 545**	**(305 100)**	**114 447 644**
Taxation Revenue		**27 490 321**	**32 544 140**	11 399	**32 532 740**
Property rates	**22**	27 490 321	32 544 140	11 399	32 532 740
Transfer Revenue		**68 777 081**	**74 751 200**	(316 499)	**75 067 699**
Government Grants and Subsidies - Capital	**23**	13 417 000	21 670 092	(316 499)	21 986 591
Government Grants and Subsidies - Operating	**23**	54 296 599	50 658 375	-	50 658 375
Public Contributions and Donations	**24**	1 063 482	2 422 734	-	2 422 734
Other Revenue		**7 856 926**	**6 847 205**	**-**	**6 847 205**
Fines		1 540	26 502	-	26 502
Actuarial Gains	**15**	-	1 107 168	-	1 107 168
Interest Earned - outstanding debtors	**27**	7 855 386	5 713 535	-	5 713 535
Revenue from Exchange Transactions		**76 586 793**	**54 970 415**	(201 946)	**55 172 361**
Service Charges	**25**	51 737 513	47 381 641	(201 946)	47 583 586
Rental of Facilities and Equipment	**28**	1 574 164	1 014 820	-	1 014 820
Interest Earned - external investments		748 286	535 701	-	535 701
Interest Earned - outstanding debtors	**27**	21 353 114	-	-	-
Licence and Permits		-	-	-	-
Agency Services		680 888	707 056	-	707 056
Other Revenue	**26**	492 830	5 331 198	-	5 331 198
Total Revenue		**180 711 122**	**169 112 960**	**(507 045)**	**169 620 006**
EXPENDITURE					
Employee related costs	**29**	59 790 531	59 844 216	-	59 844 216
Remuneration of Councillors	**30**	4 555 254	4 433 954	-	4 433 954
Bad Debts Written Off	**31**	1 065 008	277 086	-	277 086
Depreciation and Amortisation	**35**	22 336 964	26 576 281	-	26 576 281
Repairs and Maintenance		5 797 510	5 105 429	-	5 105 429
Actuarial losses	**15**	721 300	-	-	-
Finance Charges	**33**	30 886 874	25 010 693	-	25 010 693
Bulk Purchases	**34**	37 411 710	36 438 693	-	36 438 693
Stock Adjustments	**34**	320 615	151 730	-	151 730
General Expenses	**36**	32 712 714	29 122 342	-	29 122 342
Total Expenditure		**195 598 481**	**186 960 424**	**-**	**186 960 424**
Operating Surplus/(Deficit) for the Year		**(14 887 359)**	**(17 847 464)**	**(507 045)**	**(17 340 418)**
Debt Impairment on Receivables	**32**	(44 258 672)	(30 623 981)	-	(30 623 981)
Gains/(Loss) on disposal of Property, Plant and Equipment	**2**	(386 088)	-	-	-
Gains/(Loss) on disposal of Heritage Assets	**5**	(40 100)	-	-	-
Profit/(Loss) on Fair Value Adjustments	**3**	21 102 706	(11 451)	-	**(11 451)**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(38 469 513)**	**(48 482 896)**	**(507 045)**	**(47 975 850)**

SIYATHEMBA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 JULY 2023		**410 530 106**	**410 530 106**
Correction of error	37.07	13 423 753	13 423 753
Restated Balance at 1 JULY 2023		**423 953 859**	**423 953 859**
Net Surplus for the year		(47 975 850)	(47 975 850)
Correction of error	37.08	(507 045)	(507 045)
Restated Balance at 1 JULY 2024		**375 470 963**	**375 470 963**
Net (Deficit) for the year		(38 469 513)	(38 469 513)
Balance at 30 JUNE 2025		**337 001 450**	**337 001 450**

SIYATHEMBA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges		17 581 356	17 234 643
Service charges		17 285 361	23 128 309
Other revenue		2 749 421	502 567
Government - operating		54 202 254	45 622 345
Government - capital		5 317 001	31 578 997
Interest		2 986 305	6 249 236
Payments			
Suppliers and employees		(65 324 427)	(75 923 160)
Finance charges		(27 517 107)	(20 947 518)
Net Cash from Operating Activities	**38**	**7 280 164**	**27 445 420**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**2**	(12 491 951)	(19 774 710)
Purchase of Intangible Assets	**4**	(15 000)	(7 139)
Net Cash from Investing Activities		**(12 506 951)**	**(19 781 849)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans (repaid)		(1 448 849)	(492 998)
(Increase)/Decrease in Long-term Receivables		-	(43)
Increase/(Decrease) in Consumer Deposits		114 878	66 967
Net Cash from Financing Activities		**(1 333 971)**	**(426 068)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6 560 758)**	**7 237 503**
Cash and Cash Equivalents at the beginning of the year		7 444 392	206 895
Cash and Cash Equivalents at the end of the year	**39**	883 637	7 444 392
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6 560 754)**	**7 237 497**

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash and cash equivalents	883 637	30 086 293	(29 202 656)	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Trade and other receivables from exchange transactions	18 699 866	16 587 059	2 112 807	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Receivables from non-exchange transactions	22 357 859	6 899 486	15 458 373	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Inventory	966 983	1 567 769	(600 786)	Budgeted for increase in stores at year end however due to cost containment then consumables were kept at a minimum
VAT	36 658 725	33 589 797	3 068 928	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Total current assets	79 567 069	88 730 404	-9 163 335	
Non current assets				
Investment property	175 060 622	153 140 067	21 920 555	New Valuation roll was completed for implimentation for 2025/2026 year. These figures was used and in increased bassed on
Property, plant and equipment	458 991 216	484 070 944	(25 079 728)	Reduced grant funding and reduced grant spending resulting in overall decrease in assets
Intangible Assets	36 592	34 600	1 992	
Heritage Assets	1 474 250	1 514 350	(40 100)	
Other non-current assets	6 886	4 334	2 552	Rental contracts still in the process of being finalised - new agreements to be signed
Total non current assets	635 569 566	638 764 295	(3 194 729)	
TOTAL ASSETS	715 136 635	727 494 699	(12 358 064)	
LIABILITIES				
Current liabilities				
Financial liabilities	780 512	473 954	306 558	Budgeted for under long-term financial liabilities line item
Consumer deposits	1 317 774	1 174 207	143 567	Increase in consumer deposits - more new connections than expected
Trade and other payables from exchange transactions	332 503 904	257 521 701	74 982 203	Decrease in payments made to Eskom - resulting in an increase in outstanding payables
Provision	8 245 605	8 359 614	(114 009)	Normal adjustment as per Landfillsite provision report - non-cash adjusting
VAT	-	1 850 007	(1 850 007)	
Total current liabilities	342 847 795	269 379 483	73 468 312	
Non current liabilities				
Financial liabilities	494 568	1 719 407	(1 224 839)	Budgeted for increase in finance leases however did not materialise before year end.
Provision	34 792 823	35 723 430	(930 607)	Normal adjustment as per Landfillsite provision report - non-cash adjusting
Other non-current liabilities	-	15 358 000	(15 358 000)	The municipality Budgeted for the financing for the pruchase of vehicles, but never finalised the procurement process
Total non current liabilities	35 287 391	52 800 837	(17 513 446)	
TOTAL LIABILITIES	378 135 186	322 180 320	55 954 866	
NET ASSETS	337 001 449	405 314 379	(68 312 930)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	337 001 448	400 679 136	(63 677 688)	
TOTAL COMMUNITY WEALTH/EQUITY	337 001 448	400 679 136	(63 677 688)	

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Approved Budget)	2025 R (Adjustments)	2025 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash and cash equivalents	31 800 139	(1 713 846)	30 086 293	Changes due to the improvement of debt collection
Trade and other receivables from exchange transactions	15 375 057	-	15 375 057	
Receivables from non-exchange transactions	6 899 485	1	6 899 486	
Inventory	1 567 769	-	1 567 769	
VAT	33 589 797	-	33 589 797	
Other current assets	1 212 002	-	1 212 002	
Total current assets	90 444 249	(1 713 845)	88 730 404	
Non current assets				
Investment property	153 140 067	-	153 140 067	
Property, plant and equipment	484 070 943	1	484 070 944	
Intangible Assets	34 600	-	34 600	
Heritage Assets	1 514 350	-	1 514 350	
Other non-current assets	4 334	-	4 334	
Total non current assets	638 764 294	1	638 764 295	
TOTAL ASSETS	729 208 543	(1 713 844)	727 494 699	
LIABILITIES				
Current liabilities				
Financial liabilities	473 954	-	473 954	
Consumer deposits	1 174 207	-	1 174 207	
Trade and other payables from exchange transactions	257 521 699	2	257 521 701	
Provision	8 359 614	-	8 359 614	
VAT	1 850 007	-	1 850 007	
Total current liabilities	269 379 481	2	269 379 483	
Non current liabilities				
Financial liabilities	1 719 407	-	1 719 407	
Provision	35 723 431	(1)	35 723 430	
Other non-current liabilities	15 358 000	-	15 358 000	
Total non current liabilities	52 800 838	(1)	52 800 837	
TOTAL LIABILITIES	322 180 319	1	322 180 320	
NET ASSETS	407 028 224	(1 713 845)	405 314 379	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	400 679 135	1	400 679 136	
TOTAL COMMUNITY WEALTH/EQUITY	400 679 135	1	400 679 136	

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Exchange Revenue				
Service charges - Electricity	21 926 955	24 104 000	(2 177 045)	Increase in the number of household that went off-grid increased
Service charges - Water	16 345 372	17 753 197	(1 407 825)	Due to loadshedding and distribution losses. Hence the decrease in the overall sales.
Service charges - Waste Water Management	9 311 313	9 072 196	239 117	Variance Immeterial
Service charges - Waste Management	4 153 873	4 120 087	33 786	Variance Immeterial
Sale of Goods and Rendering of Services	-	488 420	(488 420)	The municipality planned to sell old obsoliete assets as scrap, but this never materialised
Agency services	680 888	578 398	102 490	The municipality did not anticipate a larger number of customers to visit the Traffic Offices during the budget
Interest earned from Receivables	-	20 767 520	(20 767 520)	The increase in debtors figure caused the increase in budgeted amount for Interest earned from Receivables. The Municipality also started charging interest during 2024/2025 financial period.
Interest earned from Current and Non Current Assets	748 286	527 990	220 296	Municipality under budgeted for interest
Rental from Fixed Assets	1 574 164	2 302 000	(727 836)	Budget for increase rental on WHBO building which did not materialize
Operational Revenue	492 830	2 663 504	(2 170 674)	The municipality planned to lease out economical properties, but this did not realise
Non-Exchange Revenue				
Property rates	27 490 321	34 484 705	(6 994 384)	Changes in classification of Government properties not part of budget
Fines, penalties and forfeits	1 540	6 168	(4 628)	
Transfer and subsidies - Operational	55 360 081	53 779 100	1 580 981	Dora spending
Interest	7 855 386	6 167 074	1 688 312	Increase in outstanding debtors and lower collection rates on debtors as originally budgeted for
Operational Revenue	-	-	-	
Other Gains	21 102 706	-	21 102 706	Did not budget for fair value adjustment
Total Operating Revenue	167 043 714	176 814 359	(9 770 645)	
EXPENDITURE BY TYPE				
Employee related costs	59 790 531	62 282 366	(2 491 835)	Budgeted for extra positions which did not materialize during the year under review
Remuneration of councillors	4 555 254	5 638 220	(1 082 966)	During the compilation of the AFS management realised that the staff componant of the Political Office were included in the budget
Bulk purchases - electricity	37 732 325	42 229 413	(4 497 088)	Increase in eskom rates
Inventory consumed	3 394 696	5 835 954	(2 441 258)	Municipality incorrectly budgeted inventory consumed under contracted services
Debt impairment	44 258 672	21 079 071	23 179 601	Budgeted for a increased debt collection and lower provision which did not materialize
Depreciation and amortisation	22 336 964	21 368 267	968 697	Increased project unbundling not originally budeget for
Interest	30 886 874	3 671 252	27 215 622	Cannot budget for Finance charges as this is an fruitless line item - majority interest relates to outstanding Eskom account
Contracted services	5 797 510	14 530 936	(8 733 426)	Municipality incorrectly budgeted operationcost under contracted sercives
Irrecoverable debts written off	1 065 008	889 705	175 303	Budgeted for increase in debt collection however debtors collectiablity fairly constant
Operational costs	29 318 019	15 028 843	14 289 176	Municipality incorrectly budgeted operationcost under contracted sercives
Losses on disposal of Assets	386 088	-	386 088	Municipality did noy budget for Disposal of Assets
Other Losses	721 300	-	721 300	Did not budget for actuarial losses
Total Expenditure	240 243 241	192 554 027	47 689 214	
Surplus/(Deficit)	(73 199 527)	(15 739 668)	(57 459 859)	
Transfers and subsidies - capital (monetary allocations)	13 417 000	20 710 000	(7 293 000)	
Surplus/(Deficit) for the year	(59 782 527)	4 970 332	(64 752 859)	

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Approved Budget)	2025 R (Adjustments)	2025 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Exchange Revenue				
Service charges - Electricity	26 124 342	(2 020 342)	24 104 000	Increase in the number of household that went off-grid increased
Service charges - Water	19 753 197	(2 000 000)	17 753 197	During the pereperation of the Budget, the municipality budgeted for more plots to be serviced
Service charges - Waste Water Management	7 783 853	1 288 343	9 072 196	During the pereperation of the Budget, the municipality budgeted for more plots to be serviced
Service charges - Waste Management	3 525 973	594 114	4 120 087	During the pereperation of the Budget, the municipality budgeted for more plots to be serviced
Sale of Goods and Rendering of Services	488 420	-	488 420	
Agency services	578 398	-	578 398	
Interest earned from Receivables	16 957 836	3 809 684	20 767 520	The increase in debtors figure caused the increase.
Interest earned from Current and Non Current Assets	240 000	287 990	527 990	Municipality anticipated more interest, bassed on cahs flow and slow spending on grants
Rental from Fixed Assets	14 302 372	(12 000 372)	2 302 000	The procurement process was never started for the leavse of the property
Operational Revenue	1 500 437	1 163 067	2 663 504	Budget for increase rental on WHBO building which did not materialize.
Non-Exchange Revenue				
Property rates	32 533 583	1 951 122	34 484 705	During the pereperation of the Budget, the municipality budgeted for more plots to be serviced
Fines, penalties and forfeits	6 168	-	6 168	
Transfer and subsidies - Operational	53 779 100	-	53 779 100	
Interest	3 855 075	2 311 999	6 167 074	The increase in debtors figure caused the increase.
Total Revenue (excluding capital transfers and contributions)	181 428 754	(4 614 395)	176 814 359	
EXPENDITURE BY TYPE				
Employee related costs	65 726 942	(3 444 576)	62 282 366	The municipality did not fille positions budgeted for
Remuneration of councillors	4 604 130	1 034 090	5 638 220	During the compilation of the AFS management realised that the staff component of the Political Office were included in the budget.
Bulk purchases - electricity	38 542 326	3 687 087	42 229 413	During he preperation of the Adjustment budjet the municipality identified extra Eskom Accounts, that neede to be captured
Inventory consumed	7 333 995	(1 498 041)	5 835 954	The forcast of the invetory consumed required management to decrease the amount in the budget
Debt impairment	21 079 071	-	21 079 071	
Depreciation and amortisation	21 368 267	-	21 368 267	
Interest	3 671 252	-	3 671 252	
Contracted services	14 627 393	(96 457)	14 530 936	Increase in legal fees
Irrecoverable debts written off	889 703		889 705	
Operational costs	17 592 473	(2 563 630)	15 028 843	Increase internal audit fees
Total Expenditure	195 435 552	(2 881 527)	192 554 027	
Surplus/(Deficit)	(14 006 798)	(1 732 868)	(15 739 668)	
Transfers and subsidies - capital (monetary allocations)	20 710 000	-	20 710 000	
Surplus/(Deficit) for the year	6 703 202	(1 732 868)	4 970 332	

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	17 581 356	25 050 859	(7 469 503)	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Service charges	17 285 361	40 014 271	(22 728 910)	Budgeted for increase in debt collection however debtors collectability remained fairly constant
Other revenue	2 749 421	2 015 321	734 100	Budgeted for increase in debt collection however debtors collectability remained fairly constant
Transfers and Subsidies - Operational	54 202 254	53 779 000	423 254	Normal Dora changes
Transfers and Subsidies - Capital	5 317 001	20 709 999	(15 392 998)	Normal Dora changes
Interest	2 986 305	-	2 986 305	Budgeted for increase in debt collection however debtors collectiablity remained fairly constant
Payments				
Suppliers and employees	(65 324 427)	(96 252 258)	30 927 831	During the compilation of the final budget, the transfers and subsidies was included under suppliers and employees.
Interest	-	(3 671 255)	3 671 255	Interest is included under Suppliers and Employees
Transfers and Subsidies	(27 517 107)	-	(27 517 107)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	7 280 164	41 645 937	(34 365 773)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(12 506 951)	-	(12 506 951)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(12 506 951)	-	-12 506 951	
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	114 878	-	114 878	
Payments				
Repayment of borrowing	(1 448 849)	-	(1 448 849)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 333 972)	-	(1 333 972)	
NET INCREASE/(DECREASE) IN CASH HELD	-6 560 758	41 645 937	-48 206 695	
Cash and Cash Equivalents at the beginning of the year	7 444 392	41 838 944	(34 394 552)	
Cash and Cash Equivalents at the end of the year	883 637	83 484 877	(82 601 240)	

SIYATHEMBA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET

	2025 R (Approved Budget)	2025 R (Adjustments)	2025 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	25 050 859	-	25 050 859	
Service charges	44 034 271	(4 020 000)	40 014 271	Budgeted for increase in debt collection however debtors collectability remained fairly constant. Smart metres would have been implemented, but with the compilation of the final budget, it was still not implemented.
Other revenue	14 015 321	(12 000 000)	2 015 321	Budgeted for increase in debt collection however debtors collectability remained fairly constant. Smart metres would have been implemented, but with the compilation of the final budget, it was still not implemented.
Transfers and Subsidies - Operational	53 779 000	-	53 779 000	
Transfers and Subsidies - Capital	20 709 999	-	20 709 999	
Interest	-	-	-	
Payments				
Suppliers and employees	81 407 908	(177 660 166)	(96 252 258)	Increase in employee cost due to additional positions to be created
Interest	(3 671 255)	-	(3 671 255)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	235 326 103	-189 660 166	41 645 937	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	
Decrease (increase) in non-current investments	-	-	-	
Payments				
Capital assets	-	-	-	Grant funding changes as per adjustment schedule
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	
Borrowing long term/refinancing	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	
NET INCREASE/(DECREASE) IN CASH HELD	235 326 103	(189 660 166)	41 645 937	
Cash and Cash Equivalents at the beginning of the year	43 552 790	(1 713 846)	41 838 944	
Cash and Cash Equivalents at the end of the year	278 878 889	(195 394 012)	83 484 877	

SIYATHEMBA MUNICIPALITY

REPORTABLE SEGMENTS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2025

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - GOVERNANCE - COUNCIL	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	1.2 - MUNICIPAL MANAGER	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
Vote 2 - Community and social services	2.1 - LIBRARY'S	Aggregated to Community and Public Safety	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	2.2 - CEMETARY	Aggregated to Community and Public Safety	Community and Public Safety	
	2.3 - DISASTER MANAGEMENT	Aggregated to Community and Public Safety	Community and Public Safety	
Vote 3 - Finance and Administration	3.1 - BUDGET & TREASURY	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	3.2 - ASSESSMENT RATES	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	3.3 - CORPORATE SERVICES	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	3.4 - MUNICIPAL BUILDINGS & OFFICES	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	3.5 - TECHNICAL SERVICES ADMIN	Aggregated to Governance and Administration	Governance and Administration	Supporting service departments
	3.6 - AIRPORT	Aggregated to Community and Public Safety	Community and Public Safety	Supporting service departments
	3.7 - COMMONAGE	Aggregated to Community and Public Safety	Community and Public Safety	Supporting service departments
Vote 4 - Energy Sources	4.1 - ELECTRICITY DISTRIBUTION	Aggregated to Technical Services	Technical Services	Electricity services
Vote 5 - Public Safety	5.1 - FIRE BRIGADE	Aggregated to Community and Public Safety	Community and Public Safety	Disaster Management
Vote 6 - Road transport	6.1 - LICENCING & TRAFFIC	Aggregated to Community and Public Safety	Community and Public Safety	Water management, Electricity services and waste water management
	6.2 - PUBLIC WORKS	Aggregated to Technical Services	Technical Services	
	6.3 - MAIN ROADS	Aggregated to Technical Services	Technical Services	
Vote 7 - Sport and recreation	7.1 - PARKS & RECREATION	Aggregated to Community and Public Safety	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	7.2 - CAMPING AREAS	Aggregated to Community and Public Safety	Community and Public Safety	
Vote 8 - Waste Management	8.1 - CLEANSING SERVICES	Aggregated to Technical Services	Technical Services	Water management, Electricity services and waste water management
Vote 9 - Waste Water Management	9.1 - SEWERAGE SERVICES	Aggregated to Technical Services	Technical Services	
Vote 10 - Water Management	10.1 - WATER SERVICES	Aggregated to Technical Services	Technical Services	
Vote 11 - Health	11.1 - HEALTH	Aggregated to Community and Public Safety	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
Vote 12 - Housing	12.1 - HOUSING: EMPLOYEES SCHEME	Aggregated to Community and Public Safety	Community and Public Safety	
	12.2 - HOUSING SCHEME 1	Aggregated to Community and Public Safety	Community and Public Safety	

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

SIYATHEMBA LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Governance and Administration	Community and Public Safety	Technical Services	Town Planning	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	11 477 782	67 501	72 216 009	-	-	83 761 292
Service Charges - Electricity Revenue	-	-	21 926 955	-	-	21 926 955
Service Charges - Water Revenue	-	-	16 345 372	-	-	16 345 372
Service Charges - Sanitation Revenue	-	-	9 311 313	-	-	9 311 313
Service Charges - Refuse Revenue	-	-	4 153 873	-	-	4 153 873
Rental of Facilities and Equipment	1 536 818	10 757	26 589	-	-	1 574 164
Interest Earned - External Investments	748 286	-	-	-	-	748 286
Interest Earned - Outstanding Debtors	8 806 225	-	20 402 275	-	-	29 208 500
Licences and Permits	-	-	-	-	-	-
Other Revenue	386 453	56 744	49 633	-	-	492 830
External revenue from non-exchange transactions	56 858 047	8 499 428	52 695 061	-	-	118 052 536
Property rates	27 490 321	-	-	-	-	27 490 321
Fines	-	1 540	-	-	-	1 540
Licences and Permits	-	-	-	-	-	-
Agency Services	-	680 888	-	-	-	680 888
Transfers Recognised - Operational	28 304 244	7 817 000	31 592 355	-	-	67 713 599
Other Revenue	-	-	-	-	-	-
Profit/(Loss) on Fair Value Adjustments	-	-	21 102 706	-	-	21 102 706
Availability charges - Electricity	-	-	-	-	-	-
Availability charges - Water	-	-	-	-	-	-
Public Contributions and Donations	1 063 482	-	-	-	-	1 063 482
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	68 335 829	8 566 928	124 911 071	-	-	201 813 828
SEGMENT EXPENDITURE						
Employee Related Costs	18 883 136	8 689 612	32 217 783	-	-	59 790 531
Remuneration of Councillors	4 555 254	-	-	-	-	4 555 254
Bad debts written off	641 708	-	423 300			1 065 008
Debt Impairment	9 048 285	-	35 210 387	-	-	44 258 672
Asset Impairment	-	-	-			-
Depreciation and Asset Impairment	22 336 964	-	-	-	-	22 336 964
Lease Rentals on Operating lease	-	-	-			-
Finance Charges	29 566 607	-	1 320 267	-	-	30 886 874
Bulk Purchases	-	-	37 732 325	-	-	37 732 325
Other Materials	2 503 559	-	3 293 951	-	-	5 797 510
Contracted Services	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-
Actuarial losses	721 300	-	-			721 300
Other Expenditure	27 477 065	32 480	5 203 170	-	-	32 712 714
Loss on Disposal of PPE	426 188	-	-			426 188
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	116 160 066	8 722 092	115 401 182	-	-	240 283 341
Surplus/(Deficit)	(47 824 237)	(155 164)	9 509 888	-	-	(38 469 513)
Transfers Recognised - Capital	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) for the year	(47 824 237)	(155 164)	9 509 888	-	-	(38 469 513)

SIYATHEMBA MUNICIPALITY

REPORTABLE SEGMENTS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Governance and Administration	Community and Public Safety	Technical Services	Town Planning	Unallocated	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	715 136 635	715 136 635
Segment liabilities	-	-	-	-	378 135 186	378 135 186

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2025

Total Segment Revenue (including capital transfers and contributions)	201 813 828
Total Revenue as per Statement of Financial Performance	201 813 828
Difference	-
Reconciling items	
	-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2025

Total Segment Expenditure	240 283 341
Total Expenditure as per Statement of Financial Performance	240 283 341
Difference	-
Reconciling items	
Internal charges	-

Reconciliation of the Statement of Financial Performance as at 30 June 2025 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	(38 469 513)
Surplus/(Deficit) for the year as per Statement of Financial Performance	(38 469 513)
Difference - as explained above	-
Fair value movement on Investment property	-

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2025

Total Segment Assets	715 136 635
Total Assets as per Statement of Financial Position	715 136 635
Difference	-

Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2025

Total Segment Liabilities	378 135 186
Total Liabilities as per Statement of Financial Position	378 135 186
Difference	-

SIYATHEMBA LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Governance and Administration	Community and Public Safety	Technical Services	Town Planning	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	7 432 294	48 921	52 495 680	-	-	59 976 894
Service Charges - Electricity Revenue	-	-	21 231 122	-	-	21 231 122
Service Charges - Water Revenue	-	-	14 527 435	-	-	14 527 435
Service Charges - Sanitation Revenue	-	-	8 138 669	-	-	8 138 669
Service Charges - Refuse Revenue	-	-	3 484 415	-	-	3 484 415
Rental of Facilities and Equipment	905 055	-	109 765	-	-	1 014 820
Interest Earned - External Investments	535 701	-	-	-	-	535 701
Interest Earned - Outstanding Debtors	5 713 535	-	-	-	-	5 713 535
Other Revenue	278 004	48 921	5 004 274	-	-	5 331 198
External revenue from non-exchange transactions	62 601 343	2 386 756	44 147 966	-	-	109 136 066
Property rates	32 544 140	-	-	-	-	32 544 140
Fines	-	552	25 950	-	-	26 502
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	707 056	-	-	707 056
Acturial Gains	1 107 168	-	-			1 107 168
Transfers Recognised - Operational	26 527 302	2 386 204	43 414 960	-	-	72 328 467
Other Revenue	-	-	-	-	-	-
Public Contributions and Donations	2 422 734	-	-	-	-	2 422 734
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	70 033 637	2 435 677	96 643 646	-	-	169 112 960
SEGMENT EXPENDITURE						
Employee Related Costs	19 807 244	6 106 766	33 930 206	-	-	59 844 216
Remuneration of Councillors	4 433 954	-	-	-	-	4 433 954
Bad debts written off	22 900	-	254 187			277 086
Debt Impairment	12 786 705	-	17 837 276	-	-	30 623 981
Depreciation and Asset Impairment	26 576 281	-	-	-	-	26 576 281
Finance Charges	21 432 037	254 224	3 324 432	-	-	25 010 693
Bulk Purchases	-	-	36 590 423	-	-	36 590 423
Contracted Services	866 929	-	4 238 499	-	-	5 105 429
Other Expenditure	23 464 202	65 787	5 592 352	-	-	29 122 342
Profit/(Loss) on Fair Value Adjustments	-	-	11 451	-	-	11 451
Loss on Disposal of PPE	-	-	-	-	-	-
Total Segment Expenditure	109 390 253	6 426 777	101 778 826	-	-	217 595 856
Surplus/(Deficit)	(39 356 615)	(3 991 100)	(5 135 180)	-	-	(48 482 896)
Surplus/(Deficit) after Capital Transfers & Contributions	(39 356 615)	(3 991 100)	(5 135 180)	-	-	(48 482 896)
Surplus/(Deficit) for the year	(39 356 615)	(3 991 100)	(5 135 180)	-	-	(48 482 896)

SIYATHEMBA MUNICIPALITY

REPORTABLE SEGMENTS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	Governance and Administration	Community and Public Safety	Technical Services	Town Planning	Unallocated	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	686 216 599	686 216 599
Segment liabilities	-	-	-	-	310 745 636	310 745 636

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Revenue (including capital transfers and contributions)	169 112 960
Total Revenue as per Statement of Financial Performance	169 112 960
Difference	-
Reconciling items	
Fair value movement on Investment property	-

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Expenditure	217 595 856
Total Expenditure as per Statement of Financial Performance	217 595 856
Difference	-0
Reconciling items	

Reconciliation of the Statement of Financial Performance as at 30 June 2024 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	-48 482 896
Surplus/(Deficit) for the year as per Statement of Financial Performance	-48 482 896
Difference - as explained above	-

See the explanations for differences above under Revenue and Expenses.

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Assets	686 216 599
Total Assets as per Statement of Financial Position	686 216 599
Difference	-

Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Liabilities	310 745 636
Total Liabilities as per Statement of Financial Position	310 745 636
Difference	-

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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 the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP

These accounting policies are consistent with the previous period except where an exemption or transitional provision have been granted. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	**Heritage assets** There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2025
GRAP 1: Going concern	**Presentation of Financial statements: Going concern** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure. The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Improvement to GRAP standards (2023)	**Improvement to GRAP standards (2023)** The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown

GRAP 105, GRAP 106 and GRAP 107 (amendments)	**Transfer of Functions and Mergers** The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.	Unknown
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged
iGRAP 22	**Foreign Currency Transactions and Advanced Consideration** The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. Early adoption of the Interpretation is encouraged. No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.	1 April 2025

1.9 SIGNIFICANT JUDGEMENT AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Trade receivables

The municipality assesses its trade receivables at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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 addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is

available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate **or** net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

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

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

Investment Property

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

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

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, expected rates of return on assets, future salary increases, mortality rates and future pension increases. 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 16.

Effective interest rate

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

1.10 INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both land and buildings held under a finance lease) 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.

Property with a currently undetermined use is also classified as investment property.

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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.

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

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

For a transfer from inventory to investment property (operating lease), the municipality shall apply accounting policy for operating leases

The cost of self-constructed investment property is measured at cost.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Subsequent measurement – Fair Value Model

Subsequent to initial recognition, items of investment property is measured at fair value. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Management will evaluate and consider the latest supplementary valuation roll and current property market situation in order to determine if the prior financial year's fair value can be utilised or if the properties are to be valued at year end. Management will utilise the prior fair value obtained from recognised valuator when significant changes within the property market exists or is identified.

Compensation from third parties

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.

Operating leases

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11 PROPERTY, PLANT AND EQUIPMENT

Initial recognition:

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 following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

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 the acquisition date.

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. Any transaction cost incurred is recognised as part of the cost of the asset.

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.

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.

Subsequent measurement:

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management

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

Item	Depreciation method	Average useful life
Infrastructure: - Electricity network - Roads and storm water network - Sanitation network - Water network	Straight line	 2 - 45 years 2 - 100 years 3 - 46 years 2 - 58 years
Community: - Community facilities - Sport and recreational facilities	Straight line	 1 - 50 years 1 - 50 years
Other property, plant and equipment - Housing - Operational buildings - Emergency equipment - Furniture and fittings - Motor vehicles - Office equipment - Plant and equipment - Leased assets	Straight line	 1 - 50 years 1 - 50 years 1 - 5 years 1 – 14 years 1 - 11 years 1 - 14 years 1 - 14 years 2 - 9 years
Capitalised restoration cost	Straight line	1 – 22 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.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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

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.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The gain and loss is recognised in the surplus and deficit.

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 2).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 2).

1.12 INTANGIBLE ASSETS

Initial recognition:

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

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

Internally generated goodwill is not recognised as an intangible asset.

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement:

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 of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management.

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

Item	Useful life
Computer software, other	5 years

Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately.

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

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

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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 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.

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 5).

Initial 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.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance

Derecognition

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

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

1.14 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 uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

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

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.

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.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- 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:

Other financial assets	Financial asset measured at amortised cost
Operating lease asset	Financial asset measured at amortised cost
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Bank overdraft	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 initially at its fair value [if subsequently measured at fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

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.

Financial assets measured at cost:

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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

In this case, the entity;

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

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

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

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

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

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

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

Financial liabilities

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

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

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

Presentation

Interest 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.15 LEASES

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

Finance leases – lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

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.

The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee’s benefit from the use of the leased asset.

1.16 INVENTORIES

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably

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.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

The cost of inventories comprises of all costs of purchase, plus non-recoverable taxes, 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, distributed written- off or consumed, 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.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.17 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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.

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.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected

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

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.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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.

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.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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.

Reversal of impairment loss

The municipality assess 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.

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.

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.

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.

Re-designation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above

1.18 IMPAIRMENT OF NON-CASH GENERATING ASSETS

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

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

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

Useful life is either:

(a) the period of time over which an asset is expected to be used by the municipality; or

(b) the number of production or similar units expected to be obtained from the asset by the municipality.

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, or when annual impairment testing for an asset is required, the municipality estimates the recoverable service amount of the asset.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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.

Value in use

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

The present value of the remaining service potential of a non-cash-generating asset 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 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units' approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.19 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

Leave

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

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

Bonus

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

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

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

Post-employment benefits

Post-employment benefits (formal and informal arrangements) are employee benefits (other than termination benefits) which are payable after the completion of employment.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

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

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

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

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

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

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

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

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

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality.

Ex gratia gratuities are provided to employees that were not previously members of a pension fund.

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25

The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the

valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and

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

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

1.20 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 non-current provision is the present value of the expenditures expected to be required to settle the obligation.

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

Reimbursement

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.

Reversal

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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating deficits.

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

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

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future

events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

1.21 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.22 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.23 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.24 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.

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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

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

1.25 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.25.1 *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.25.2 Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.25.3 Derecognition

The Municipality derecognises a statutory receivable when:

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

i. derecognise the receivable; and
ii. recognise separately any rights and obligations created or retained in the transfer.

1.25.4 Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will utilised until the period ending 30 June 2022.

1.26 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.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.27 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

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

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.

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

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

Recognition

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

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

Measurement

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

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

Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised

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

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fines

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. 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.

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

Public contribution and donations

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

Insurance payments

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.28 ACCOUNTING BY PRINCIPALS AND AGENTS

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

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.29 BORROWING COSTS

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

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

1.30 COMPARITIVE FIGURES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.31 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

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

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

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.33 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance 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 and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register.

In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

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

1.34 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. The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury.

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 an accrual basis and presented by economic classification linked to performance outcome objectives.

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

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

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

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.35 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.36 EVENTS AFTER REPORTING PERIOD

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 decision of users taken on the basis of the financial statements.

1.37 SEGMENT REPORTING

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

The restatement of segment information is only done if there was a change in the reportable structure of the municipality and information is readily available.

1.38 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	Carrying Value R
30 JUNE 2025											
Land and Buildings	9 856 770	-	-	-	9 856 770	597 076	48 533	-	-	645 610	9 211 160
Land	7 822 519	-	-	-	7 822 519	-	-	-	-	-	7 822 519
Buildings	2 034 251	-	-	-	2 034 251	597 076	48 533	-	-	645 610	1 388 641
Infrastructure	896 640 274	3 395 636	11 721 873	(2 374 779)	909 383 005	453 775 338	19 119 233	-	(2 349 613)	470 544 958	438 838 047
Road & Stormwater Network	415 967 139	-	327 414	(194 904)	416 099 649	252 523 272	10 216 023	-	(191 100)	262 548 195	153 551 454
Sanitation Network	178 298 419	-	992 896	(18 477)	179 272 838	56 019 068	3 098 375	-	(17 844)	59 099 599	120 173 239
Electricity Network	108 519 517	-	4 311 030	(1 928 608)	110 901 938	65 240 846	2 692 927	-	(1 925 670)	66 008 103	44 893 835
Water Network	183 425 925	625 000	6 090 534	(232 790)	189 908 669	70 100 521	2 966 948	-	(214 999)	72 852 470	117 056 199
Landfill site	10 429 275	2 770 636	-	-	13 199 912	9 891 632	144 960	-	-	10 036 591	3 163 320
Community Assets	9 292 822	-	-	-	9 292 822	2 011 919	237 550	-	-	2 249 469	7 043 353
Community Halls	6 213 765	-	-	-	6 213 765	1 578 880	208 767	-	-	1 787 647	4 426 118
Parks & gardens	154 000	-	-	-	154 000	-	-	-	-	-	154 000
Clinics	15 340	-	-	-	15 340	-	-	-	-	-	15 340
Sports Fields & stadia	2 773 717	-	-	-	2 773 717	394 055	26 196	-	-	420 251	2 353 466
Other	136 000	-	-	-	136 000	38 984	2 587	-	-	41 571	94 429
Lease Assets	4 262 210	932 919	-	-	5 195 129	3 529 305	550 568	-	-	4 079 873	1 115 256
Office Equipment	3 722 032	932 919	-	-	4 654 951	3 359 299	500 055	-	-	3 859 353	795 598
Electrical Network	540 178	-	-	-	540 178	170 006	50 514	-	-	220 520	319 658
Other Assets	16 458 353	145 077	-	(2 011 555)	14 591 875	11 095 088	2 364 017	-	(1 650 633)	11 808 472	2 783 403
Furniture and other office equipment	6 331 844	145 077		(1 031 850)	5 445 071	4 826 958	375 470	-	(927 932)	4 274 496	1 170 574
Emergency Equipment	24 670	-		(896)	23 774	23 887	647	-	(892)	23 642	132
Plant and Equipment	2 308 022	-		(173 688)	2 134 334	1 822 044	289 449	-	(168 830)	1 942 663	191 671
Motor Vehicles	7 793 817	-		(805 121)	6 988 696	4 422 198	1 698 451	-	(552 979)	5 567 670	1 421 026
	936 510 429	4 473 633	11 721 873	(4 386 334)	948 319 601	471 008 726	22 319 901	-	(4 000 246)	489 328 381	458 991 220

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	Carrying Value R
30 JUNE 2024											
Land and Buildings	3 553 620	6 303 150	-	-	9 856 770	556 014	41 062	-	-	597 076	9 259 694
Land	1 519 369	6 303 150	-	-	7 822 519	-	-	-	-	-	7 822 519
Buildings	2 034 251	-	-	-	2 034 251	556 014	41 062	-	-	597 076	1 437 175
Infrastructure	880 101 829	229 729	18 344 183	-2 035 466	896 640 274	428 966 829	24 808 509	-	-	453 775 338	442 864 936
Road & Stormwater Network	413 912 067	-	2 055 072	-	415 967 139	236 530 058	15 993 214	-	-	252 523 272	163 443 867
Sanitation Network	172 292 196	-	6 006 223	-	178 298 419	52 904 689	3 114 378	-	-	56 019 068	122 279 351
Electricity Network	108 519 517	-	-	-	108 519 517	62 668 217	2 572 629	-	-	65 240 846	43 278 671
Water Network	172 913 308	229 729	10 282 888	-	183 425 925	66 999 867	3 100 654	-	-	70 100 521	113 325 404
Landfill site	12 464 741	-	-	-2 035 466	10 429 275	9 863 998	27 633	-	-	9 891 632	537 644
Community Assets	8 396 992	-	895 830	-	9 292 822	1 878 567	133 352	-	-	2 011 919	7 280 903
Community Halls	6 213 765	-	-	-	6 213 765	1 474 311	104 569	-	-	1 578 880	4 634 885
Parks & gardens	154 000	-	-	-	154 000	-	-	-	-	-	154 000
Clinics	15 340	-	-	-	15 340	-	-	-	-	-	15 340
Sports Fields & stadia	1 877 887	-	895 830	-	2 773 717	367 859	26 196	-	-	394 055	2 379 662
Other	136 000	-	-	-	136 000	36 397	2 587	-	-	38 984	97 016
Lease Assets	4 262 210	-	-	-	4 262 210	3 151 211	378 094	-	-	3 529 305	732 905
Office Equipment	3 722 032	-	-	-	3 722 032	3 034 226	325 072	-	-	3 359 299	362 733
Electrical Network	540 178	-	-	-	540 178	116 985	53 021	-	-	170 006	370 172
Other Assets	16 067 116	391 237	-	-	16 458 353	9 880 209	1 214 878	-	-	11 095 088	5 363 265
Furniture and other office equipment	5 940 607	391 237	-	-	6 331 844	4 421 077	405 881	-	-	4 826 958	1 504 886
Emergency Equipment	24 670	-	-	-	24 670	23 091	797	-	-	23 887	782
Plant and Equipment	2 308 022	-	-	-	2 308 022	1 518 521	303 523	-	-	1 822 044	485 978
Motor Vehicles	7 793 817	-	-	-	7 793 817	3 917 521	504 677	-	-	4 422 198	3 371 619
	912 381 766	6 924 115	19 240 013	-2 035 466	936 510 429	444 432 831	26 575 895	-	-	471 008 726	465 501 703

		2025 R	2024 R
2	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**		
	Work-in-progress		
	Work-in-progress is compiled from the following on-going capital projects:		
	Prieska Bulk Water Supply	7 769 667	7 769 667
	Marydale: Bulk Sewer Line, Pump Station & Rising Main (MIG 1327)	14 984 102	13 991 206
	Prieska: 4ml Reservoir, rising mains and bulk water supply line.	37 978 925	37 978 925
	Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999	14 342 746	14 342 746
	Prieska: Construction of Paved Roads at Intersection of Burger, Skook & Soetdoring Streets	3 477 325	3 149 912
	Upgrading of storm water infrastructure townships (prieska)	352 450	352 450
	Refurbishment of the Prieska WTW	12 247 136	10 723 685
	Bulk Outfall Sewer Infrastructure to service E'Thembeni Township	15 052 218	15 052 218
	Prieska: New High Mast Community Area Lighting	4 311 030	-
	Construction of a 415kl elevated tower in E'Thembeni	4 567 083	-
	Prieska: Upgrading of Show Grounds Sports Facilities	895 830	895 830
		115 978 512	**104 256 639**
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	104 256 639	85 016 626
	Expenditure during the year	11 721 873	19 240 013
	Assets unbundled during the year	-	-
	Impairment recognised during the year	-	-
	Balance at end of year	**115 978 512**	**104 256 639**
	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
	Marydale: Bulk Sewer Line, Pump Station & Rising Main (MIG 1327)	14 984 102	13 991 206
	Prieska: 4ml Reservoir, rising mains and bulk water supply line.	37 978 925	37 978 925
	Provision of Water Borne Gravitation Sewer System for 472 Low Income erven Prieska 2999	14 342 746	14 342 746
	Bulk Outfall Sewer Infrastructure to service E'Thembeni Township	15 052 218	15 052 218
	Prieska: Construction of Paved Roads at Intersection of Burger, Skook & Soetdoring Streets	3 477 325	-
	Balance at end of year	**85 835 316**	**81 365 095**
	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Other materials	8 694	558
	Other Expenditure	5 788 816	5 104 871
		5 797 510	**5 105 429**
	Repairs and maintenance costs are split between Employee related costs, other materials, contracted services and all other expenditure items which are not grouped in these categories are disclosed as other expenditure - all these expenditure items are used to repair property, plant and equipment.		
	Land is not controlled, but Siyathemba Municipality is the legal owner/custodian		
	No of Low Cost Houses - RDP properties which deeds have not transferred.	558	558
	Total	**558**	**558**

Key judgements and assumptions applied

- No right to direct access to land, and to restrict/deny the access of others
- Title deed holder
- Binding arrangement

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.

2025 R	2024 R	2023 R
-	-	-

			2025 R	2024 R
3	**INVESTMENT PROPERTY**			
3.1	**Net Carrying amount as at 1 July**		**153 957 916**	**153 957 916**
	Valuation		153 957 916	153 957 916
	Balance previously reported		-	153 098 066
	Correction of Investment Property against Accumulated Surplus (Correction of erven incorrectly recognised as Investment Property prior to 1 July 2023)	37.04	-	859 850
	Fair Value Adjustment		21 102 706	-
	Disposals		-	-
	Impairment		-	-
	Acquisitions		-	-
	Transfers from Property, Plant and equipment		-	-
	Net Carrying amount as at 30 June		**175 060 622**	**153 957 916**
	Valuation		175 060 622	153 957 916
3.2	**Revenue from Investment Property**			
	Revenue derived from the rental of Investment Property		1 574 164	1 014 820
4	**INTANGIBLE ASSETS**			
	Computer System & Software			
	Net Carrying amount at 1 July		**38 653**	**47 143**
	Cost		154 029	146 890
	Accumulated Amortisation		(115 375)	(99 747)
	Acquisitions		15 000	7 139
	Amortisation		(17 063)	(15 629)
	Net Carrying amount at 30 June		**36 591**	**38 653**
	Cost		169 029	154 029
	Accumulated Amortisation		(132 438)	(115 375)
5	**HERITAGE ASSETS**			
5.1	**Net Carrying amount at 1 July**		**1 514 350**	**1 514 350**
	Cost		1 514 350	1 514 350
	Accumulated Impairment Loss		-	-
	Additions		-	-
	Disposals		(40 100)	-
	Net Carrying amount at 30 June		**1 474 250**	**1 514 350**
	Cost		1 474 250	1 514 350
	Accumulated Impairment Loss		-	-

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

			2025 R	2024 R
6	**LONG TERM RECEIVABLES**			
	Long term loans - At amortised cost		53 382	53 382
	Less: Current portion transferred to current financial assets		-	-
			53 382	53 382
	Less: Provision for Debt Impairment		(53 382)	(53 382)
	Total Long term Receivables		**-**	**-**
	Reconciliation of Provision for Debt Impairment			
	Balance at beginning of year		53 382	53 339
	Contribution to provision		-	43
	VAT on provision		-	-
	Reversal of provision		-	-
	Balance at end of year		**53 382**	**53 382**
	The provision for Debt Impairment could be allocated to the different classes as follows:			
	Long term loans - At amortised cost		53 382	53 382
	Total Provision for Impairment		**53 382**	**53 382**

Long term loans relates to housing loans financed by the municipality.

As from 01 January 2006 no loan agreement are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

The Municipality does not hold deposits or any other security for its Long - term receivables.

No Long - term receivables have been pledged as security for the municipality`s financial liabilites.

7	**INVENTORY**			
	Stores, materials and fuels - at Current Replacement Cost		450 459	197 502
	Water – at Current Replacement Cost		516 524	564 981
	Total Inventory		**966 983**	**762 483**
	Inventory recognised as an expense during the year		**770 867**	**461 881**
8	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**			
	Service Receivables			
	Water		111 229 426	90 190 488
	Balance previously reported		-	90 083 917
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Service Charges - Water	37.08	-	106 571
	Electricity		20 567 854	16 882 562
	Balance previously reported		-	17 191 079
	Correction of Trade and Other Receivables from Exchange Transactions - Statement of Financial Performance - Service Charges - Electricity	37.08	-	-308 517
	Refuse		20 224 418	14 855 118
	Sewerage		44 785 830	33 460 205
	Total Service Receivables		**196 807 528**	**155 388 373**
	Less: Allowance for Doubtful Debts		(181 768 937)	(143 198 682)
	Net Service Receivables		**15 038 591**	**12 189 691**
	Other Receivables			
	Other Debtors		3 547 815	3 469 897
	Other (Consumer Debtors)		9 331 286	7 372 071
	Total Other Receivables		**12 879 100**	**10 841 969**
	Less: Allowance for Doubtful Debts		(9 217 826)	(7 296 136)
	Net Other Receivables		**3 661 275**	**3 545 833**
	Total Net Receivables from Exchange Transactions		**18 699 866**	**15 735 524**

Ageing of Receivables from Exchange Transactions	2025 R	2024 R
(Electricity): Ageing		
Current (0 - 30 days)	1 831 437	1 705 940
31 - 60 Days	456 728	331 349
61 - 90 Days	359 868	327 070
+ 90 Days	17 919 820	14 518 204
Total	**20 567 854**	**16 882 562**
(Water): Ageing		
Current (0 - 30 days)	3 439 577	1 663 177
31 - 60 Days	1 829 781	1 103 283
61 - 90 Days	2 039 323	545 102
+ 90 Days	103 919 992	86 878 925
Total	**111 228 673**	**90 190 488**
(Refuse): Ageing		
Current (0 - 30 days)	593 061	378 171
31 - 60 Days	510 079	279 994
61 - 90 Days	495 304	280 929
+ 90 Days	18 626 440	13 916 025
Total	**20 224 884**	**14 855 118**
(Sewerage): Ageing		
Current (0 - 30 days)	1 343 421	814 495
31 - 60 Days	1 129 343	594 338
61 - 90 Days	1 079 245	609 007
+ 90 Days	41 233 441	31 442 365
Total	**44 785 451**	**33 460 205**
(Other Receivables - Property Rentals): Ageing		
Current (0 - 30 days)	173 774	97 958
31 - 60 Days	159 485	81 905
61 - 90 Days	158 017	85 317
+ 90 Days	7 908 689	6 403 561
Total	**8 399 965**	**6 668 741**
(Other Receivables - Sundry Accounts): Ageing		
Current (0 - 30 days)	28 342	18 820
31 - 60 Days	18 347	6 541
61 - 90 Days	19 932	12 059
+ 90 Days	864 015	665 910
Total	**930 635**	**703 330**

9 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables			
Taxes - Rates		96 055 087	78 290 736
Balance previously reported		-	78 279 336
Correction of Trade and other receivables from non-exchange transactions against Statement of Financial Performance - Interest earnd outstanding debtors (Correction of Interest charged for June 2023)	35.01	-	(5 054)
Correction of Trade and other receivables from non-exchange transactions against Accumulated Surplus (Correction of Government vs Agricultural properties billed incorrectly in 2020/21 & 2021/22)	35.01	-	16 454
Other Sundry Debtors		52 948	52 948
Total Service Receivables		**96 108 034**	**78 343 683**
Less: Allowance for Doubtful Debts		(73 750 985)	(64 702 699)
Net Service Receivables		**22 357 050**	**13 640 984**
Total Net Receivables from Non-Exchange Transactions		**22 357 050**	**13 640 984**

Ageing of Receivables from Non-Exchange Transactions	2025 R	2024 R
(Rates): Ageing		
Current (0 - 30 days)	2 914 345	3 347 094
31 - 60 Days	1 844 382	1 580 264
61 - 90 Days	2 648 535	1 713 963
+ 90 Days	88 647 825	71 649 415
Total	**96 055 087**	**78 290 736**

10 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Summary of Receivables by Customer Classification 2025	Residential, Industrial & Commercial R	Other Debtors R	National and Provincial Government R	Total R
Total Receivables	266 028 494	12 932 048	26 834 120	305 794 662
Less: Provision for doubtful debts	(255 519 921)	(9 217 826)	-	(264 737 747)
Total Recoverable debtors by customer classification	**10 508 573**	**3 714 222**	**26 834 120**	**41 056 915**

Summary of Receivables by Customer Classification 2024	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
Total Receivables	216 815 721	10 894 916	16 863 388	244 574 025
Less: Provision for doubtful debts	(207 901 381)	(7 296 136)	-	(215 197 517)
Total Recoverable debtors by customer classification	**8 914 340**	**3 598 780**	**16 863 388**	**29 376 508**

Trade and other receivables impairment

2025	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	**(190 986 763)**	**(73 750 985)**	**(264 737 747)**

2024	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	**(150 494 818)**	**(64 702 699)**	**(215 197 517)**

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	215 197 517	181 897 987
Contributions to provision	45 321 412	30 912 623
VAT Impairment	5 440 969	2 705 556
Irrecoverable Debts Written Off	(1 222 151)	(318 649)
Balance at end of year	**264 737 747**	**215 197 517**

		2025 R	2024 R
11	**OPERATING LEASE ARRANGEMENTS**		
11.1	**The Municipality as Lessor**		
	Balance on 1 July	7 821	7 328
	Restated Balance on 1 July	7 821	7 328
	Movement during the year	(127)	493
	Balance on 30 June	7 694	7 821
	Current Portion	809	127
	Non-Current Portion	6 886	7 695
	Balance on 30 June	7 695	7 821

Siyathemba Municipality is leasing ground to various tenants for livestock farming, brick field as well as office space. The lease term is for a period of 3 to 10 years with escalations of 3-10% per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	7 503	6 821
2 to 5 Years	26 409	33 912
More than 5 Years	-	-
Total Operating Lease Arrangements	**33 912**	**40 732**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until May 2029.

12	**VAT (RECEIVABLE) FROM EXCHANGE-TRANSACTIONS**		
	VAT Payable	4 313 940	129 961
	VAT Output in Suspense	23 519 153	20 645 880
	Total VAT Payable	**27 833 092**	**20 775 841**
	VAT Receivable	(24 598 498)	(208)
	VAT Input in Suspense	(34 611 761)	(28 758 647)
	Total VAT Receivable	**(59 210 259)**	**(28 758 855)**
	VAT Impairment contribution	**(5 281 558)**	**(19 629 759)**
	Total VAT (Receivable)/Payable	**(36 658 725)**	**(27 612 773)**

VAT is payable/receivable on the cash basis.

13	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	424 880	7 678 972
	Primary Bank Account	457 257	(236 080)
	Cash Floats	1 500	1 500
	Total Cash and Cash Equivalents - Assets	**883 637**	**7 444 391**

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Account number: 40-5355-2997 (Primary Bank Account):	457 257	(236 080)
	457 257	**(236 080)**
ABSA Bank Account number: 40-5355-2997 (Primary Bank Account):		
Cash book balance at beginning of year	(236 080)	189 764
Cash book balance at end of year	457 257	(236 080)
Bank statement balance at beginning of year	(236 080)	189 764
Bank statement balance at end of year	457 257	(236 080)

			2025 R	2024 R
Call Investment Deposits				
Call investment deposits consist out of the following accounts:				
Bank	Account Number			
ABSA Bank	92-8664-0859		6 584	6 278
ABSA Bank	92-8604-1059		1 369	1 307
ABSA Bank	92-0404-6778		416 925	7 671 387
			424 878	7 678 972
14 LONG TERM LIABILITIES				
Capitalised Lease Liability - At amortised cost			1 275 080	1 274 470
			1 275 080	**1 274 470**
Less: Current Portion transferred to Current Liabilities			**780 512**	**681 110**
Capitalised Lease Liability - At amortised cost			780 512	681 110
Total Long-term Liabilities - At amortised cost using the effective interest rate method			**494 568**	**593 360**
The obligations under finance leases are scheduled below:			**Minimum lease payments**	
Amounts payable under finance leases:				
Payable within one year			978 893	1 113 825
Payable within two to five years			556 818	763 836
Payable after five years			-	-
			1 535 711	1 877 661
Less: Future finance obligations			(260 631)	(603 191)
Present value of lease obligations			**1 275 080**	**1 274 470**

Finance lease agreement is calculated at an interest rate of 28%-123% or Prime +1% . With a last maturity date of 31 May 2028.

Refer to note 2 for the finance lease assets capitalised.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

Description of leased item	Effective Interest	Lease Term	Maturity Date			
Finance lease liability	38 to 123%	5	30/11/2024		-	151 211
Smartmeters	28 to 51%	5	31/05/2028		260 477	351 841
Finance lease liability	44.69%	5	31/12/2025		332 884	771 417
Finance lease liability	0.98%	3	31/07/2027		681 719	-
					1 275 079	1 274 470

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 2 and note 33

15 EMPLOYEE BENEFITS				
Post Retirement Benefits	15.1	14 785 000	12 653 000
Ex-Gratia Pension Provisions		340 400	389 500
Long Service Awards	15.3	3 628 000	3 594 000
Total Non-current Employee Benefit Liabilities		**18 753 400**	**16 636 500**

		2025 R	2024 R
Post Retirement Benefits			
Balance 1 July		13 273 000	12 419 000
Contribution for the year		2 195 000	2 083 000
Expenditure for the year		(620 000)	(483 890)
Actuarial Loss/(Gain)		524 000	(745 110)
Total post retirement benefits 30 June		**15 372 000**	**13 273 000**
Less: Transfer of Current Portion	18	(587 000)	(620 000)
Balance 30 June		14 785 000	12 653 000
Ex-Gratia Pensions			
Balance 1 July		999 500	946 000
Contribution for the year		62 500	60 900
Expenditure for the year		(610 000)	0
Actuarial Loss/(Gain)		274 300	(7 400)
Total provision 30 June		**726 300**	**999 500**
Less Transfer of Current Portion	18	(385 900)	(610 000)
Balance 30 June		**340 400**	**389 500**
Long Service Awards			
Balance 1 July		4 001 000	4 089 000
Contribution for the year		722 000	740 000
Expenditure for the year		(407 000)	(473 342)
Actuarial Loss/(Gain)		(77 000)	(354 658)
Total long service 30 June		**4 239 000**	**4 001 000**
Less: Transfer of Current Portion	18	(611 000)	(407 000)
Balance 30 June		**3 628 000**	**3 594 000**
TOTAL NON-CURRENT EMPLOYEE BENEFITS			
Balance 1 July		18 273 500	17 454 000
Contribution for the year		2 979 500	2 883 900
Expenditure for the year		(1 637 000)	(957 232)
Actuarial Loss/(Gain)		721 300	(1 107 168)
Total employee benefits 30 June		**20 337 300**	**18 273 500**
Less: Transfer of Current Portion	18	(1 583 900)	(1 637 000)
Balance 30 June		**18 753 400**	**16 636 500**

15.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2025 Number of members	2024 Number of members
In-service (employee) members	49	46
In-service (employee) non-members	95	105
Continuation members (e.g. Retirees, widows, orphans)	11	9
Total Members	**155**	**160**

The liability in respect of past service has been estimated to be as follows:

	R	R
In-service members	6 891 000	5 496 000
In-service non-members	2 571 000	2 271 000
Continuation members	5 910 000	5 506 000
Total Liability	**15 372 000**	**13 273 000**

	2023 R	2022 R	2021 R
In-service members	4 903 000	6 707 000	6 147 000
Continuation members	5 285 000	4 672 000	3 448 000
Total Liability	**10 188 000**	**11 379 000**	**9 595 000**

	2025 R	2024 R
Experience adjustments were calculated as follows:	**Rm**	**Rm**
Liabilities: (Gain) / loss	0.018	(0.532)
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2023 Rm	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	1.269	0.736	0.041
Assets: Gain / (loss)	-	-	-

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

Hosmed Keyhealth Samwumed Discovery
LA Health

The Municipality's Accrued Unfunded Liability at 30 JUNE 2025 is estimated at R13,273 million. The Current-service Cost for the year ending 30 JUNE 2025 is estimated at R567 000. It is estimated to be R612 000 for the ensuing year.

Key actuarial assumptions used:	%	%
i) Rate of interest		
Discount rate	11.10%	12.20%
Medical aid contribution Inflation Rate	6.90%	7.69%
Net Discount Rate	3.90%	4.19%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at average retirement age of 62, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:	**R**	**R**
Present value of fund obligations	15 372 000	13 273 000
Net liability/(asset)	**15 372 000**	**13 273 000**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

15 EMPLOYEE BENEFITS (CONTINUED)		2025 R	2024 R
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		13 273 000	12 419 000
Total expenses		1 575 000	1 599 110
Current service cost		612 000	567 000
Interest Cost		1 583 000	1 516 000
Benefits Paid		(620 000)	(483 890)
Actuarial (gains)/losses		524 000	(745 110)
Present value of fund obligation at the end of the year		15 372 000	13 273 000
Less: Transfer of Current Portion	18	(587 000)	(620 000)
Balance 30 June		**14 785 000**	**12 653 000**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		9.462	5.910	15.372	
Medical aid contribution inflation rate	1%	11.084	6.433	17.517	14%
	-1%	8.136	5.452	13.588	-12%
Discount Rate	1%	8.192	5.472	13.664	-11%
	-1%	11.031	6.417	17.448	14%
Post-retirement mortality	+1 year	9.192	5.717	14.909	-3%
	-1 year	9.731	6.105	15.836	3%
Average retirement age	-1 year	10.602	5.910	16.512	7%
Membership continuation	-10%	8.200	5.910	14.110	-8%

Sensitivity Analysis on the Current Service Cost and Interest Costs

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		612 000	1 583 000	2 195 000	
Medical aid contribution inflation rate	1%	730 000	1 802 000	2 532 000	15%
	-1%	518 000	1 400 000	1 918 000	-13%
Discount Rate	1%	527 000	1 523 000	2 050 000	-7%
	-1%	719 000	1 647 000	2 366 000	8%
Post-retirement mortality	+1 year	594 000	1 535 000	2 129 000	-3%
	-1 year	630 000	1 630 000	2 260 000	3%
Average retirement age	-1 year	688 000	1 689 000	2 377 000	8%
Membership continuation	-10%	530 000	1 457 000	1 987 000	-9%

15.2 Ex-Gratia Pensions

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: “The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

There are 4 employees that are currently entitled to ex-gratia benefits.

Experience adjustments were calculated as follows:	2025 R	2024 R
Liabilities: (Gain) / loss	270 400	800
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2023 R	2022 R	2021 R
Liabilities: (Gain) / loss	(5 600)	152 701	12 033
Assets: Gain / (loss)	-	-	-

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	7.90%	8.91%
General earnings inflation rate (long term)	3.50%	4.54%
Net Discount Rate	2.50%	4.18%

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

Present value of fund obligations	726 300	999 500
Net liability/(asset)	**726 300**	**999 500**

The municipality has elected to recognise the full increase in this defined benefit liability immediately.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		726 300	
Inflation Rate	1%	736 400	1%
Inflation Rate	-1%	716 300	-1%
Discount Rate	1%	712 400	-2%
Discount Rate	-1%	740 800	2%
Average retirement age	+1 yr.	712 800	-2%
Average retirement age	-1 yr.	740 700	2%

Sensitivity Analysis on the Interest cost

Assumption	Change	Liability (R)	% change
Central assumptions		62 500	
Inflation Rate	1%	64 000	2%
Inflation Rate	-1%	61 000	-2%
Discount Rate	1%	67 600	8%
Discount Rate	-1%	57 000	-9%
Average retirement age	+1 yr	61 100	-2%
Average retirement age	-1 yr.	63 900	2%

15.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 149 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 JUNE 2025 is R319 000. The Current-service Cost for the ensuing year has been estimated to be R318 000.

Key actuarial assumptions used:	2025 %	2024 %
i) Rate of interest		
Discount rate	9.30%	10.75%
General Earnings Inflation (long-term)	4.50%	5.94%
Net Discount Rate applied to salary-related Long Service Bonuses	4.60%	4.54%

Experience adjustments were calculated as follows:	2025 R	2024 R
Liabilities: (Gain) / loss	(72 000)	(233 000)
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2023 R	2022 R	2021 R
Liabilities: (Gain) / loss	125 000	(46 000)	313 000
Assets: Gain / (loss)	-	-	-

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

Present value of fund obligations		4 239 000	4 001 000
Net liability/(asset)		**4 239 000**	**4 001 000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2023 R	2022 R	2021 R
Total Liability	4 089 000	4 167 000	4 425 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year		4 001 000	4 089 000
Total expenses		315 000	266 658
Current service cost		318 000	319 000
Interest Cost		404 000	421 000
Benefits Paid		(407 000)	(473 342)
Actuarial (gains)/losses		(77 000)	(354 658)
Present value of fund obligation at the end of the year		4 239 000	4 001 000
Less: Transfer of Current Portion	18	(611 000)	(407 000)
Balance as at 30 June		**3 628 000**	**3 594 000**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		4 239 000	
General earnings inflation	1%	4 432 000	5%
General earnings inflation	-1%	4 059 000	-4%
Discount Rate	1%	4 052 000	-4%
Discount Rate	-1%	4 443 000	5%
Average retirement age	+2 yrs.	4 782 000	13%
Average retirement age	-2 yrs.	3 571 000	-16%
Rates of termination of service	x2	3 706 000	-13%
Rates of termination of service	x0.5	4 580 000	8%

15.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND PREVIOUSLY CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in an sound financial position with a funding level of 118.5% (30 June 2023 - 120.3%).

Contributions paid recognised in the Statement of Financial Performance		4 093 620	3 802 708

		2025 R	2024 R
MUNICIPAL WORKERS RETIREMENT FUND			
The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future			
Contributions paid recognised in the Statement of Financial Performance		2 064 971	2 168 157
SALA PENSION FUND			
The contribution rate payable is 8.6% by members and 22.78% by Council. The most recent valuation was done on 30 April 2022. The market value of the fund as at 30 June 2025 was R12 396 405 256 (30 June 2024: R12 255 018 838). The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future			
Contributions paid recognised in the Statement of Financial Performance		92 796	149 478
MUNICIPAL COUNCILLOR PENSION FUND			
The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future.			
Contributions paid recognised in the Statement of Financial Performance		3 030	149 478

16 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites		16 039 424	11 948 521
Total Non-current Provisions		**16 039 424**	**11 948 521**
Landfill Sites			
Balance 1 July		11 948 521	16 855 416
(Decrease) / Increase in Estimate		2 770 636	(6 972 171)
Unwinding of discounted interest		1 320 267	2 065 276
Total provision 30 June		**16 039 424**	**11 948 521**
Less: Transfer of Current Portion to Current Provisions	19	-	-
Balance 30 June		**16 039 424**	**11 948 521**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Marydale	Niekerkshoop	Prieska
Area (m²)	4 862	8 147	33 389
Preliminary and general (Rand)	692 487	1 104 557	4 525 686
Site Clearance (Rand)	7 390	12 383	50 751
Storm water control measures (Rand)	663 839	811 270	2 083 318
Capping (Rand)	3 298 358	5 578 639	21 984 303
Gas Management (Rand)	9 350	18 699	65 447
Leachate Management (Rand)	267 800	361 560	1 414 150
Fencing (Rand)	14 721	14 721	2 252 407
Other costs	2 652 601	3 414 760	9 013 580

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation 2025 R	Cost of rehabilitation 2024 R
Marydale	2044	2 543 957	1 912 986
Niekerkshoop	2042	4 363 490	3 483 065
Prieska	2051	9 131 978	6 552 469
		16 039 424	11 948 521

Material Assumtions used

Discount Rate used	2023	2024	2025
Marydale	12.31%	12.35%	11.07%
Niekerkshoop	12.13%	11.92%	10.90%
Prieska	11.95%	12.33%	11.13%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a government bond rate.

The outflow of the estimated cashflow is uncertain as at year end.

			2025	2024
17	**CONSUMER DEPOSITS**		R	R
	Electricity		1 317 774	1 202 897
	Total Consumer Deposits		**1 317 774**	**1 202 897**

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

18	**CURRENT EMPLOYEE BENEFITS**			
	Current Portion of Post Retirement Benefits	15	587 000	620 000
	Current Portion of Ex-Gratia Pension Provisions	15	385 900	610 000
	Current Portion of Long-Service Awards	15	611 000	407 000
	Bonuses		1 578 296	1 475 362
	Staff Leave		5 083 411	5 213 677
	Total Current Employee Benefits		**8 245 606**	**8 326 040**

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	1 475 362	1 447 444
Contribution to current portion	3 195 767	2 969 768
Expenditure incurred	(3 092 833)	(2 941 850)
Balance at end of year	**1 578 296**	**1 475 362**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	5 213 677	5 158 051
Contribution to current portion	218 633	389 141
Expenditure incurred	(348 899)	(333 515)
Balance at end of year	**5 083 411**	**5 213 677**

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

19	**PROVISIONS**			
	Current Portion of Rehabilitation of Landfill-sites	16	-	-
	Total Provisions		**-**	**-**

20	**PAYABLES FROM EXCHANGE TRANSACTIONS**			
	Trade Payables		317 422 208	247 865 492
	Balance previously reported		-	254 055 220
	Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditors listing as per creditors reconciliation - balance as at 1 July 2023)	37.05	-	-6 189 728
	Receivables with credit balances		1 024 895	793 105
	Deposits Received		3 000	3 000
	Unused Pre-paid Electricity		85 169	85 169
	Unknown Deposits		2 344 137	1 589 648
	Salary Control Account		1 077 152	2 701 255
	Traffic Control		10 336 364	9 914 214
	Total Trade Payables		**332 292 925**	**262 951 884**

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

		2025 R	2024 R
21	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	210 980	8 405 325
	National and Provincial Government Grants	210 980	8 405 325
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	**210 980**	**8 405 325**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

WSIG

National Treasury - Infrastructure development

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

Expanded Public Works Programme

National Treasury - Road Maintenance

RBIG

National Treasury - Infrastructure development

COGSTA

Provincial Department - Infrastructure development

22	**PROPERTY RATES**			
	Actual			
	Rateable Land and Buildings		41 506 520	40 966 123
	Residential		6 753 466	12 287 376
	State		-	8 418 441
	Agricultural		6 185 856	6 086 552
	Business & Commercial		5 748 461	5 749 252
	Multipurpose		8 802 537	(8 879)
	Less: Rebates		(14 016 199)	(8 433 383)
	Total Assessment Rates		**27 490 321**	**32 532 740**
	As previously reported			32 532 740
	Correction of Trade and other receivables from non-exchange transactions against Statement of Financial Performance - Interest earnd outstanding debtors (Correction of Interest charged for June 2023)	36.01		(5 054)
	Correction of Trade and other receivables from non-exchange transactions against Accumulated Surplus	36.01		16 454
	Restated Balance			**32 544 140**
	Valuations - 1 JULY 2024			
	Rateable Land and Buildings		5 856 567 400	5 856 567 400
	Residential		500 701 700	500 701 700
	Commercial		259 871 500	259 871 500
	Government		223 563 000	223 563 000
	Agriculture		4 658 323 000	4 658 323 000
	Exempt Municipal and other		214 108 200	214 108 200
	Total Assessment Rates		**5 856 567 400**	**5 856 567 400**

Valuations on land and buildings must be performed every four years. The last valuation comes into effect on 1 July 2025.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied to property valuations to determine property rates;

This is annually published on the municipalities notice board in term of the MFMA

Approved indigent households are subsidized a minimum amount of R0.00 or a maximum of R4 500 as per the Rates and Taxes Act, for property rates as provided for in the municipal annual budget and subjected to the provisions of the Municipal Property Rates Act 2006.

The Municipality have implemented a 0% hike in property rates on residential and business properties and the rebate of 33% per annum until implementation of new valuation roll.

Rates are levied monthly on property owners and are payable the 15th of each month. Property owners can request that the full amount for the year be raised in July, in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding amounts.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

23 GOVERNMENT GRANTS AND SUBSIDIES		2025 R	2024 R
Unconditional Grants		**48 495 000**	**45 537 372**
Equitable Share	23.1	48 495 000	45 537 372
Conditional Grants		**19 218 599**	**26 791 095**
Library Project		1 400 000	1 356 000
Local Government Financial Management Grant		3 000 000	3 100 000
Municipal Infrastructure Grant		6 417 000	10 413 488
LG Seta		201 599	-
EPWP		1 200 000	665 000
Water Services Infrastructure Grant		7 000 000	11 573 105
Correction of Error - note 36.06		-	-316 499
Total Government Grants and Subsidies		**67 713 599**	**72 328 467**
Government Grants and Subsidies - Capital		**13 417 000**	**21 670 092**
Municipal Infrastructure Grant		6 417 000	10 413 485
Water Services Infrastructure Grant		7 000 000	11 573 105
Correction of Error - note 36.06			(316 499)
Government Grants and Subsidies - Operating		**54 296 599**	**50 658 375**
Equitable Share		48 495 000	45 537 375
Library Project		1 400 000	1 356 000
Local Government Financial Management Grant		3 000 000	3 100 000
LG Seta		201 599	-
EPWP		1 200 000	665 000
		67 713 599	**72 328 467**

Grant spending per vote:

Executive & Council	2 805 290	2 651 514
Budget & Treasury	25 498 954	23 875 788
Community & Social Services	1 400 000	1 356 000
Road Transport	7 617 000	1 246 322
Sport & Recreation	-	1 030 204
Electricity	5 827 494	5 508 052
Water	9 665 185	14 204 989
Waste Water Management	8 611 249	16 511 880
Waste Management	6 288 427	5 943 718
	67 713 599	**72 328 467**

Conditions were complied with during the year.

23.1 Equitable share

Opening balance	-	-
Grants received	40 395 000	40 407 000
Transfer from MIG due to roll over not approved on MIG	5 700 000	-
Transfer from WSIG due to roll over not approved on WSIG	2 400 000	-
Transfer from Sundry Payables due to prior year roll over not approved	-	5 130 375
Conditions met - Operating	(48 495 000)	(45 537 375)
Conditions met - Capital	-	-
Conditions still to be met	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

23.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	3 000 000	3 100 000
Conditions met - Operating	(3 000 000)	(3 100 000)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms

		2025 R	2024 R
23.3	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	5 700 000	-
	Grants received	6 417 000	17 579 000
	Transfer to Equitable Share due to roll over not approved on MIG	(5 700 000)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(6 417 000)	(10 413 488)
	Correction of Error - Note 36.06	-	(1 465 512)
	Conditions still to be met	-	5 700 000
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.4	**Expanded Public Works Program (EPWP)**		
	Opening balance	-	-
	Grants received	1 200 000	665 000
	Conditions met - Operating	(1 200 000)	(665 000)
	Conditions still to be met	-	-
	The grant was used for road maintenance in the Siyathemba area.		
23.5	**Library Grants**		
	Opening balance	-	-
	Grants received	1 400 000	1 356 000
	Conditions met - Operating	(1 400 000)	(1 356 000)
	Conditions still to be met	-	-
	Library grants was utilised for the development of libraries in the Siyathemba area.		
23.6	**Water Services Infrastructure Grant (WSIG)**		
	Opening balance	2 400 000	(1 808 906)
	Grants received	7 000 000	14 000 000
	Transfer to Equitable Share due to roll over not approved on WSIG	(2 400 000)	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(7 000 000)	(11 573 105)
	Correction of Error - Note 36.06	-	1 782 011
	Conditions still to be met	-	2 400 000
	The Water Services Infrastructure Grant was used for the upgrading of the bulk water services within the Siyathemba areas.		
23.7	**Regional Bulk Infrastructure Grant (RBIG)**		
	Opening balance	208 780	208 780
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	208 780	208 780
	The Regional Bulk Infrastructure Grant was used for the upgrading of the bulk water services within the Siyathemba		
23.8	**Other Grants**		
	Opening balance	96 546	2 200
	Grants received	107 254	94 345
	Conditions met - Operating	(201 599)	-
	Conditions met - Capital	-	-
	Conditions still to be met	2 200	96 546
23.10	**Total Grants**		
	Opening balance	8 405 325	(1 597 926)
	Grants received	59 519 254	77 201 345
	Transfer to Equitable Share due to roll over not approved	-	-
	Transfer to Sundry Payables	-	5 130 375
	Conditions met - Operating	(54 296 599)	(50 658 375)
	Conditions met - Capital	(13 417 000)	(21 986 594)
	Correction of Error	-	316 499
	Conditions still to be met/(Grant expenditure to be recovered)	**210 979**	**8 405 325**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	210 979	8 405 325
	Unpaid Conditional Government Grants and Receipts	-	-
		210 979	**8 405 325**

			2025 R	2024 R
24	**PUBLIC CONTRIBUTIONS AND DONATIONS**			
	Donations		1 063 482	2 422 734
	National Treasury - AGSA		1 063 482	2 422 734
	Total Public Contributions and Donations		**1 063 482**	**2 422 734**
	Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's audit fees - Amounting to R1 063 482			
25	**SERVICE CHARGES**			
	Electricity		21 926 955	21 539 639
	Service Charges		21 929 790	21 858 775
	Less: Revenue Forgone		(2 834)	(319 136)
	Water		16 345 372	14 420 864
	Service Charges		18 783 948	17 095 847
	Less: Revenue Forgone		(2 438 576)	(2 674 984)
	Refuse removal		4 153 873	3 484 415
	Service Charges		5 866 172	5 427 927
	Less: Revenue Forgone		(1 712 300)	(1 943 512)
	Sewerage and Sanitation Charges		9 311 313	8 138 669
	Service Charges		13 339 894	12 713 366
	Less: Revenue Forgone		(4 028 580)	(4 574 698)
	Other Service Charges		-	-
	Total Service Charges		**51 737 513**	**47 583 586**
	As previously reported			47 583 586
	Correction of Trade and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Service Charges - Electricity	36.02		(308 517)
	Correction of Traden and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Service Charges - Water	36.02		106 571
	Restated Balance			**47 381 640**
26	**OTHER REVENUE**			
	Administration Fees		98 299	18 023
	Building Plan Fees		21 918	12 354
	Commission Earned		131 698	111 142
	Charges for Re-Installation		49 633	67 568
	Other Revenue		69 418	12 876
	Tombfees		56 744	48 921
	Valuation Certificate		63 850	123 610
	Landfill Site		-	4 936 706
	Enroachment Fees		1 269	-
	Total Other Income		**492 830**	**5 331 198**
	Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)			
27	**INTEREST EARNED - OUTSTANDING DEBTORS**			
	Property Rates		7 855 386	5 713 492
	Service Charges		67 467	43
	Electricity		2 110 106	-
	Property Rental Debtors		883 372	-
	Waste Management		2 037 746	-
	Waste Water Management		4 543 500	-
	Water		11 710 923	-
	Total Interest Earned		**29 208 500**	**5 713 535**

			2025 R	2024 R
28	**RENTAL OF FACILITIES AND EQUIPMENT**			
	Buildings		1 536 325	891 473
	Grazing Fees		11 250	13 581
	Halls		26 589	109 765
	Total Rental of Facilities		**1 574 164**	**1 014 820**
29	**EMPLOYEE RELATED COSTS**			
	Basic		35 702 077	36 723 914
	Temporary Workers		2 162 274	-
	Bonus		3 195 767	2 969 768
	Medical Aid - Company Contributions		1 264 740	1 836 444
	SDL and UIF		286 986	328 330
	Leave pay Provision charge		218 633	389 141
	Travel, motor car, accommodation, subsistence and other allowances		850 594	848 170
	Overtime payments		6 356 638	7 738 385
	Acting Allowances		895 580	1 129 856
	Housing Benefits and Allowances		105 831	102 375
	Contribution Pensions funds		5 360 254	6 120 343
	Industrial Council		20 004	21 702
	Telephone/ Cell - Allowances		7 000	43 200
	Other Allowances		1 923 406	706 589
	Contribution to provision - Long Service Awards	15	318 176	319 000
	Contribution to provision - Post Retirement Medical	15	1 122 572	567 000
	Total Employee Related Costs		**59 790 531**	**59 844 216**

KEY MANAGEMENT PERSONNEL

There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager (KG Gaborone) (Acting as from 1 July 2024 to 30 September 2024)

Annual Remuneration	281 115	910 346
Travelling Allowance	3 279	-
Telephone Allowance	7 000	31 500
Bonus	131 363	-
Pension and UIF Contributions	378	1 697
Non Pensionable Cash Allowance	15 255	-
Total	**438 390**	**943 543**

Remuneration of the Municipal Manager (TI van Staden) (From 01 October 2024)

Annual Remuneration	537 077	-
Travelling Allowance	94 500	-
Pension and UIF Contributions	98 376	-
Remote Allowance	80 405	-
Total	**810 358**	**-**

Remuneration of the Chief Financial Officer (HH Meiring) (Acting MM as from 1 July 2023 to 30 September 2023)

Annual Remuneration	774 919	703 210
Acting Allowance	4 532	56 685
Travelling Allowance	145 942	130 564
Remote Allowance	111 224	105 593
Bonus	61 953	59 285
Non Pensionable Cash Allowance	1 695	-
Public Office Allowance	27 618	-
Pension and UIF Contributions	135 294	125 874
Medical Aid Contributions	72 400	57 840
Total	**1 335 576**	**1 239 051**

	2025 R	2024 R
Remuneration of the Chief Financial Officer (DC van der Westhuizen) (Acting as CFO as from 01 July 2023 to 30 September 2023)		
Annual Remuneration	-	159 043
Acting Allowance	-	25 295
Travelling Allowance	-	37 144
Housing Allowance	-	3 199
Pension and UIF Contributions	-	29 193
Medical Aid Contributions	-	30 117
Transport Logsheets	-	17 707
Total	**-**	**301 697**
Remuneration of the Technical Service Manager (J Basson)		
Annual Remuneration	863 728	784 278
Travelling Allowance	85 552	85 552
Remote Allowance	111 752	108 761
Bonus	68 298	65 357
Non Pensionable Cash Allowance	1 695	-
Pension and UIF Contributions	141 618	123 472
Total	**1 272 643**	**1 167 420**
Remuneration of the Technical Service Manager (MM Kubeka)		
Annual Remuneration	572 871	-
Remote Allowance	73 334	-
Pension and UIF Contributions	71 848	-
Total	**718 054**	**-**
Total Key Management Remuneration		
Basic Salary	3 029 709	2 556 878
Acting Allowance	4 532	81 980
Pension and UIF Contributions	447 514	280 235
Medical Aid Contributions	72 400	87 956
Remote Allowance	376 716	214 354
Bonus	261 614	124 641
Telephone Allowance	7 000	31 500
Travelling Allowance	329 273	270 967
Public Office Allowance	27 618	-
Non Pensionable Cash Allowance	18 645	-
Reimbursive Travel	-	-
Housing Allowances	-	3 199
Other benefits and allowances		
Payments in lieu of leave	-	-
Long service awards		
Post-retirement benefit obligations		
Total	**4 575 020**	**3 651 711**

30 REMUNERATION OF COUNCILLORS

Executive Mayor:	Allowances	830 248	806 066
(JA Phillips)	Cell phone Allowance	6 800	40 800
	Data Allowance	34 000	-
	Travelling	-	-
Speaker	Allowances	664 199	644 853
(G MacDonald)	Cell phone Allowance	6 800	40 800
	Data Allowance	34 000	-
Executive Committee Members	Allowances	1 031 946	-
	Cell phone Allowance	24 000	-
	Data Allowance	102 000	-
	Travelling	-	-
Councillors:	Allowances	1 576 462	2 532 435
	Cell phone Allowance	40 800	367 200
	Data Allowance	204 000	1 800
	Travelling	-	-
Total Councillors' Remuneration		**4 555 254**	**4 433 954**

Year ended 30 JUNE 2025	Allowances	Cell phone Allowance	Data Allowance	Travelling
Councillors				-
W Pelster	347 379	10 400	34 000	-
J Platvoet	347 379	6 800	34 000	-
SBI Tieties (Nyangintaka)	337 188	6 800	34 000	-
S Saaiman	262 744	6 800	34 000	-
LM Zenani	262 744	6 800	34 000	-
WH Pieterse	262 744	6 800	34 000	-
ME Nimmerhoudt	262 744	6 800	34 000	-
SP Mooi	262 744	6 800	34 000	-
RJ Februarie	262 744	6 800	34 000	-
Total Councillors	**2 608 408**	**64 800**	**306 000**	**-**

Year ended 30 JUNE 2024	Allowances	Cell phone Allowance	Data Allowance	Travelling
Councillors				
W Pelster	337 261	40 800	1 800	-
S Saaiman	255 091	40 800	-	-
WH Pieterse	255 091	40 800	-	-
SBI Tieties	327 367	40 800	-	-
J Platvoet	337 261	40 800	-	-
LM Zenani	255 091	40 800	-	-
ME Nimmerhoudt	255 091	40 800	-	-
SP Mooi	255 091	40 800	-	-
RJ Februarie	255 091	40 800	-	-
Total Councillors	**2 532 435**	**367 200**	**1 800**	**-**

In-kind Benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

			2025 R	2024 R
31	**BAD DEBTS WRITTEN OFF**			
Trade Receivables from exchange transactions		8	1 222 151	318 649
Trade Receivables from non-exchange transactions		9	-	-
Less: VAT		12	(157 143)	(41 563)
Total Bad Debts written off			**1 065 008**	**277 086**
32	**DEBT IMPAIRMENT**			
Long term Receivables		6	-	43
Trade Receivables from exchange transactions		8	40 491 945	20 512 867
Trade Receivables from non-exchange transactions		9	9 048 285	12 786 663
Less: VAT Debt Impairment Provision		12	(5 281 558)	(2 675 591)
Total Contribution to Impairment Provision			**44 258 672**	**30 623 981**
33	**FINANCE CHARGES**			
Payables & Creditors			26 995 967	20 212 229
Actuarial Interest			2 049 500	1 997 900
Finance leases			521 139	735 288
Landfill Sites			1 320 267	2 065 276
Total finance charges			**30 886 874**	**25 010 693**
34	**BULK PURCHASES**			
Electricity			36 961 458	35 753 500
Water			450 252	685 193
Purchases			770 867	836 923
Less Stock Adjustments			(320 615)	(151 730)
Stock adjustments			320 615	151 730
Total Bulk Purchases			**37 411 710**	**36 438 693**

		2025 R	2024 R
35	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	22 319 901	26 560 652
	Intangible Assets	17 063	15 629
	Total depreciation and amortisation	**22 336 964**	**26 576 281**
36	**GENERAL EXPENSES**		
	Advertising	141 152	344 890
	Act on Local Government	12 280	840 000
	Auditors remuneration	5 375 877	3 797 338
	Bank charges	202 829	235 998
	Contracted Services	11 481 152	7 704 966
	Insurance	879 499	2 244 532
	IT expenses	1 771 975	1 614 400
	Fuel and Oil	1 418 643	3 360 159
	Security (Guarding of Municipality)	151 428	118 440
	Telephone and Fax	840 815	1 043 160
	Travel - Local	2 130 112	1 597 366
	Ward committee expenditure	781 000	431 000
	Sanitation and Sewerage	3 643 912	-
	Skills Development levy	513 817	533 481
	Penalties	-	917 133
	Meter Management Fees	1 031 406	461 933
	Other Expenses	2 014 400	3 251 755
	Unauthorised Debit orders	322 418	625 791
	General Expenses	**32 712 714**	**29 122 342**

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

			2024 R
37	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
35.01	**Trade and other receivables from non-exchange transactions**		
	Balance previously reported		**13 629 585**
	Correction of Trade and other receivables from non-exchange transactions against Statement of Financial Performance - Interest earnd outstanding debtors (Correction of Interest charged for June 2023)	37.08	(5 054)
	Correction of Trade and other receivables from non-exchange transactions against Accumulated Surplus	37.08	16 454
	Total		**13 640 984**
37.02	**Trade and other receivables from exchange transactions**		
	Balance previously reported		**15 937 469**
	Correction of Traden and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Service Charges - Electricity	37.08	-308 517
	Correction of Traden and Other Receivables from Exchange Transactions - Other Debtors against Statement of Financial Performance - Service Charges - Water	37.08	106 571
	Total		**15 735 524**
37.03	**Property, Plant and Equipment**		
	Balance previously reported		**459 127 528**
	Correction of PPE- Other Assets - Furniture and other office equipment against Accumulated Surplus (Correction of First time recognition assets not previously recognised)	37.07	86 268
	Correction of PPE- Other Assets - Accumulated Depreciation - Furniture and other office equipment against Accumulated Surplus (Correction of First time recognition assets not previously recognised)	37.07	-15 244
	Correction of PPE- Other Assets against Accumulated Surplus (Correction of opening balance accumulated depreication as per 2023 FAR)	37.07	6 303 150
	Total		**465 501 703**
37.04	**Investment Property**		
	Balance previously reported		**153 098 066**
	Correction of Investment Property against Accumulated Surplus (Correction of erven incorrectly recognised as Investment Property prior to 1 July 2023)	37.07	859 850
	Total		**153 957 916**

37	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2024 R
37.05	**Payables from exchange transactions**		
	Balance previously reported		**269 141 612**
	Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditors listing as per creditors reconciliation - balance as at 1 July 2023)	37.07	(6 189 728)
	Total		**262 951 884**
37.06	**Unspent Conditional Government Grants and Receipts**		
	Balance previously reported		**8 088 826**
	Correction of Unspent conditional government grants and receipts - MIG against Accumulated Surplus (Correction of MIG rollover application as at 30 June 2024)	37.08	(1 465 512)
	Correction of Unspent conditional government grants and receipts - WSIG against Accumulated Surplus (Correction of WSIG rollover application as at 30 June 2024)	37.08	1 782 011
	Total		**8 405 325**
37.07	**Accumulated Surplus/(Deficit)**		
	Balance previously reported		**362 554 256**
	Correction of Payables from Exchange Transactions - Trade Payables against Accumulated Surplus (Correction of creditors listing as per creditors reconciliation - balance as at 1 July 2023)	37.05	6 189 728
	Correction of PPE- Other Assets - Furniture and other office equipment against Accumulated Surplus (Correction of First time recognition assets not previously recognised)	37.03	86 268
	Correction of PPE- Other Assets - Accumulated Depreciation - Furniture and other office equipment against Accumulated Surplus (Correction of First time recognition assets not previously recognised)	37.03	-15 244
	Correction of Investment Property against Accumulated Surplus (Correction of erven incorrectly recognised as Investment Property prior to 1 July 2023)	37.04	859 850
	Correction of Heritage Assets against Accumulated Surplus (Correction valuation of Heritage assets)	37.04	-
	Correction of PPE- Other Assets against Accumulated Surplus (Correction of opening balance accumulated depreication as per 2023 FAR)	37.03	6 303 150
	Total		**375 978 008**
37.08	**Changes to Statement of Financial Performance**		
	Balance previously reported		**(47 975 850)**
	Correction of Trade and other receivables from non-exchange transactions against Statement of Financial Performance - Interest earnd outstanding debtors (Correction of Interest charged for June 2023)	35.01	-5 054
	Correction of Trade and Other Receivables from Exchange Transactions - Statement of Financial Performance - Service Charges - Electricity	37.02	-308 517
	Correction of Trade and Other Receivables from Exchange Transactions - Statement of Financial Performance - Service Charges - Water	37.02	106 571
	Correction of Trade and other receivables from non-exchange transactions against Accumulated Surplus	35.01	16 454
	Correction of Unspent conditional government grants and receipts - MIG against Accumulated Surplus (Correction of MIG rollover application as at 30 June 2024)	37.06	1 465 512
	Correction of Unspent conditional government grants and receipts - WSIGagainst Accumulated Surplus (Correction of WSIG rollover application as at 30 June 2022)	37.06	(1 782 011)
	Total		**(48 482 896)**

			2025 R	2024 R
38	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**			
	Surplus/(Deficit) for the year		(38 469 513)	(48 482 896)
	Adjustments for:			
	Depreciation		22 319 902	26 560 652
	Amortisation of Intangible Assets		17 063	15 629
	Contributed PPE		-	-
	Impairments		-	-
	(Gain)/ loss on disposal of Property Plant and Equipment		386 088	-
	(Gain)/ loss on disposal of Heritage Assets		40 100	-
	Contribution from/to employee benefits - benefits paid		2 979 500	2 883 900
	Contribution from/to employee benefits - non-current - expenditure incurred		(1 637 000)	(957 232)
	Contribution from/to employee benefits - non-current - (actuarial gains)/losses		721 300	(1 107 168)
	Contribution to employee benefits – current		3 414 399	3 358 909
	Contribution to employee benefits – current - expenditure incurred		(3 441 733)	(3 275 365)
	Public Contributions and Donations		(1 063 482)	(2 422 734)
	Contribution to provisions – current		1 320 267	2 065 276
	Contribution to provisions – Debt Impairment		50 762 381	33 618 222
	Bad Debt written off		(1 222 151)	(318 649)
	Fair Value Adjustments		(21 102 706)	11 451
	Long term receivables interest		-	-
	Landfill site revenue		-	(4 936 706)
	Operating lease income accrued		127	(493)
	Operating Surplus/(Deficit) before changes in working capital		15 024 542	7 012 795
	Changes in working capital		(7 744 377)	20 432 625
	Increase/(Decrease) in Payables From Exchange Transactions		70 921 058	49 408 199
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts		(8 194 345)	8 194 345
	Increase/(Decrease) in Taxes		(9 045 952)	(4 754 771)
	(Increase)/Decrease in Inventory		(204 500)	584 003
	(Increase)/Decrease in Trade Receivables from exchange transactions		(43 456 286)	(19 498 561)
	(Increase)/Decrease in Other Receivables from non-exchange transactions		(17 764 351)	(15 309 496)
	Cash generated/(absorbed) by operations		**7 280 165**	**27 445 420**
39	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the cash flow statement comprise the following:			
	Call Investments Deposits	13	424 880	7 678 972
	Cash Floats	13	1 500	1 500
	Bank	13	457 257	(236 080)
	Total cash and cash equivalents		**883 637**	**7 444 391**
40	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**			
	Cash and Cash Equivalents	39	883 637	7 444 391
			883 637	7 444 391
	Less:		210 980	8 405 325
	Unspent Committed Conditional Grants	21	210 980	8 405 325
	Resources available for working capital requirements		672 657	(960 933)
41	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**			
	Long-term Liabilities	14	1 275 080	1 274 470
	Used to finance property, plant and equipment - at cost		(1 275 080)	(1 274 470)
			-	-
	Cash set aside for the repayment of long-term liabilities		-	-
	Cash invested for repayment of long-term liabilities		**-**	**-**

Finance lease obligations are calculated at 28%-123% interest rate, with maturity date of 31 May 2028.

		2025 R	2024 R

42 BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the additional Statement of comparison of budget and actual amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of comparison of budget and actual amounts.

43 CASH FLOW PRESENTATION

The Cash flow statement has been prepared on the direct method as in accordance with GRAP 2. The comparative amounts have been adjusted with any changes made to the comparative amounts as disclosed in Note .

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2025 R	2024 R
Opening balance	529 867 093	493 640 826
Unauthorised expenditure current year - capital	5 731 440	3 263 010
Unauthorised expenditure current year - operating	72 280 917	32 963 257
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**607 879 450**	**529 867 093**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

	2025 R (Actual)	2025 R (Budget)	2025 R (Variance)	2025 R (Unauthorised)
Unauthorised expenditure current year - operating (per vote)				
Executive and council	22 586 446	21 760 488	825 958	825 958
Finance and administration	93 573 619	62 996 551	30 577 068	30 577 068
Community and social services	8 707 461	1	8 707 460	8 707 460
Sport and recreation	-	4 593 369	(4 593 369)	-
Public safety	14 631	51 997	(37 366)	-
Road transport	12 319 545	21 257 084	(8 937 539)	-
Energy sources	50 977 301	39 452 422	11 524 879	11 524 879
Water management	26 918 782	17 087 091	9 831 691	9 831 691
Waste water management	20 722 072	9 908 212	10 813 860	10 813 860
Waste management	4 463 483	5 750 540	(1 287 057)	-
	240 283 341	**182 857 755**	**57 425 586**	**72 280 917**
Unauthorised expenditure current year - operating				
Executive & Council	22 586 446	21 760 488	825 958	825 958
Budget & Treasury Office	78 652 919	62 996 551	15 656 368	15 656 368
Corporate Services	2 526 931	4 645 367	(2 118 436)	-
Technical Services	115 414 338	93 455 349	21 958 989	21 958 989
	219 180 634	**182 857 755**	**36 322 879**	**38 441 315**

Unauthorised expenditure current year - capital	2025 R (Actual)	2025 R (Budget)	2025 R (Variance)	2025 R (Unauthorised)
Finance and administration	1 092 997	-	1 092 997	1 092 997
Road transport	327 414	-	327 414	327 414
Energy sources	4 311 030	-	4 311 030	4 311 030
Water management	6 715 534	15 389 501	(8 673 967)	-
Waste water management	992 896	8 789 501	(7 796 605)	-
	13 439 870	**24 179 002**	**(10 739 132)**	**5 731 440**

Unauthorised expenditure current year - capital (per vote)

	R (Actual)	R (Budget)	R (Variance)	R (Unauthorised)
Budget & Treasury Office	1 092 997	-	1 092 997	1 092 997
Technical Services	327 414	-	327 414	327 414
Electricity Distribution	4 311 030	-	4 311 030	4 311 030
Water Services	6 715 534	15 389 501	(8 673 967)	-
Sewerage Services	992 896	8 789 501	(7 796 605)	-
	13 439 870	**24 179 002**	**(10 739 132)**	**5 731 440**

The over expenditure incurred by municipal departments on their operating budgets during the year is

Non-cash	46 608 251	20 908 561
Cash	25 672 666	12 054 696
	72 280 917	**32 963 257**

Analysed as follows: Non-cash

Employee related cost (Actuarial Valuations)	-	-
Depreciation and Amortisation	22 336 964	8 821 961
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	(1 320 267)	866 798
Finance Charges (Actuarial Interest)	2 049 500	461 910
Loss on disposal of Property, Plant and Equipment	386 088	-
Impairment Losses	-	-
Fair Value Adjustments	(21 102 706)	11 451
Debt Impairment	44 258 672	10 746 441
	46 608 251	**20 908 561**

Analysed as follows: Cash

Other	25 672 666	12 054 696
	25 672 666	**12 054 696**

		2025 R	2024 R
44.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	75 396 614	53 641 460
	Fruitless and wasteful expenditure current year	30 584 563	21 755 153
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Fruitless and wasteful expenditure awaiting condonement	**105 981 177**	**75 396 614**

Incident	Disciplinary steps/criminal proceedings		
2024 - Interest for the late payment on Various creditors's account	*None*	-	93 660
2024 - Interest and Penalties for the late payment on SARS statement of accounts for PAYE and VAT	*None*	-	1 122 239
2024 - Interest for the late payment on Auditor General's account	*None*	-	652 872
2024 - Interest for the late payment on Eskom's account	*None*	-	19 260 592
2024 - Unauthorised Debit Orders	*None*	-	625 791
2025 - Interest for the late payment on Various creditors's account	*None*	57 531	-
2025 - Interest and Penalties for the late payment on SARS statement of accounts for PAYE and VAT	*None*	3 413 368	-
2025 - Interest for the late payment on Auditor General's account	*None*	607 832	-
2025 - Interest for the late payment on Eskom's account	*None*	26 183 413	-
2025 - Unauthorised Debit Orders	*None*	322 418	-

		2025	2024

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	357 650 415	331 087 261
Irregular expenditure current year	8 604 402	26 563 154
Balance previously reported	-	10 339 029
Correction of prior periods	-	16 224 126
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	**366 254 817**	**357 650 415**

Incident	Disciplinary steps/criminal proceedings		
2024 List of Irregular expenditure - No 3 quotations or approved deviation report by AO	*None*	-	1 186 539
2024 List of Irregular expenditure - No 3 quotations but approved deviation report by AO attached	*None*	-	85 394
2024 List of Irregular expenditure - No 3 quotations. No appointment letter or Evaluation report by SCM. No approved deviation report by AO	*None*	-	33 782
2024 List of Irregular expenditure - No bidding process followed. No appointment letter of contractor or Evaluation report by SCM. No approved deviation report by AO	*None*	-	9 033 314
Correction of Error - No 3 quotations or approved deviation report by AO		-	1 247 271
Correction of Error - No bidding process followed. No appointment letter of contractor or Evaluation report by SCM. No approved deviation report by AO		-	839 307
Correction of Error - No 3 quotations. No appointment letter or Evaluation report by SCM. No approved deviation report by AO		-	(7 787)
Correction of Error - Expenditure exceeds contract value		-	14 145 334
2025 List of Irregular expenditure - No 3 quotations or approved deviation report by AO	*None*	468 228	-
2025 List of Irregular expenditure - No 3 quotations. No appointment letter or Evaluation report by SCM. No approved deviation report by AO	*None*	7 600	-
2025 List of Irregular expenditure - No bidding process followed. No appointment letter of contractor or Evaluation report by SCM. No approved deviation report by AO	*None*	8 128 574	-

The list of Irregular expenditure will be investigated in the next financial year and proceedings will be reported on.

The amounts above are disclosed at the VAT exclusive amount.

		2025 R	2024 R
44.4	**Material Losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	14 353 057	12 962 655
	- Units lost during distribution (Kwh)	3 952 000	1 380 456
	- Percentage lost during distribution	27.53%	10.65%
	- Rand Value lost during distribution	10 177 043	3 807 565
	Water distribution losses		
	- Mega litres purified	2 771 013	3 001 590
	- Mega litres lost during distribution	1 152 504	544 174
	- Percentage lost during distribution	41.59%	18.13%
	- Rand Value lost during distribution	320 615	151 730
45	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
45.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	2 465 251	3 171 024
	Council subscriptions	737 951	734 227
	Amount paid - current year	-	-
	Amount paid - previous years	(600 000)	(1 440 000)
	Balance unpaid	**2 603 202**	**2 465 251**
45.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	4 768 796	5 811 808
	Current year audit fee	5 932 484	5 019 811
	Amount paid - current year	(1 940 643)	(251 015)
	Amount paid - previous year	-	(3 025 664)
	Public contribution & donations received	(1 223 004)	(2 786 143)
	Balance unpaid (included in creditors)	**7 537 632**	**4 768 796**
45.3	**VAT - [MFMA 125 (1)(b)]**		
	VAT	**36 658 725**	**27 612 773**
	VAT is receivable on the cash basis.		
45.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	2 259 615	2 901 748
	Current year payroll deductions and Council Contributions	8 878 333	8 927 002
	Amount paid - current year	(8 503 976)	(7 151 851)
	Amount paid - previous year	(1 391 430)	(2 417 284)
	Balance unpaid (included in creditors)	**1 242 543**	**2 259 615**
45.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	260 942	359 047
	Current year payroll deductions and Council Contributions	13 701 144	13 758 041
	Amount paid - current year	(14 155 159)	(13 497 099)
	Amount paid - previous year	(106 504)	(359 047)
	Balance unpaid (included in creditors)	**-299 578**	**260 942**
45.6	**Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**		
	The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2025:		
		Outstanding more than 90 days	**Outstanding more than 90 days**
	JA Phillips	-	15 251
	LM Zenani	17 598	16 118
	G Macdonald	489	-
	SP Mooi	99 541	77 515
	S Saaiman	1 544	-
	W Pelster	3 864	-
	RJ Februarie	741	-
	Total Councillor Arrear Consumer Accounts	**123 776**	**108 885**
45.7	**Non-Compliance with MFMA**		

* *Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.*

		2025 R	2024 R
45.8	**Deviations - Supply Chain Management**		
	Deviations from the Supply Chain Management Regulations were identified on the following categories:		
	Deviations per financial category		
	- Between R 0 and R 2 000	-	-
	- Between R 2 000 and R 10 000	86 381	-
	- Between R 10 000 and R 30 000	127 458	-
	- Between R 30 000 and R 500 000	2 565 559	-
	- Above R 500 000	1 295 716	-
		4 075 114	-
	Deviations between R30 000 and R500 000	2 565 559	-
	Deviations above R500 000	1 295 716	-
46	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	39 361 674	28 856 612
	Infrastructure	39 361 674	28 856 612
	Community	-	-
	Total	**39 361 674**	**28 856 612**
	This expenditure will be financed from:		
	Government Grants	39 361 674	28 856 612
		39 361 674	**28 856 612**

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2024 - 0.5%) Increase in interest rates	(1 965)	30 842
0.5% (2024 - 0.5%) Decrease in interest rates	1 965	(30 842)

	2025 R	2024 R

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2025 %	2025 R	2024 %	2024 R
Non-Exchange Receivables				
Rates	100.00%	19 389 758	100.00%	10 240 943
Exchange Receivables				
Electricity	32%	2 673 064	23%	1 860 861
Water	31%	2 593 340	41%	3 385 328
Refuse	6%	529 976	6%	512 067
Sewerage	24%	2 034 048	23%	1 869 651
Other	7%	568 186	7%	616 685
	100.00%	8 398 615	100.00%	8 244 593

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2025 %	2025 R	2024 %	2024 R
Electricity	6.07%	16 063 353	6.19%	13 315 761
Water	39.73%	105 195 756	39.55%	85 141 982
Refuse	7.21%	19 101 847	6.49%	13 964 880
Sewerage	15.64%	41 407 981	14.30%	30 776 058
Other Consumer Arrears	3.23%	8 560 298	3.08%	6 638 609
Rates	27.85%	73 750 985	30.06%	64 702 699
Other Sundry Debtors	0.25%	657 528	0.31%	657 528
Long-term Receivables	0.02%	53 382	0.02%	53 382
	100.00%	264 791 129	100.00%	215 250 899

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2025 R	2024 R
Financial assets exposed to credit risk at year end are as follows:		
Trade receivables and other receivables	41 056 915	29 376 508
Cash and Cash Equivalents	883 637	7 444 392
Unpaid conditional grants and subsidies	-	-
	41 940 553	36 820 900

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2025				
Long Term liabilities	978 893	556 818	-	-
Capital repayments	433 249	386 343	-	-
Interest	545 644	170 475	-	-
Payables From Exchange Transactions	332 292 925	-	-	-
	333 271 818	556 818	-	-
2024				
Long Term liabilities	1 113 825	763 836	-	-
Capital repayments	681 110	593 360	-	-
Interest	432 715	170 475	-	-
Payables From Exchange Transactions	262 951 884	-	-	-
Unspent conditional government grants and receipts	-	-	-	-
	264 065 709	763 836	-	-

48 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

48.1 Financial Assets	Classification GRAP 104		
Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	18 699 866	15 735 524
Other receivables from exchange transactions	Financial instruments at amortised cost		
Trade receivables from non-exchange transactions	Financial instruments at amortised cost	22 357 050	13 640 984
Less non financial instruments disclosed previous financial year.			
Unpaid Conditional Grants and Receipts			
Other Spheres of Government	Financial instruments at amortised cost	-	-
Current Portion of Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	424 880	7 678 972

			2025 R	2024 R
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	-	-
	Cash Floats and Advances	Financial instruments at amortised cost	1 500	1 500
			41 483 295	**37 056 980**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		**41 483 295**	**37 056 980**
48.2	**Financial Liability**	**Classification GRAP 104**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	494 568	593 360
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	331 215 773	260 250 629
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	210 980	8 405 325
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	780 512	681 110
			332 704 833	**269 933 423**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**332 704 833**	**269 933 423**

49 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 30 JUNE 2025

50 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes		
VAT Receivable	24 598 498	208
Receivables from Non-Exchange Transactions	96 055 087	78 290 736
Rates	96 055 087	78 290 736
Total Statutory Receivables (before provision)	**120 653 585**	**78 290 944**
Less: Provision for Debt Impairment	(73 750 985)	(64 702 699)
Total Statutory Receivables (after provision)	**46 902 601**	**13 588 245**

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)

Statutory receivables are initially measured at transaction value, and subsequently at cost.

(Rates): Ageing

Current (0 - 30 days)	2 914 345	3 347 094
31 - 60 Days	1 844 382	1 580 264
61 - 90 Days	2 648 535	1 713 963
+ 90 Days	88 647 825	71 649 415
Total	**96 055 087**	**78 290 736**

		2025 R	2024 R
	Reconciliation of Provision for Debt Impairment		
	Balance at beginning of year	(64 702 699)	(51 916 037)
	Contribution to provision	(9 048 286)	(12 786 662)
	Balance at end of year	**(73 750 985)**	**(64 702 699)**

Interest is levied at a rate determined by the council on outstanding rates amounts.

51 IN-KIND DONATIONS AND ASSISTANCE

The municipality received assistance from National Treasure regarding outstanding fees to the Auditor General's office .

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 PRINCIPAL - AGENT ARRANGEMENTS

53.1 Agent in arrangement

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

The municipality does not incur any expenses on behalf of the Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the Department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held of behalf of the Department (other than the receipts).

	Compensation received for agency activities		
	Commission	680 888	707 056
	Total Compensation received	**680 888**	**707 056**

Siyathemba municipality was paid 12% commission by Department of Transport, Safety and Liaison for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and amounts remitted	Explanation of Variance
Monies received on behalf of the Department	1 142 131	-	1 142 131	
	1 142 131	**-**	**1 142 131**	

	Resources under custodianship at year-end		
	Traffic control - recorded under Payables from exchange transactions	10 336 364	9 914 214
		10 336 364	**9 914 214**

54 CONTINGENT LIABILITY

	Summons for litigation between Siyathemba Municipality vs Nizak relating to usage of photocopy machines - Nizak is claiming that they have a valid contract and the Municipality disputes the contract	4 230 328	4 230 328

		2025 R	2024 R

55 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

55.1 Related Party Transactions

	Rates - Levied 1 JULY 2024 - 30 JUNE 2025	Service Charges - Levied 1 JULY 2024 - 30 JUNE 2025	Other - Levied 1 JULY 2024 - 30 JUNE 2025	Outstanding Balances 30 JUNE 2025
Year ended 30 JUNE 2025				
Councillors	**50 935**	**159 246**	**15 765**	**110 137**
W Pelster	19 451	63 911	62	3 864
S Saaiman	9 009	9 887	289	1 544
JA Phillips (Mayor)	-	-	1 126	-10 749
G MacDonald (Speaker)	643	10 436	322	489
J Platvoet	-	10 319	292	-65
LM Zenani	1 022	10 823	-	17 598
ME Nimmerhoudt	3 063	-	-	-5 407
SP Mooi	-	8 977	10 536	99 541
RJ Februarie	1 819	12 194	21	741
Key Management				
J Basson (Technical Services Manager)	15 926	32 699	3 117	2 581
TI van Staden				
MM Kubeka				

	Rates - Levied 1 July 2023 - 30 June 2024	Service Charges - Levied 1 July 2023 - 30 June 2024	Other - Levied 1 July 2023 - 30 June 2024	Outstanding Balances 30 June 2024
Year ended 30 JUNE 2024				
Councillors	**67 815**	**146 032**	**1 108**	**152 445**
W Pelster	24 565	60 916	-	6 919
S Saaiman	13 447	9 009	23	1 950
JA Phillips (Mayor)	-	-	-	15 251
G MacDonald (Speaker)	880	10 123	-	854
J Platvoet	-	9 214	-	768
LM Zenani	1 022	10 823	-	17 598
ME Nimmerhoudt	2 286	-	139	-439
SP Mooi	-	9 120	-	80 028
RJ Februarie	1 844	8 576	-	876
Key Management				
J Basson (Technical Services Manager)	23 770	28 251	946	28 640

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public.
No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 6 to the Annual Financial Statements.

55.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

55.4 Compensation of remuneration of councillors

The compensation of remuneration of councillors is set out in note 30 to the Annual Financial Statements.

55.5 Short term employee benefits - Bonus Accrual

Key management personnel which is included in the Current Employee benefit balance - Bonus accrual in note 18.

HH Meiring (Chief Financial Officer)	56 875	54 345
J Basson (Technical Services Manager)	16 779	16 339
TI van Staden	24 865	-
MM Kubeka	23 134	-

		2025 R	2024 R
55.6	**Short term employee benefits - Leave Accrual**		
	Key management personnel which is included in the Current Employee benefit balance - Leave accrual in note 18.		
	HH Meiring (Chief Financial Officer)	102 748	126 633
	J Basson (Technical Services Manager)	154 638	150 581
	TI van Staden	37 237	-
	MM Kubeka	42 641	-
55.7	**Other related party transactions**		
	None to report		

56 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio remained unchanged to 0.23:1 from 0.23:1 in the prior year.

The average debtors' payment days decreased to 983 days from 999 days. The debtors impairment ratio is slightly less at 90.% from the previous year's 91%.

The municipality is unable to meet its obligation when due, this was evidence by suppliers not being paid within 30 days.

Furthermore the municipality incurred a net deficit during the 2024/25 financial year amounting to R38 469 513 and a net deficit in the 2023/24 financial year amounting to R48 482 896

Creditors payment period amounts to 1136 days during 2024/25 and 1003 days during 2023/24.

The municipality did not budget appropriately resulting in the municipality receiving a letter from National Treasury declaring a portion their budget as unfunded.

Other Indicators

The municipality is currently engaging with NT and PT in order to assist with a way forward relating to the large outstanding Eskom debt which comprises 70% of all outstanding creditors.

The municipality is expecting operating government grants amounting to R49 712 000 in the next financial year.

Cash available for working capital requirement (Rand)	672 657	(960 933)
Current Ratio (norm - 2:1)	0.23 : 1	0.23 : 1
Creditors days (norm - 30 days or less)	1136 days	1003 days
Average debtors payment days	983 days	999 days
Debt impairment ratio (norm - 95% or more)	-89%	-91%

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2024	Correction of Error	Balance at 30 JUNE 2024 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2025
LEASE LIABILITY									
Finance lease liability	38 to 123%	Nashua	30/11/2024	151 211	-	151 211	-	(151 211)	(0)
Smartmeters	28 to 51%	Gridcontrol Technologies	31/05/2028	351 841	-	351 841	-	(91 365)	260 477
Finance lease liability	44.69%	Nashua	31/12/2025	771 417	-	771 417	-	(438 534)	332 884
Finance lease liability	0.98%	Mchriben	31/07/2027	-	-	-	932 919	(251 201)	681 719
							-		
Total Lease Liabilities				**1 274 470**	**-**	**1 274 470**	**932 919**	**(932 310)**	**1 275 079**
TOTAL EXTERNAL LOANS				**1 274 470**	**-**	**1 274 470**	**932 919**	**(932 310)**	**1 275 079**

APPENDIX B - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
MUNICIPAL VOTES CLASSIFICATION

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
2 651 514	(24 110 625)	(21 459 111)	Council General	2 805 290	(20 983 094)	(18 177 804)
-	(1 292 419)	(1 292 419)	Municipal Manager	-	(1 603 352)	(1 603 352)
33 912 523	(72 945 060)	(39 032 537)	Budget and Treasury	35 392 650	(78 765 648)	(43 372 998)
32 544 140	-	32 544 140	Assessment Rates	28 373 693	-	28 373 693
13 101	(7 667 648)	(7 654 547)	Corporate Services	225 726	10 102 910	10 328 636
905 055	(526 623)	378 431	Municipal Buildings and Offices	1 536 818	(3 885 559)	(2 348 741)
-	(643 711)	(643 711)	Housing : Employee Scheme	-	27 751	27 751
7 304	-	7 304	Meent	1 652	-	1 652
1 356 552	(1 812 022)	(455 470)	Libraries	1 400 000	(1 788 202)	(388 202)
48 921	-	48 921	Cemetaries	56 744	-	56 744
733 006	(3 332 335)	(2 599 329)	Licencing and Traffic	7 099 428	(2 292 252)	4 807 176
1 030 204	(4 599 936)	(3 569 731)	Parks & Recreation	-	(4 649 198)	(4 649 198)
4 603 610	(19 072 066)	(14 468 456)	Public Works	1 226 589	(12 297 354)	(11 070 765)
26 806 743	(43 707 403)	(16 900 660)	Electricity	29 914 187	(50 977 301)	(21 063 114)
26 950 412	(17 423 057)	9 527 355	Water Services	37 721 480	(26 918 782)	10 802 698
23 185 036	(11 781 671)	11 403 365	Sewerage Services	22 466 062	(20 722 072)	1 743 990
14 364 838	(6 450 844)	7 913 994	Cleansing Services	12 480 046	(4 463 483)	8 016 563
-	(14 819)	(14 819)	Fire Brigade	-	(14 631)	(14 631)
-	(2 215 617)	(2 215 617)	Security Services	-	84 978	84 978
169 112 960	(217 595 856)	(48 482 896)	Sub Total	180 711 122	(219 180 635)	(38 469 513)
-	-	-	Less Inter-Departmental Charges	-	-	-
169 112 960	(217 595 856)	(48 482 896)	**Total**	180 711 122	(219 180 635)	(38 469 513)

APPENDIX C - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R		2025 Actual Income R	2025 Actual Expenditure R	2025 Surplus/ (Deficit) R
2 651 514	(25 403 043)	(22 751 529)	Executive & Council	2 805 290	(22 586 446)	(19 781 156)
67 382 123	(83 998 660)	(16 616 537)	Budget & Treasury	65 530 540	(72 470 914)	(6 940 374)
1 405 473	(1 812 022)	(406 550)	Community & Social Services	7 873 744	(8 707 461)	(833 717)
-	-	-	Housing	10 757	-	10 757
-	(14 819)	(14 819)	Public Safety	-	(14 631)	(14 631)
1 030 204	(4 599 936)	(3 569 731)	Sport & Recreation	-	-	-
14 364 838	(6 450 844)	7 913 994	Waste Management	12 480 046	(4 463 483)	8 016 563
23 185 036	(11 781 671)	11 403 365	Waste Water Management	22 466 062	(20 722 072)	1 743 990
2 089 093	(22 404 401)	(20 315 307)	Road Transport	1 909 016	(12 319 545)	(10 410 529)
30 197 935	(17 423 057)	12 774 878	Water	37 721 480	(26 918 782)	10 802 698
26 806 743	(43 707 403)	(16 900 660)	Electricity	29 914 187	(50 977 301)	(21 063 114)
169 112 960	(217 595 856)	(48 482 896)	Sub Total	180 711 122	(219 180 635)	-38 469 513
-	-	-	Less Inter-Departmental Charges	-	-	-
169 112 960	(217 595 856)	(48 482 896)	**Total**	180 711 122	(219 180 635)	(38 469 513)

APPENDIX D - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2024	Correction of error	Restated balance 1 JULY 2024	Contributions during the year	Transfer Funds withheld from Equitable share	Transfer Funds withheld from Payables	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2025
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Library Project	-	-	-	1 400 000	-	-	1 400 000	-	-
FMG	-	-	-	3 000 000	-	-	3 000 000	-	-
Equitable Share	-	-	-	40 395 000	8 100 000	-	48 495 000	-	-
MIG	7 165 512	(1 465 512)	5 700 000	6 417 000	(5 700 000)	-	-	6 417 000	-
LG Seta	94 345	-	94 345	107 254	-	-	201 599	-	-
EPWP	-	-	-	1 200 000	-	-	1 200 000	-	-
RBIG	208 780	-	208 780	-	-	-	-	-	208 780
WSIG	617 989	1 782 011	2 400 000	7 000 000	(2 400 000)	-	-	7 000 000	-
COGSTA	2 200	-	2 200	-	-	-	-	-	2 200
Total	**8 088 826**	**316 499**	**8 405 325**	**59 519 254**	**-**	**-**	**54 296 599**	**13 417 000**	**210 980**

APPENDIX E - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2024/2025							2023/2024
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	**82 160**	**(6 672)**	**75 488**	**89 439**	**13 950**	**118.5%**	**108.9%**	**70 034**
Executive and council	3 505	(555)	2 950	2 805	(145)	95.1%	80.0%	2 652
Finance and administration	78 655	(6 117)	72 538	86 633	14 095	119.4%	110.1%	67 382
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**1 402**	**–**	**1 402**	**7 885**	**6 483**	**562.6%**	**562.6%**	**2 436**
Community and social services	1 400	–	1 400	7 874	6 474	562.4%	562.4%	1 405
Sport and recreation	–	–	–	–	–	100.0%	100.0%	1 030
Public safety	–	–	–	–	–	100.0%	100.0%	–
Housing	2	–	2	11	9	695.3%	695.3%	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**1 202**	**–**	**1 202**	**1 909**	**707**	**158.9%**	**158.9%**	**3 871**
Planning and development	–	–	–	–	–	-	-	–
Road transport	1 202	–	1 202	1 909	707	158.9%	158.9%	3 871
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**117 375**	**2 057**	**119 433**	**102 582**	**(16 851)**	**85.9%**	**87.4%**	**93 089**
Energy sources	44 481	(1 723)	42 758	29 914	(12 844)	70.0%	67.3%	26 807
Water management	42 095	(257)	41 838	37 721	(4 117)	90.2%	89.6%	28 732
Waste water management	19 077	2 907	21 983	22 466	483	102.2%	117.8%	23 185
Waste management	11 139	1 131	12 270	12 480	210	101.7%	112.0%	14 365
Other	583	–	583	–	(583)	-	-	–
Total Revenue - Standard	**202 139**	**(4 614)**	**197 524**	**201 814**	**4 289**	**102.2%**	**99.8%**	**169 429**
Expenditure - Standard								
Governance and administration	**92 433**	**(7 321)**	**85 112**	**116 160**	31 048	**136.5%**	**125.7%**	**109 402**
Executive and council	23 234	1 767	25 001	22 586	(2 415)	90.3%	97.2%	25 403
Finance and administration	69 199	(9 088)	60 111	93 574	33 463	155.7%	135.2%	83 999
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**7 043**	**(419)**	**6 624**	**8 722**	**2 098**	**131.7%**	**123.8%**	**6 427**
Community and social services	1 761	(101)	1 661	8 707	7 047	524.3%	494.3%	1 812
Sport and recreation	5 227	(298)	4 929	–	(4 929)	-	-	4 600
Public safety	55	(20)	34	15	(20)	42.7%	26.8%	15
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	100.0%	100.0%	–
Economic and environmental services	**18 525**	**(797)**	**17 728**	**12 320**	**(5 408)**	**69.5%**	**66.5%**	**22 404**
Planning and development	–	–	–	–	–	-	-	–
Road transport	18 525	(797)	17 728	12 320	(5 408)	69.5%	66.5%	22 404
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**77 789**	**5 636**	**83 425**	**103 082**	**19 657**	**123.6%**	**132.5%**	**79 363**
Energy sources	44 818	5 446	50 264	50 977	713	101.4%	113.7%	43 707
Water management	20 946	227	21 172	26 919	5 746	127.1%	128.5%	17 423
Waste water management	5 664	386	6 051	20 722	14 672	342.5%	365.9%	11 782
Waste management	3 261	(216)	3 045	4 463	1 418	146.6%	136.9%	6 451
Other	3 100	(208)	**2 893**	–	(2 893)	**-**	**-**	–
Total Expenditure - Standard	**195 790**	**(2 900)**	**192 889**	**240 283**	**47 394**	**124.6%**	**122.7%**	**217 596**
Surplus/(Deficit) for the year	**6 349**	**(1 714)**	**4 635**	**(38 470)**	**(43 105)**	**-829.9%**	**-605.9%**	**(48 166)**

APPENDIX E - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2024/2025							2023/2024
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Vote 1 - Office of the Mayor/Speaker	4 084	(555)	3 529	2 805	(723)	79.5%	68.7%	2 652
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	-	-	–
Vote 3 - Directorate Financial Services	118 519	(3 340)	115 179	63 766	(51 413)	55.4%	53.8%	66 457
Vote 4 - Directorate Corporate & Community Serv	2 184	107	2 292	10 320	8 029	450.4%	472.5%	3 064
Vote 5 - Directorate Infrastructure Services	66 641	(827)	65 815	103 808	37 994	157.7%	155.8%	96 227
Vote 6 - Electricity Distribution	10 710	–	10 710	–	(10 710)	-	-	–
Total Revenue by Vote	**202 139**	**(4 614)**	**197 524**	**180 700**	**(16 824)**	**91.5%**	**89.4%**	**168 399**
Expenditure by Vote *to be appropriated*								
Vote 1 - Office of the Mayor/Speaker	23 137	1 823	24 960	22 586	(2 374)	90.5%	97.6%	25 403
Vote 2 - Office of the Municipal Manager	1 977	(225)	1 753	–	(1 753)	-	-	–
Vote 3 - Directorate Financial Services	57 068	(7 016)	50 051	78 681	28 629	157.2%	137.9%	72 945
Vote 4 - Directorate Corporate & Community Serv	18 340	(1 151)	17 189	2 499	(14 690)	14.5%	13.6%	18 597
Vote 5 - Directorate Infrastructure Services	95 267	3 668	98 936	115 414	16 479	116.7%	121.1%	98 435
Total Expenditure by Vote	**195 790**	**(2 900)**	**192 889**	**219 181**	**26 292**	**113.6%**	**111.9%**	**215 380**
Surplus/(Deficit) for the year	**6 349**	**(1 714)**	**4 635**	**(38 480)**	**(43 116)**	**-830.2%**	**-606.1%**	**(46 981)**

APPENDIX E - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2024/2025							2023/2024
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue								
Exchange Revenue								
Service charges - Electricity	26 124	(2 020)	24 104	21 927	(2 177)	91.0%	83.9%	21 500
Service charges - Water	19 753	(2 000)	17 753	16 345	(1 408)	92.1%	82.7%	13 547
Service charges - Waste Water Management	7 784	1 288	9 072	9 311	239	102.6%	119.6%	7 088
Service charges - Waste Management	3 526	594	4 120	4 154	34	100.8%	117.8%	3 234
Sale of Goods and Rendering of Services	488	–	488	–	(488)	-	-	423
Agency services	578	–	578	681	102	117.7%	117.7%	(2)
Interest	–	–	–	–	–	-	-	–
Interest earned from Receivables	16 958	3 810	20 768	–	(20 768)	-	-	–
Interest earned from Current and Non Current Ass	240	528	528	748	220	141.7%	311.8%	482
Dividends	–	–	–	–	–	-	-	–
Rent on Land	–	–	–	–	–	-	-	–
Rental from Fixed Assets	14 302	(12 000)	2 302	1 574	(728)	68.4%	11.0%	1 057
Operational Revenue	1 500	1 163	2 664	493	(2 171)	18.5%	32.8%	4 612
Non-Exchange Revenue								
Property rates	32 534	1 951	34 485	27 490	(6 994)	79.7%	84.5%	30 692
Surcharges and Taxes	–	–	–	–	–	-	-	–
Fines, penalties and forfeits	6	–	6	2	(5)	25.0%	25.0%	6
Licences or permits	–	–	–	–	–	-	-	–
Transfer and subsidies - Operational	53 779	–	53 779	55 360	1 581	102.9%	102.9%	47 847
Interest	3 855	2 312	6 167	7 855	1 688	127.4%	203.8%	3 848
Other Gains	–	–	–	21 103	21 103	#DIV/0!	#DIV/0!	261
Discontinued Operations	–	–	–	–	–	100.0%	100.0%	
Total Revenue (excluding capital transfers and contributions)	**181 429**	**(4 374)**	**177 054**	**167 044**	**(9 771)**	**94.3%**	**92.1%**	**134 595**
Expenditure								
Employee related costs	65 727	–	65 727	59 791	(5 936)	91.0%	91.0%	60 722
Remuneration of councillors	4 604	–	4 604	4 555	(49)	98.9%	98.9%	4 471
Bulk purchases - electricity	38 542	–	38 542	37 732	(810)	97.9%	97.9%	30 361
Inventory consumed	7 334	–	7 334	3 395	(3 939)	46.3%	46.3%	9 934
Debt impairment	21 079	–	21 079	44 259	23 180	210.0%	210.0%	24 450
Depreciation and amortisation	21 368	–	21 368	22 337	969	104.5%	104.5%	28 357
Interest	3 671	–	3 671	30 887	27 216	841.3%	841.3%	17 611
Contracted services	14 627	–	14 627	5 798	(8 830)	39.6%	39.6%	13 939
Irrecoverable debts written off	890	–	890	1 065	175	119.7%	119.7%	800
Operational costs	17 592	–	17 592	29 318	11 726	100.0%	100.0%	20 158
Other Losses	–	–	–	–	–	100.0%	100.0%	(645)
Total Expenditure	**195 436**	**–**	**195 436**	**239 522**	**44 086**	**122.6%**	**122.6%**	**210 158**
					–	**-**	**-**	
Surplus/(Deficit)	**(14 007)**	**(4 374)**	**(18 381)**	**(72 478)**	**(54 097)**	**394.3%**	**517.5%**	**(75 564)**
Transfers recognised - capital	20 710	–	20 710	13 417	(7 293)	64.8%	64.8%	21 670
Contributions recognised - capital	–	–	–	–	–	100.0%	100.0%	–
Contributed assets	**–**	**–**	–	–	–	100.0%	100.0%	–
Surplus/(Deficit) for the year	**6 703**	**(4 374)**	**2 329**	**(59 061)**	**(61 390)**	**-2536.1%**	**-881.1%**	**(53 894)**

APPENDIX E - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2024/2025							2024/2025
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote								
Multi-year expenditure								
Vote 1 - Office of the Mayor/Speaker	–	–	–	–	–	-	-	–
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	-	-	–
Vote 3 - Directorate Financial Services	–	–	–	–	–	-	-	–
Vote 4 - Directorate Corporate & Community Services	–	–	–	–	–	-	-	–
Vote 5 - Directorate Infrastructure Services	–	–	–	12 347	12 347	#DIV/0!	#DIV/0!	7 915
Capital multi-year expenditure	**–**	**–**	**–**	**12 347**	12 347	#DIV/0!	#DIV/0!	**7 915**
Single-year expenditure								
Vote 1 - Office of the Mayor/Speaker	–	–	–	–	–	-	-	–
Vote 2 - Office of the Municipal Manager	–	–	–	–	–	-	-	414
Vote 3 - Directorate Financial Services	10 710	–	10 710	1 093	(9 617)	100.0%	100.0%	–
Vote 4 - Directorate Corporate & Community Services	–	–	–	–	–	100.0%	100.0%	–
Vote 5 - Directorate Infrastructure Services	10 000	–	10 000	–	(10 000)	-	-	–
Capital single-year expenditure	**20 710**	**–**	**20 710**	**1 093**	(19 617)	100%	100%	**414**
Total Capital Expenditure - Vote	**20 710**	**–**	**20 710**	**13 440**	(7 270)	65%	65%	**8 330**
					–	-	-	
Capital Expenditure - Standard					–	-	-	
Governance and administration	**–**	**–**	**–**	**1 093**	1 093	100.0%	100.0%	**414**
Executive and council	–	–	–	–	–	-	-	–
Budget and treasury office	–	–	–	1 093	1 093	100.0%	100.0%	414
Corporate services	–	–	–	–	–	-	-	–
Community and public safety	**–**	**–**	**–**	**–**	–	100.0%	100.0%	**–**
Community and social services	–	–	–	–	–	100.0%	100.0%	–
Sport and recreation	–	–	–	–	–	-	-	–
Public safety	–	–	–	–	–	-	-	–
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**–**	**–**	**–**	**327**	327	100.0%	#DIV/0!	**817**
Planning and development	–	–	–	–	–	-	-	–
Road transport	–	–	–	327	327	#DIV/0!	#DIV/0!	817
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**20 710**	**–**	**20 710**	**12 019**	(8 691)	58.0%	58.0%	**7 098**
Energy sources	10 710	–	10 710	4 311	(6 399)	40.3%	40.3%	116
Water management	10 000	–	10 000	6 716	(3 284)	67.2%	67.2%	2 612
Waste water management	0	–	0	993	993	99289551.0%	99289551.0%	4 370
Waste management	–	–	–	–	–	-	-	–
Other	**–**	**–**	**–**	**–**	–	-	-	**–**
Total Capital Expenditure - Standard	**20 710**	**–**	**20 710**	**13 440**	**(7 270)**	**65%**	**65%**	**8 330**
					–	-	-	
Funded by:					–	-	-	
National Government	20 710	–	20 710	12 347	(8 363)	59.6%	59.6%	7 915
Provincial Government	–	–	–	–	–	-	-	–
District Municipality	–	–	–	–	–	-	-	–
Other transfers and grants	–	–	–	–	–	-	-	–
Transfers recognised - capital	**20 710**	**–**	**20 710**	**12 347**	**(8 363)**	**60%**	**60%**	**7 915**
Public contributions & donations	**–**	**–**	**–**	**–**	–	100.0%	100.0%	–
Borrowing	**1 600**	**–**	**1 600**	**–**	(1 600)	100.0%	100.0%	–
Internally generated funds	**–**	**–**	**–**	**1 093**	1 093	100.0%	100.0%	414
Total Capital Funding	**22 310**	**–**	**22 310**	**13 440**	**(8 870)**	**60%**	**60%**	**8 330**

APPENDIX E - Unaudited
SIYATHEMBA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025
CASH FLOWS

Description	2024/2025							2023/2024
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	25 051	–	25 051	17 581	(7 470)	70.2%	70.2%	17 235
Service charges	44 034	(4 020)	44 034	17 285	(26 749)	39.3%	39.3%	23 128
Other revenue	14 015	(12 000)	14 015	2 749	(11 266)	19.6%	19.6%	503
Transfers and Subsidies - Operational	53 779	–	53 779	54 202	423	100.8%	100.8%	45 622
Transfers and Subsidies - Capital	20 710	–	20 710	5 317	(15 393)	25.7%	25.7%	31 579
Interest	–	–	–	2 986	2 986	#DIV/0!	#DIV/0!	6 249
Dividends	–	–	–	–	–	-	-	–
Payments								
Suppliers	81 408	(177 660)	(96 252)	(65 324)	30 928	67.9%	-80.2%	(75 923)
Employees	(3 671)	–	(3 671)	–	3 671	-	-	–
Finance charges	–	–	–	(27 517)	(27 517)	100.0%	100.0%	(20 948)
Transfers and Grants	–	–	–	–	–	-	-	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**235 326**	**(193 680)**	**41 646**	**7 280**	**(34 366)**	**17.5%**	**3.1%**	**27 445**
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	100.0%	100.0%	–
Decrease (Increase) in non-current debtors	–	–	–		–	-	-	–
Decrease (increase) other non-current receivables	–	–	–	–	–	-	-	–
Decrease (increase) in non-current investments	–	–	–	–	–	-	-	–
Payments					–	-	-	
Capital assets	–	–	–	(12 507)	(12 507)	#DIV/0!	#DIV/0!	(19 782)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**–**	**–**	**–**	**(12 507)**	**(12 507)**	**#DIV/0!**	**#DIV/0!**	**(19 782)**
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Short term loans	–	–	–	–	–	-	-	–
Borrowing long term/refinancing	–	–	–	–	–	100.0%	100.0%	(0)
Increase (decrease) in consumer deposits	–	–	–	115	115	100.0%	100.0%	67
Payments								
Repayment of borrowing	–	–	–	(1 449)	(1 449)	100.0%	100.0%	(493)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**(1 334)**	**(1 334)**	**100.0%**	**100.0%**	**(426)**
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	235 326	(193 680)	41 646	(6 561)	(48 207)	-15.8%	-2.8%	7 237
Cash/cash equivalents at the year begin:	43 553	–	41 839	7 444	(34 395)	100.0%	100.0%	207
Cash/cash equivalents at the year end:	278 879	(193 680)	83 485	884	(83 935)	1.1%	0.3%	7 444