GA-SEGONYANA LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2025

General Information

Council committee	
Mayor	Cllr. N Masegela (Chairperson EXCO)
Speaker	Cllr. K.B Madikiza
Councillors	Cllr C. Phillips (Chief Whip)
	Cllr. T. Merementsi (Chairperson MPAC)
	Cllr. K. Matlhole (EXCO Member)
	Cllr. L Moagi (EXCO Member)
	Cllr. A.W van der Westhuizen (EXCO Member)
	Cllr. M. Reetsang (EXCO Member)
	Cllr. K.R. Makhubo
	Cllr. K.P. Moepeng
	Cllr. L.S. Molusi
	Cllr. K.G. Molokwe
	Cllr. T. L. Diphatse
	Cllr. T.S. Nyathi
	Cllr. N. Mereotlhe
	Cllr. G.C. Chere
	Cllr. M.K. Taeng
	Cllr. S.I. Kok
	Cllr. M.E. Valela
	Cllr. M.E. Leberegane
	Cllr. K.S. Setlhodi
	Cllr. E.S. Ellis
	Cllr. M.P. Mamapula
	Cllr. K.H. Chweu
	Cllr M.F. Disang
	Cllr. S.M. Ryan
	Cllr. O.D. Mathibe
	Cllr. J.W Marumo
	Cllr. G.E Mothobi
	Cllr. M.B Mosiapoa
	Cllr. K.D Gaobathebe
Chief Finance Officer (CFO)	L Mashiane
Accounting Officer	M. Tsatsimpe
Registered office	Corner Voortrekker and School Street Kuruman
Business address	Corner Voortrekker and School Street Kuruman
Postal address	Private Bag X1522 Kuruman 8460
Bankers	ABSA Bank Limited
Auditors	Auditor-General South Africa (AGSA) Registered Auditors

General Information

Attorneys	Mogaswa Attorneys Peyper Attorneys Sifumba Attorneys Koikanyang Attorneys Motshabi Attorneys
Jurisdiction	The Ga-segonyana Local Municipality includes the following areas:Kuruman, Bankhara, Mothibistad, Magojaneng, Obama Hill,Ditshoswaneng, Mpoteng, Seoding, Mokalamosesane, Gamopedi,Ncweng, Galotolo, Pietbos, Sloja, Lokaleng, Geelboom, Sedibeng,Batlharos, Gasehubane, Garuele, Gasebolao, Maruping, Vergenoeg,Kagung, Lohatlha, Seven Miles, Thamonyanche, Wrenchville, PromiseLand and Thuli Madonsela
Relevant Legislation	Constitution of the Republic of South Africa (Act No. 108 of 1996) Municipal Finance Management Act (Act 56 of 2003) Division of Revenue Act The Income Tax Act (Act No. 58 of 1962) Value Added Tax Act (Act No. 117 of 1998 Municipal Structures Act (Act No. 32 of 2000) Water Service Act (Act No.108 of 1997) Housing Act (Act No. 107 of 1997) Housing Act (Act No. 107 of 1997) Electricity Act (Act No. 41 of 1987) Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998) Unemploymrnt Insurance Act (Act No. 30 of 1966) Basic Conditions of Employment Act (Act No. 75 of 1997) Municipal System Amendment Act (Act No. 7 of 2011) Municipal Supply Chain Management Regulations Municipal Collective Agreements Municipal Budget and Reporting Regulations MFMA Circulars and Regulations

Index

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

Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MSA	Municipal Systems Act

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

M. Tsatsimpe
Accounting Officer

Audit Committee Report

Legislative requirements

We are pleased to present our report for the financial year ended 30 June 2025 as required in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by National Treasury.

Audit, Performance and Risk committee (APRC) members and attendance

The Audit, Performance and Risk committee (APRC) has been appointed by the District Municipality John Taolo Gaetsewe. Service level agreements between the District and Gamagara, Ga-Segonyana and Joe Morolong Local Municipality provide for a shared ARPC within the District.

The ARPC is governed by formal terms of reference, which are regularly reviewed and approved by council.

The APRC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. . During the current year, 8 meetings were held:

Name of member	Number of meetings attended
Mr. Johann Snyders (Chairperson)	7
Mr. Khotso Nkoe	8
Mr. B Mathibela	7

ARPC responsibility

The ARPC reports that it has complied with its responsibilities arising from Section 166 of the MFMA read with MFMA Circular 65, and reports that it has adopted appropriate formal terms of reference as per its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

Evaluation of annual financial statements

The APRC has:

- Performed a desktop review and discussed the unaudited annual financial statements to be included in the annual report, with the Accounting Officer for submission to AGSA on 31 August 2025. The draft unaudited annual financial statement was work in progress, however management committed to finalise and consider the review by internal audit, Provincial Treasury and the ARPC. On this basis the ARPC support the submission to AGSA
- reviewed the progress on the audit plan;
- the Auditor-General of South Africa's audit report, management report and management's response thereto, and organisation's compliance with legal and regulatory provisions will be reviewed in the ARPC meeting in November 2025.

From the above the concurrence and acceptance of the Auditor-General of South Africa's report on the annual financial statements will be assessed.

Internal audit

The internal audit function does not have the capacity to operate effectively to address the risks pertinent to the municipality and its audits. The capacity will be addressed in the new financial year. The quality assurance improvement program and combined assurance plan will be implemented in the next financial year.

Auditor-General of South Africa

The Audit, Performance and Risk committee will meet with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit, Performance and Risk Committee

Date: ______________________

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 *Restated
Assets			
Current Assets			
Inventories	11	16 779 765	18 946 672
Receivables from non-exchange transactions	12	51 594 997	36 738 510
VAT receivable	13	8 120 130	5 207 739
Receivables from exchange transactions	14	106 420 494	77 259 198
Cash and cash equivalents	15	7 335 774	36 946 346
		190 251 160	**175 098 465**
Non-Current Assets			
Investment property	3	69 402 394	21 844 849
Property, plant and equipment	4	1 929 744 767	1 850 124 125
Intangible assets	5	968 312	443 636
Heritage assets	6	1 655 642	1 655 642
		2 001 771 115	**1 874 068 252**
Total Assets		**2 192 022 275**	**2 049 166 717**
Liabilities			
Current Liabilities			
Other financial liabilities	18	1 472 206	2 106 738
Finance lease obligation	16	1 192 853	1 886 916
Operating lease liability	7	3 820 140	6 752 031
Payables from exchange transactions	8	252 109 819	215 676 620
Consumer deposits	9	7 276 039	6 842 949
Employee benefit obligation	10	2 732 459	2 088 664
Unspent conditional grants and receipts	17	5 948	1 517 893
		268 609 464	**236 871 811**
Non-Current Liabilities			
Other financial liabilities	18	296 073	1 768 415
Employee benefit obligation	10	52 909 609	43 591 764
Provisions	19	35 891 817	28 463 712
		89 097 499	**73 823 891**
Total Liabilities		**357 706 963**	**310 695 702**
Net Assets		**1 834 315 312**	**1 738 471 015**
Accumulated surplus		1 834 315 312	1 738 471 015
Total Net Assets		**1 834 315 312**	**1 738 471 015**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 *Restated
Revenue			
Revenue from exchange transactions			
Sale of stands	21	5 754 328	5 288 063
Service charges	24	267 738 871	233 479 436
Rental of facilities	25	1 716 491	1 344 794
Interest received	29	6 973 754	7 295 148
Licences and permits	27	3 637 399	3 964 437
Other income	31	6 618 743	6 205 840
Interest received - investment	32	8 787 890	9 902 423
Total revenue from exchange transactions		**301 227 476**	**267 480 141**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	33	62 497 798	58 324 939
Transfer revenue			
Government grants & subsidies	34	426 975 944	403 662 308
Public contributions and donations	35	17 724 055	26 613 585
Fines, Penalties and Forfeits	26	8 457 068	8 247 791
Interest	29	5 175 195	4 155 689
Total revenue from non-exchange transactions		**520 830 060**	**501 004 312**
Total revenue	20	**822 057 536**	**768 484 453**
Expenditure			
Employee related costs	36	(273 804 605)	(245 251 126)
Remuneration of councillors	37	(14 937 962)	(14 809 800)
Depreciation and amortisation	38	(98 008 034)	(88 286 356)
Finance costs	39	(9 434 141)	(8 813 403)
Lease rentals on operating lease	28	(17 175 078)	(17 203 386)
Debt Impairment	41	(3 715 828)	(1 230 924)
Bad debts written off	41	(7 333 454)	(32 749 009)
Bulk purchases	43	(174 089 692)	(152 962 060)
Contracted services	44	(100 217 587)	(115 809 847)
Sale of goods/Inventory	22	(1 405 000)	(919 000)
General Expenses	42	(81 564 626)	(74 130 549)
Total expenditure		**(781 686 007)**	**(752 165 460)**
Operating surplus	46	**40 371 529**	**16 318 993**
Debt relief	23	11 640 234	-
Fair value adjustments	47	47 557 545	527 000
Actuarial gains/losses	10	(1 950 632)	(2 140 637)
Inventories losses/write-downs	11	(707 117)	(424 195)
Loss on disposal of asset	4	(1 067 100)	(1 727 970)
		55 472 930	**(3 765 802)**
Surplus for the year		**95 844 459**	**12 553 191**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 754 543 317	1 754 543 317
Adjustments		
Prior year adjustments 52	(28 625 657)	(28 625 657)
Balance at 01 July 2023 as restated*	**1 725 917 660**	**1 725 917 660**
Changes in net assets		
Surplus for the year	12 025 297	12 025 297
Prior period error	528 058	528 058
Other 2	-	-
Total changes	12 553 355	12 553 355
Balance at 01 July 2024 Restated*	**1 738 471 005**	**1 738 471 005**
Changes in net assets		
Surplus for the year	95 844 459	95 844 459
Total changes	95 844 459	95 844 459
Balance at 30 June 2025	**1 834 315 312**	**1 834 315 312**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Sale of goods and services		303 589 199	321 454 050
Grants		419 935 045	363 709 415
Public contributions		17 724 055	26 613 585
Interest income		13 065 660	12 193 281
VAT refunds		79 326 750	-
Fines, Penalties and Forfeits		8 457 068	5 444 871
Other income		4 413 729	4 261 609
		846 511 506	733 676 811
Payments			
Employee costs		(277 978 737)	(246 087 505)
Suppliers		(383 110 980)	(356 390 269)
Interest paid		(770 289)	(1 213 965)
Tax paid		(46 791 246)	43 589 763
		(708 651 252)	(560 101 976)
Net cash flows from operating activities	45	**137 860 254**	**173 574 835**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(171 354 010)	(180 207 562)
Proceeds from sale of property, plant and equipment	4	(1 130 000)	-
Purchase of other intangible assets	5	(853 088)	(176 966)
Interest received - investments		8 667 210	9 637 799
Net cash flows from investing activities		**(164 669 888)**	**(170 746 729)**
Cash flows from financing activities			
Repayment of other financial liabilities		(2 106 875)	(2 204 850)
Finance lease payments		(694 063)	(1 886 916)
Net cash flows from financing activities		**(2 800 938)**	**(4 091 766)**
Net increase/(decrease) in cash and cash equivalents		**(29 610 572)**	**(1 263 660)**
Cash and cash equivalents at the beginning of the year		36 946 346	38 210 006
Cash and cash equivalents at the end of the year	15	**7 335 774**	**36 946 346**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of stands	20 000 000	2 500 000	**22 500 000**	5 754 328	**(16 745 672)**	1
Service charges	261 785 767	13 717 503	**275 503 270**	267 738 871	**(7 764 399)**	12
Rental of facilities and equipment	1 772 451	-	**1 772 451**	1 716 491	**(55 960)**	
Interest received (trading)	8 250 659	(2 040 757)	**6 209 902**	6 973 754	**763 852**	2
Licences and permits	4 159 044	-	**4 159 044**	3 637 399	**(521 645)**	3
Other income - (rollup)	6 043 476	(1 000)	**6 042 476**	6 618 743	**576 267**	4
Interest received - investment	7 122 644	2 500 000	**9 622 644**	8 787 890	**(834 754)**	13
Total revenue from exchange transactions	**309 134 041**	**16 675 746**	**325 809 787**	**301 227 476**	**(24 582 311)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	62 887 572	(5 957)	**62 881 615**	62 497 798	**(383 817)**	
Transfer revenue						
Government grants & subsidies	401 108 000	51 604 851	**452 712 851**	426 975 944	**(25 736 907)**	
Public contributions and donations	-	-	**-**	17 724 055	**17 724 055**	
Fines, Penalties and Forfeits	1 751 173	6 462 402	**8 213 575**	8 457 068	**243 493**	
Interest - Outstanding debtors	1 500 000	4 395 050	**5 895 050**	5 175 195	**(719 855)**	5
Total revenue from non-exchange transactions	**467 246 745**	**62 456 346**	**529 703 091**	**520 830 060**	**(8 873 031)**	
Total revenue	**776 380 786**	**79 132 092**	**855 512 878**	**822 057 536**	**(33 455 342)**	
Expenditure						
Personnel	(262 649 890)	81 580	**(262 568 310)**	(273 804 605)	**(11 236 295)**	
Remuneration of councillors	(15 598 148)	-	**(15 598 148)**	(14 937 962)	**660 186**	
Depreciation and amortisation	(59 999 999)	(10 000 000)	**(69 999 999)**	(98 008 034)	**(28 008 035)**	6
Impairment loss/ Reversal of impairments	(15 702 533)	1 300 000	**(14 402 533)**	-	**14 402 533**	
Finance costs	(1 291 084)	-	**(1 291 084)**	(9 434 141)	**(8 143 057)**	7
Lease rentals on operating lease	(16 500 000)	(3 299 999)	**(19 799 999)**	(17 175 078)	**2 624 921**	
Debt Impairment	-	-	**-**	(3 715 828)	**(3 715 828)**	10
Bad debts written off	(589 485)	(117 682)	**(707 167)**	(7 333 454)	**(6 626 287)**	8
Bulk purchases	(137 419 000)	(15 000 000)	**(152 419 000)**	(174 089 692)	**(21 670 692)**	9
Contracted Services	(89 630 931)	(5 628 005)	**(95 258 936)**	(100 217 587)	**(4 958 651)**	
Sale of goods/Inventory	-	-	**-**	(1 405 000)	**(1 405 000)**	
General Expenses	(86 705 754)	830 063	**(85 875 691)**	(81 564 626)	**4 311 065**	
Total expenditure	**(686 086 824)**	**(31 834 043)**	**(717 920 867)**	**(781 686 007)**	**(63 765 140)**	
Operating surplus	**90 293 962**	**47 298 049**	**137 592 011**	**40 371 529**	**(97 220 482)**	
Gain on foreign exchange	-	-	**-**	11 640 234	**11 640 234**	
Fair value adjustments	-	-	**-**	47 557 545	**47 557 545**	
Actuarial gains/losses	-	-	**-**	(1 950 632)	**(1 950 632)**	
Inventories losses/write-downs	-	-	**-**	(707 117)	**(707 117)**	11

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Loss on non-current assets held for sale or disposal groups	-	-	-	(1 067 100)	**(1 067 100)**	
	-	**-**	**-**	**55 472 930**	**55 472 930**	
Surplus before taxation	**90 293 962**	**47 298 049**	**137 592 011**	**95 844 459**	**(41 747 552)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**90 293 962**	**47 298 049**	**137 592 011**	**95 844 459**	**(41 747 552)**	

1)Sales of stands
The Variance is due to lack of demand for stands

2)Interest received (trading)
The variance is due to a increase in accounts receivable, resulting an increase in interest received from exchange transactions.

3)Licences and permits
Under collection of revenue from licenses and permits was primarily due to the suspension of operations at the testing station during the year.

4)Other Revenue
Variance is as a result of debts written off by Vaal Water.

5)Interest Outstanding debtors
The variance is due to an decrease in accounts receivable, resulting a decrease in interest received from non-exchange transactions

Expenditure

6)Depreciation and amortisation
During the financial year, the municipality completed and capitalised several infrastructure and capital projects, such as roads, buildings, and plant and equipment. These newly capitalised assets increased the overall depreciable asset base, resulting in higher depreciation charges.

7)Finance Costs
The Variance is due to interest on landfill site and interest on Employee Obligation that was not budgeted for.

8)Bad debts written off
The municipality did not budget adequately for bad debt write-off.

9)Bulk Purchases
The variance is due to the high increases in tariffs charged by Eskom.

10)Debt Impairment
The variance is due to over-budgeting for debt impairment and also as a result of the unpredictable movement on the consumer debtors' accounts.

11)Inventory - losses / write down
Unpredictable at the time of preparing the budget thus the reason for variance.Under collection of revenue from licenses and permits was primarily due to the suspension of operations at the testing station during the year.

12) Service charges
The varience is as a result of a decrease in the opening of new accounts in comparison to the budget.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	46 255 672	(43 542 514)	**2 713 158**	16 779 765	**14 066 607**	1
Receivables from exchange transactions	-	-	**-**	8 120 130	**8 120 130**	2
Receivables from non-exchange transactions	30 310 173	(13 917 315)	**16 392 858**	51 208 759	**34 815 901**	
VAT receivable	-	-	**-**	8 120 130	**8 120 130**	3
Receivables from exchange transactions	7 762 232	(7 802 899)	**(40 667)**	106 806 725	**106 847 392**	
VAT Receivable	(5 761 713)	(36 000)	**(5 797 713)**	-	**5 797 713**	
Cash and cash equivalents	121 546 229	(46 314 467)	**75 231 762**	7 335 774	**(67 895 988)**	4
	200 112 593	**(111 613 195)**	**88 499 398**	**198 371 283**	**109 871 885**	
Non-Current Assets						
Investment property	20 268 149	-	**20 268 149**	49 148 853	**28 880 704**	
Property, plant and equipment	1 868 555 171	36 607 999	**1 905 163 170**	1 929 744 767	**24 581 597**	
Intangible assets	496 305	-	**496 305**	968 312	**472 007**	
Heritage assets	1 655 642	-	**1 655 642**	1 655 642	**-**	
	1 890 975 267	**36 607 999**	**1 927 583 266**	**1 981 517 574**	**53 934 308**	
Total Assets	**2 091 087 860**	**(75 005 196)**	**2 016 082 664**	**2 179 888 857**	**163 806 193**	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	**-**	1 472 206	**1 472 206**	
Finance lease obligation	4 204 855	(1 705 000)	**2 499 855**	1 192 853	**(1 307 002)**	
Operating lease liability	-	-	**-**	3 820 140	**3 820 140**	
Payables from exchange transactions	68 144 245	(53 567 790)	**14 576 455**	252 109 819	**237 533 364**	
VAT payable	47 349 481	(8 082 000)	**39 267 481**	-	**(39 267 481)**	
Consumer deposits	6 400 581	(6 400 581)	**-**	7 276 039	**7 276 039**	
Employee benefit obligation	-	-	**-**	2 732 459	**2 732 459**	
Unspent conditional grants and receipts	14 857 205	(15 219 000)	**(361 795)**	5 948	**367 743**	
	140 956 367	**(84 974 371)**	**55 981 996**	**268 609 464**	**212 627 468**	
Non-Current Liabilities						
Other financial liabilities	3 875 149	(3 875 149)	**-**	296 073	**296 073**	
Operating lease liability	35 499 513	(35 499 513)	**-**	-	**-**	
Employee benefit obligation	-	-	**-**	52 909 609	**52 909 609**	
Provisions	25 495 555	(60 995 000)	**(35 499 445)**	35 891 817	**71 391 262**	
	64 870 217	**(100 369 662)**	**(35 499 445)**	**89 097 499**	**124 596 944**	
Total Liabilities	**205 826 584**	**(185 344 033)**	**20 482 551**	**357 706 963**	**337 224 412**	
Net Assets	**1 885 261 276**	**110 338 837**	**1 995 600 113**	**1 822 181 894**	**(173 418 219)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 885 261 277	74 920 000	**1 960 181 277**	1 834 315 305	**(125 865 972)**	

1)Inventory
The municipality underbudgeted inventory budget

2)Receivables from exchange transactions
The trade receivables are less than budgeted amounts due to the increase in the actual write-offs made during the financial year.

3)VAT
VAT receivable is lower than the budgeted amount as the municipality was refunded most of the outstanding returns as at year end.

4)Cash and cash equivalents
The municipality overestimated the budget,
Property, plant and equipment increased due to additional assets bought or constructed in the current year as projects are completed as well as public donations contributions on capital projects which was not budgeted for.

5)Intangible assets
Variance due to additional computer software on new laptops bought for municipal officials.

6)Other Financial liabilities
This balance is composed of loans from DBSA and the municipality managed to repay part of the loan in the 2023/24 financial year.

7)Employee benefit obligation
Difference due to the valuation in terms of GRAP 25 not budgeted for by the municipality.

8)Customer deposits
The municipality had more customers who opened new customer accounts during the year than anticipated. This resulted in an increase in customer deposits.

9)Provision
Budgeted amount is less than actual amount due to no new rehabilitation site being developed during the financial year under review.

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded off to the nearest Rand.

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.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables and allowance for doubtful debts

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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

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.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. 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. They are significantly affected by a number of factors including production estimates, supply demand and interest.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions and Contingencies

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

(a) has a detailed formal plan for the restructuring, identifying at least:

(i) the activity/operating unit or part of an activity/operating unit concerned; (ii) the principal locations affected.

(iii) the location, function, and approximate number of employees who will be compensated for their services being terminated.

(iv) the expenditures that will be undertaken; and

(v) when the plan will be implemented; and (b) 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 shall include only the direct expenditures arising from the restructuring, which are those that are both:

(a) necessarily entailed by the restructuring; and

(b) not associated with the ongoing activities of the entity.

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 judgment. 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 results 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 interests' rate, 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 commitment, it is considering 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 recognises less, where appropriate, cumulative amortisation recognised in accordance with the standard of GRAP on revenue from exchange transactions.

Decommissioning, restoration and similar liability

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

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

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

Useful lives of assets

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

The estimation of residual values of assets is based on management's judgment as to whether the assets will be sold or used at the end of their useful lives, and in what condition they will be at that time.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in the notes to the Annual Financial Statements.

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

Effective interest rate

Where interest rates are not specified in the transactions handled by the municipality, the municipality used the prime interest rate to discount future cash flows.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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

Timing of Assessment
The municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired.

Evidence of Impairment
The following accounts are specifically excluded from impairment testing:

- Receivable accounts with a combined credit balance at reporting date;
- Receivable accounts where the combined balance at reporting date is zero;
- Receivable accounts where the Municipality is the owner; and
- Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due.

Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired.

- A receivable that have been placed under or applied for liquidation or sequestration;
- Where the last payment date by the customer was before 15th May of each year;
- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt;
- When accounts have been formally presented to Council for write off; and
- All accounts with balances outstanding 31 days and longer as these accounts are considered to be past due.

Calculation and Recognition of Impairment Loss
The impairment loss is calculated as the difference between the carrying value at reporting date less the present value of expected future cash flows.

Individually Significant Receivables
Consumer receivables with a total balance outstanding at reporting date over R150 000 is considered material and will be assessed individually for evidence of impairment.

For sundry receivables management will assess on an annual basis which accounts are considered to be individually material. These accounts will be assessed individually for evidence of impairment.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Risk Categories
All receivables are categorised into one of three risk categories. These categories are:
- High risk category;
- Medium risk category; and
- Low risk category.

The allocation of receivables into the different risk categories are reviewed annually.

Consumer receivables
The following receivables are specifically identified as being high risk due to their nature:
- Approved indigents;
- Tenant accounts; and
- Non-active accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:
- Government receivables

The following receivables are specifically identified as being medium risk receivables due to their nature and past payment history:
- All accounts with prepaid electricity meters; and
- Government receivables

The remainder of the consumer receivables are classified as medium risk receivables.
All other receivables are divided into the three risk categories based on management's knowledge of these receivables.
Summary of risk groups for consumer receivables:

High Risk	Medium Risk	Low Risk
Approved indigents	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Tenant accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Non-active accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management

Sundry receivables
The following receivables are specifically identified as being high risk due to their nature and past payment history:

- Motor vehicle accidents;
- Library books;
- Bursary costs/Study assistance;
- Closed accounts;
- Marked to be written off; and
- Handed over accounts.

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Main service contributions; and
- Relocation costs.

The following receivables are individually assessed:

- Medical aid

The remainder of the sundry receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables.
Summary of risk groups for consumer receivables:

1.4 Significant judgements and sources of estimation uncertainty (continued)

High Risk	Medium Risk	Low Risk
Motor vehicle accidents	Remainder of consumer receivable accounts	Main service contributions
Library books	Remainder of consumer receivable accounts	Main service contributions
Bursary costs	Remainder of consumer receivable accounts	Reallocation costs
Closed accounts	Remainder of consumer receivable accounts	Reallocation costs
Marked to be written off	Remainder of consumer receivable accounts	Reallocation costs
Non-active accounts	Remainder of consumer receivable accounts	Reallocation costs

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management.

Discount Rate
The discount rate is set as the yield of the R157 South African government bond as at the reporting date. The actual yield on the R157 bond is sourced from the RMB Global Markets website at reporting date.

The risk-free rate is adjusted with a premium per risk category. The following is taken into account in determining the premium:

- The economic conditions of the population in the municipal district;
- History of bad debts written off;
- Effectiveness of the debt collection processes;
- The vast rural area that the municipality covers and the rural population have high social problems;
- High unemployment rate in the municipal district.

Based on the above risk factors identified the risk-free rate is adjusted with the following premium:

Risk category	Premium adjustment
High risk	1.25%
Medium risk	0.75%
Low risk	0.25%

The risk factors and premium adjustment to the risk-free rate are reviewed annually by management.

Expected Repayment Term
The total income from consumers for the reporting period include:

- Property tax;
- Refuse;
- Sewerage;
- Water;
- Electricity;
- Interest; and
- Less income foregone.

Expected Future Cash Flows
The expected future cash flows are based on management's past experiences with the different receivable groups. The expected future cash flows can be summarised as follows:

Group	Expected future cash flow
Accounts with no payment received in the last six months	No payment expected
Indigent receivables	Accounts marked as indigent do not expect any re-payment and is therefore included at 100% in the allowance calculation.
Inactive accounts	No payment expected
Accounts marked as bad debts	No payment expected.
Accounts with balances only in current, 30 days and/or 60 days	Fully recoverable
High risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

	-Any other factors applicable (e.g. debtors handed over)
Medium risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history -Any other factors applicable (e.g. debtors handed over)
High risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history -Any other factors applicable (e.g. debtors handed over)
Medium risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc.) -Payment history -Any other factors applicable (e.g. debtors handed over)

All payments received in July after the reporting date are added to the above calculated expected further cash flows before impairment is calculated.

Present Value of Expected Future Cash Flows

The future expected cash flows will be discounted using the present value (PV) formula.

1.5 Investment property

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

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

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

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

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

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

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

Significant Accounting Policies

1.5 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value in line with the asset management policy of the municipality on the Municipal Property Rates Act cycle.

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

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

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

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

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

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.

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

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

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

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

1.6 Property, plant and equipment

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

1.6 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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.

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land		Infinity
Furniture and fixtures	Straight line	3-15 years
Infrastructure		
- Sewer pump station	Straight line	10-60 years
- Solid waste disposal	Straight line	3-50 years
- Electricity network	Straight line	3-50 years
- LV network	Straight line	10-50 years
- Distribution network	Straight line	2- 70 years
- Bridges	Straight line	30-80 years
- Bulk supply	Straight line	50-100 years
- MV network	Straight line	15-60 years
- Road structures	Straight line	5-55 years
- Airport structures	Straight line	20-60 years
- Collection and reticulation network	Straight line	50 years
- Borehole	Straight line	3-100 years
- Distribution reticulation network	Straight line	5-60 years
- Storage	Straight line	10-15 years
- Stormwater	Straight line	10-60 years
- Road traffic management	Straight line	10-40 years
- Waste water treatment	Straight line	3-60 years
- Water network	Straight line	20 years
- Water pipes	Straight line	20 years
- Water pump	Straight line	15-60 years
- Water storage	Straight line	3-60 years
Community Assets		
- Buildings	Straight line	15-50 years
Other property, plant and equipment		
- Furniture and equipment	Straight line	5-10 years
- Motor vehicles	Straight line	5-15 years
- Office equipment	Straight line	3-10 years
- Plant equipment	Straight line	4-15 years
- Computer equipment	Straight line	1-5 years
Road Furniture	Straight line	5-30 years
External Facilities	Straight line	3-30 years
Sports Facilities and other Amenities	Straight line	3-50 years
Landfill site	Straight line	13-50 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life, residual value and depreciation method of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

The depreciation charge for each period is recognised in surplus or deficit.

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.

1.6 Property, plant and equipment (continued)

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

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

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

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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

1.7 Site restoration and dismantling cost

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

Significant Accounting Policies

1.7 Site restoration and dismantling cost (continued)

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

If the related asset is measured using the revaluation model:
- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit.
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.8 Intangible assets

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.8 Intangible assets (continued)

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.

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 5 Years

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

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

1.9 Heritage assets

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Significant Accounting Policies

1.9 Heritage assets (continued)

Subsequent measurement

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

Impairment

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

1.10 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.

Initial recognition

Financial instruments are recognised when the municipality becomes a party to contractual provision of the instruments.

Financial instruments are initially recognised at amortised cost.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the nature and terms of the financial instrument for which the financial instruments were obtained / incurred and takes place at initial recognition.

1.10.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at cost.

1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

Significant Accounting Policies

1.11 Statutory receivables (continued)

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

Significant Accounting Policies

1.11 Statutory receivables (continued)

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

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

1.12 Tax

VAT

The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.

1.13 Leases

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

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

Finance leases - lessee

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

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

Subsequent measurement
Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessee

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

1.14 Inventories

1.14.1 Initial recognition
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.

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

1.14 Inventories (continued)

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

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

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

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

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

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

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

1.15 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

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.

1.16 Impairment of non-cash-generating assets

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

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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.

1.17 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits

Recognition and measurement

All 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 cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

1.17 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

1.18 Provisions and contingencies

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed by way of note.

1.18 Provisions and contingencies (continued)

Contingent liabilities and assets

In preparing the financial statements, the municipality complies with the requirements of the Standards of Generally Recognised Accounting Practice (GRAP). The municipality discloses contingent liabilities and contingent assets in accordance with GRAP 19 – Provisions, Contingent Liabilities, and Contingent Assets.

Recognition and Measurement

Contingent liabilities and contingent assets are not recognised in the financial statements because they are either:

- Contingent Liabilities: Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the municipality; or present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources will be required or the amount cannot be reliably measured.

- Contingent Assets: Possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the municipality.

Where contingent liabilities and assets are disclosed, they are reported at the best estimate value, representing management's best judgement of the potential financial impact based on available information.

Review and Update

Contingent liabilities and assets are reviewed at each reporting date to determine whether any adjustments are necessary. The municipality will recognise a provision if it becomes probable that an outflow or inflow of resources will be required and the obligation or asset qualifies for recognition as a liability or an asset, respectively, as defined by GRAP 19.

1.19 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Significant Accounting Policies

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

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.

The municipality's main sources of revenue from exchange transactions income include service charges, rental, sale of stands, licenses and permits and interest income.

Measurement

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

Sale of goods

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

Rendering of services

Rendering of services include the following service charges; refuse removal billed at a fixed fee per month, electricity (i.e conventional and prepaid electricity) based on consumption, water based on consumption and sewerage based on water consumption. 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.

Interest

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

Interest is recognised on a time proportion basis.

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.
Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

The municipality's main source of revenue from non-exchange transactions income include property rates, government grants and subsidies, public contributions, donations, fines and penalties.
.

Recognition

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

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

Measurement

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

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

Property rates

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

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

Fines

Revenue fines will be accounted for on accrual basis based on GRAP 1

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

Fines are economic benefits or service potential received or receivable by municipality, as determined by a court of other law enforcement body, as a consequence of the breach of laws or regulations .Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

1.21 Revenue from non-exchange transactions (continued)

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality recognises the full amount of revenue from fines at the transaction date and subsequently recognise the impairment loss for revenue not expected to be collected, as there is uncertainty about the entities ability to collect such revenue based on past history. The municipality considered the past history in assessing the likelihood of the discounts or reductions being taken up by the debtors.

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.

1.22 Borrowing costs

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

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

1.23 Comparative figures

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

1.24 Unauthorised expenditure

Unauthorised expenditure refers to any expenditure incurred by the municipality that is not in accordance with the municipality's approved budget or the conditions of allocations or grants. Specifically, it includes expenditure tha:

- overspending of a vote or a main division within a vote; and
  Exceeds the total amount appropriated in the municipality's approved budget;
  Uses money appropriated for a specific purpose, otherwise than for that specific purpose
  Spends an allocation otherwise than in accordance with any conditions of the allocation.
  Makes a grant otherwise than in accordance with the MFMA.
- 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

1.25 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

1.26 Irregular expenditure

(a) this Act; or
(b) the state Tender Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government

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

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

Significant Accounting Policies

1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which a write off 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 written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the municipal council 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 programmed/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register

1.27 Segment information

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

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

1.28 Budget information

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

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

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

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

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

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

Comparative information is not required.

Material differences between the original budget and final budget as well as between the final budget and the actual are explained in the Annual Financial Statements. Deviations are regarded as material when they are greater than or equal to 10%. Deviations between approved budget and final budgets well as deviations between final budget and actual, are regarded as material differences

1.29 Related parties

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

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

Significant Accounting Policies

1.29 Related parties (continued)

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

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

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

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

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

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

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

The municipality identifies related parties in line with GRAP 20 - Related Party Disclosures. A related party is a person or entity with the ability to control or significantly influence the municipality’s financial and operating policies or is a member of the key management personnel of the municipality.

1. Related Party Transactions: Transactions between the municipality and related parties are disclosed in the financial statements when a transfer of resources, services, or obligations has occurred, regardless of whether a price is charged.

2. Types of Related Parties:

- Key Management Personnel: Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the municipality. This includes executive directors, senior management, and council members.

- Entities Controlled by the Municipality: Any entities, subsidiaries, or trusts over which the municipality has control or significant influence are considered related parties and are disclosed accordingly.

- Close Family Members: Close family members of key management personnel are also considered related parties and disclosed if they have a financial relationship with the municipality.

3. Measurement and Recognition:

- Related party transactions are measured at the transaction amount, in accordance with GRAP 20, and disclosed in the financial statements to provide transparency on potential conflicts of interest and to maintain compliance with applicable standards.

4. Disclosure Requirements:

- All related party transactions are disclosed in Note 44 to the financial statements, including the nature of the relationship, types of transactions, and, where applicable, the value of transactions and outstanding balances at year-end.

Significant Accounting Policies

1.30 Events after reporting date

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

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

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

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

1.31 Segment Reporting

The municipality reports on segments in accordance with GRAP 18 – Segment Reporting, which requires entities to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the activities in which the municipality is involved. The primary basis of segment reporting is based on the internal structure used for management reporting purposes, which reflects the municipality’s operations and decision-making process.

The municipality has identified segments based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area(guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments issued by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes

The Municipality has several departments/functional areas and accordingly. The segments for reporting purposes are as set out below:

- Municipal governance and administration services)
- Finance and administration
- Public Safety, Community and Social Services
- Sports and Recreation
- Planning and Development
- Road Transport
- Environmental Protection
- Energy Sources
- Trading Services

Revenue and Expenses: Revenue and expenses are assigned to segments based on the direct attribution of activities. Indirect expenses are allocated to segments in a systematic and reasonable basis.

Significant Accounting Policies

1.32 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

An expense is recognised in the municipality’s Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and
- All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Major expenses include:
- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.
- Repairs and maintenance - inclusive of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk electricity;
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs.
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General expenses which constitute several expense items which are not individually significant.
- Employee cost - relating to cost associated with employee contracts.
- Depreciation - Cost associated with the amortisation of property, plant and equipment..

1.33 Fines provision methodology

1) Obtain issued fines (Unadjusted issued fines) for the past 3 to 5 years.
a) Adjust the fines by the below adjustments:
b) Reduce the fines by the amount of fines withdrawn/cancelled.
c) Also reduce the fines by amounts reduced.

2) Increase the fines by amounts increased for unpaid fines.

3) Obtain the final total of amounts of a) to c) above.

4) Adjust the issued fines by a) to c) above to get final collectible issued fines.

5) Calculate the percentage discount rate of collectible issued fines as a percentage of unadjusted issued fines in 1) above

6) Calculate average discount rate for the number of years the data was obtained e.g. if 3 years, calculate average over 3 years and if 5 years calculate average over 5 years.

7) The provision is calculated as follows:
Gross fines debtors x average discount rate in 5) above.

Figures in Rand	2025	2024

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

During the financial year ended 30 June 2025, the municipality did not adopt any new or amended Standards of GRAP, as there were no Standards effective for reporting periods beginning on or after 1 April 2024 (as per Directive 5, Appendix effective 1 April 2024) [Citation to Directive 5].
Consequently, accounting policies remained unchanged and no retrospective restatements of comparative figures were required.

Standards issued but not yet effective:
- GRAP 104 (Financial Instruments, Revised 2019) – effective 1 April 2025. Preliminary assessment: may affect classification/measurement of financial assets and liabilities; required enhanced disclosure.
- GRAP 22 (Foreign Currency Translation and Advance Consideration) – effective 1 April 2025. Potential effect on timing of revenue/expense recognition for foreign currency advances.

Management does not expect any other issued Standards—such as amendments to GRAP 1, GRAP 103, or GRAP 105/106/107—for which no effective date has been determined, to materially affect future reporting.

Comparative information: No restatement of prior year amounts was required. There were no changes in accounting estimates or corrections of prior period errors during the year.

The municipality’s accounting policies have therefore been consistently applied from 1 July 2023 to 30 June 2025.

3. Investment property

	2025			2024		
	Cost/ Fair value	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Fair value	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	69 402 394	-	69 402 394	21 844 849	-	21 844 849

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	21 844 849	47 557 545	69 402 394

Reconciliation of investment property - 2024

	Opening balance	Transfers received	Fair value adjustments	Total
Investment property	20 268 149	1 049 700	527 000	21 844 849

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

Investment property was reviewed during the year by TT Property Consultants professional valuers. The direct comparison and replacement cost approach was used to determine the fair value. A comparison was made to recently sold properties in the area. The size of the land and buildings, location, rights, shape, layout and 40% depreciated factor were used to determine fair value.

No repairs and maintenance expenses were incurred on investment properties.

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	22 369 957	-	22 369 957	22 369 957	-	22 369 957
Buildings	113 377 761	(26 955 737)	86 422 024	100 808 432	(23 431 846)	77 376 586
Plant and machinery	5 275 216	(3 683 220)	1 591 996	4 750 510	(3 295 433)	1 455 077
Furniture and fixtures	11 541 043	(8 564 877)	2 976 166	11 302 566	(8 289 734)	3 012 832
Motor vehicles	17 411 908	(13 015 924)	4 395 984	18 067 105	(12 565 874)	5 501 231
Office equipment	8 552 128	(4 914 538)	3 637 590	7 498 364	(3 768 739)	3 729 625
Infrastructure	2 774 057 848	(1 058 491 605)	1 715 566 243	2 608 021 252	(979 070 345)	1 628 950 907
Community	174 091 679	(81 306 872)	92 784 807	181 319 964	(73 592 054)	107 727 910
Total	**3 126 677 540**	**(1 196 932 773)**	**1 929 744 767**	**2 954 138 150**	**(1 104 014 025)**	**1 850 124 125**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	22 369 957	-	-	-	-	-	-	-	22 369 957
Buildings	77 376 547	12 590 628	(1 513)	-	-	-	(3 463 996)	(79 642)	86 422 024
Plant and machinery	1 455 077	584 469	(9 364)	-	-	-	(438 186)	-	1 591 996
Furniture and fixtures	3 012 833	757 422	-	-	-	63 091	(857 180)	-	2 976 166
Motor vehicles	5 501 231	110 628	(3)	-	-	-	(1 215 872)	-	4 395 984
Office equipment	3 729 625	1 397 853	(141 096)	-	-	-	(1 348 792)	-	3 637 590
Infrastructure	1 628 950 908	166 142 476	(823 784)	1 837 306	-	-	(76 817 722)	(3 722 941)	1 715 566 243
Community	107 727 910	-	(154 431)	-	(5 053 378)	-	(7 982 769)	(1 752 525)	92 784 807
	1 850 124 088	**181 583 476**	**(1 130 191)**	**1 837 306**	**(5 053 378)**	**63 091**	**(92 124 517)**	**(5 555 108)**	**1 929 744 767**

*Other movements - These include recovered assets that had been written off in the prior periods, thus gains in the current year.
Transfers - These are net movements in work-in-progress,being the difference between the additional expenditure incurred and movement of completed assets.

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	15 764 663	6 605 294	-	-	-	-	22 369 957
Buildings	62 935 973	17 099 378	-	-	(2 658 804)	-	77 376 547
Plant and machinery	1 847 398	174 349	(106 732)	-	(459 938)	-	1 455 077
Furniture and fixtures	2 238 453	1 796 520	(251 118)	-	(771 022)	-	3 012 832
Motor vehicles	6 822 235	-	(16 332)	-	(1 304 672)	-	5 501 231
Office equipment	2 575 119	2 704 737	(490 601)	-	(1 059 591)	-	3 729 664
Infrastructure	1 561 518 294	146 107 866	(698 085)	(3 470 505)	(73 314 323)	(1 192 340)	1 628 950 907
Community	99 440 025	17 211 074	(152 519)	(1 474 600)	(4 966 974)	(2 329 096)	107 727 910
	1 753 142 160	**191 699 218**	**(1 715 387)**	**(4 945 105)**	**(84 535 324)**	**(3 521 436)**	**1 850 124 125**

Other information

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Bankhara Water Reservior	145 396 568	145 396 568

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	223 729 856	221 892 550
Community	26 471 096	31 524 474
	250 200 952	**253 417 024**

The Bankara Water Reservoir Project, with a carrying amount of R145 396 568 (2024: R145 396 568) is taking longer than expected to complete. The delay is primarily due to the municipality still being in the process of procuring and replacing pipes that burst during the testing of the booster water station.

In addition, the Kuruman Waste Water Treatment Optimisation Project, with a carrying amount of R15,723,514, is also experiencing delays. The project has been affected by leakages on the dry beds, which are yet to be repaired and certified before further progress can be made.

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	221 892 550	31 524 474	253 417 024
Additions/capital expenditure	165 913 616	7 537 250	173 450 866
Transferred to completed items	(164 076 310)	(12 590 628)	(176 666 938)
	223 729 856	**26 471 096**	**250 200 952**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	225 363 055	32 999 074	258 362 129
Additions/capital expenditure	142 453 727	32 489 695	174 943 422
Transferred to completed items	(145 924 232)	(33 964 295)	(179 888 527)
	221 892 550	**31 524 474**	**253 417 024**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	475 858	1 350 716
Plant and Equipment	1 044 035	852 044
Infrastructure	11 862 226	2 197 954
	13 382 119	**4 400 714**

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

Notes to the Annual Financial Statements

5. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 549 568	(2 581 256)	968 312	2 696 480	(2 252 844)	443 636

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	443 636	853 088	(328 411)	968 313

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	496 306	176 966	(229 636)	443 636

Notes to the Annual Financial Statements

6. Heritage assets

	2025			2024		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Historical buildings	1 655 642	-	1 655 642	1 655 642	-	1 655 642

Reconciliation of heritage assets 2025

	Opening balance	Total
Mayoral Chain	5 642	5 642
The Eye	1 650 000	1 650 000
	1 655 642	**1 655 642**

Reconciliation of heritage assets 2024

	Opening balance	Total
Mayoral chain	5 642	5 642
The Eye	1 650 000	1 650 000
	1 655 642	**1 655 642**

7. Operating lease asset (liability)

Current liabilities	3 820 140	6 752 031

Operating Lease Liability
Minimum lease payments due

- within one year	3 820 140	6 752 031
- in second to fifth year	-	-
	3 820 140	**6 752 031**

8. Payables from exchange transactions

Trade payables	2 260 305	1 885 605
Debtors with credit balances	11 576 705	6 484 112
Accruals	45 153 645	61 371 700
Unallocated deposits	3 416 421	2 922 818
VAT Output Accrual	135 149 912	93 503 695
Leave Pay	13 172 459	14 409 569
Employee cost accrual	4 276 886	3 877 556
Retentions	19 860 131	19 307 799
Sale of Stands	8 610 976	4 921 528
Bonus	8 385 423	6 988 559
Sundry payables	246 956	3 679
	252 109 819	**215 676 620**

9. Consumer deposits

Electricity	5 612 127	5 337 292
Housing rental	1 663 912	1 505 657
	7 276 039	**6 842 949**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation	(42 914 340)	(34 638 903)
Present value of the defined benefit obligation-wholly unfunded	(12 727 728)	(11 041 525)
	(55 642 068)	**(45 680 428)**
Non-current liabilities	(52 909 609)	(43 591 764)
Current liabilities	(2 732 459)	(2 088 664)
	(55 642 068)	**(45 680 428)**

The Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid fund, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates a unfunded defined benefit plan for these qualifying employees. No other post-employment benefits are provided to these employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2025 by Mr. DT Mureriwa. Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

Long service award

Represented by:		
Eligible employees as at 30 June 2025	429	381
New entries	46	58
Exits	(10)	(10)
	465	**429**

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

Opening balance	11 041 525	8 166 427
Total expenditure	1 710 183	1 041 472
Actuarial loss/(gain)	(23 980)	1 833 626
	12 727 728	**11 041 525**

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

Service cost	1 135 353	838 464
- Current service cost	1 135 353	838 464
Net interest on the net defined benefit liability (asset)	1 107 283	798 431
Actuarial (gains)/losses	(23 980)	1 833 626
Expected vesting benefits	(532 453)	(595 423)
	1 686 203	**2 875 098**

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	12.48%	13,46%
Net discount	3,73%	3,77%
General earning inflation rate	8,43 %	9,43%
Average retirement age	65	65

Pre-retirement mortality SA85-90

The basis used to determine the overall expected rate of return on assets is as follow:

A discount rate of 12,48% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield index-linked yield is 5.19%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025. The duration of the total liability was estimated to be 15.04 years curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 5.19%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025. The duration of the total liability was estimated to be 15.04 years.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Sensitivity analysis

Healthcare cost trends

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

The history of experienced adjustments is as follows:
`

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	12 727 728	11 041 525	8 166 427	8 447 000	7 176 000
Surplus (deficit)	(12 727 728)	(11 041 525)	(8 166 427)	(8 447 000)	(7 176 000)
Experience adjustments on plan liabilities	-	0	56 445	180 000	621 000

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

Assumption	**Change**	**Liability**	**Change**
Central assumptions		12 727 728	
General earnings inflation rate	+1%	11 758 111	5.54%
	- 1%	10 388 317	6.17%
Discount rate	+1%	10 417 018	-5.67%
	- 1%	11 736 753	6.31%
Average retirement age	+2 yrs	11 894 480	7.65%
	- 2 yrs	9 975 893	7.42%
Withdrawal rates			

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2025

Assumption	**Change**	**Current Service**	**Interest cost**	**Total**	**%Change**
Central assumptions		1 135 358	1 107 283	2 242 626	
General earnings inflation rate	+1%	1 221 928	1 182 739	2 404 667	7.63%
	- 1%	1 057 210	1 038 500	2 095 710	-6.88%
Discount rate	+1%	1 060 627	1 041 522	2 102 149	6.58%
	- 1%	1 219 336	1 180 490	2 399 779	7.40%
Average retirement age	- 2 yrs	1 206 779	1 193 000	2 399 779	6.29%
	+2 yrs	1 038 004	999 213	2 037 217	8.57%
Withdrawal rate	-50%	1 369 413	1 286 260	2 655 673	20.62%

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2026

Assumption	**Change**	**Current Service**	**Interest cost**	**Total**	**%Change**
Central assumptions		1 135 353	1 107 283	2 242 636	
General earnings inflation rate	+1%	1 378 171	1 184 723	2 562 894	7.62%
	- 1%	1 192 455	1 041 271	2 233 726	6.88%
Discount rate	+1%	1 196 395	1 044 348	2 240 743	-6.57%
	-1%	1 375 164	1 182 521	2 557 685	7.39%
Average retirement age	+2 yrs	1 366 808	1 195 173	2 561 981	6.27%
	- 2 yrs	1 168 182	1 002 128	2 170 310	8.78%
Withdrawal rate	-50%	1 531 313	1 278 642	2 809 955	19.58%

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Post employment medical aid subsidy

The members of the post-employment health care benefit plan are made up as follows:

In-service (employee) members	359	319
In-service (employee) non members	106	110
Continuation)retiree or widow members	22	23
	487	**452**

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	31 121 765	29 589 518
Contributions by plan participants	1 672 478	1 532 247
	32 794 243	**31 121 765**

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

Current service cost	3 382 160	2 258 137
Interest cost	4 591 143	4 016 484
Actuarial (gains)/losses	1 974 611	307 011
Settlement	(1 672 478)	(1 532 247)
	8 275 436	**5 049 385**

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	12,48%	13,46%
Health care cost inflation	8,43%	9,34%
Net-of health-care-cost-inflation discount rate	3,73%	3,77%
Maximum subsidy inflation rate	6,93%	7,84%
Medical cost trend rates	-%	6,40%
Expected increase in salaries	75,00%	75,00%
Expected pension increases	75,00%	75,00%
Proportion of employees opting for early retirement	15,00%	15,00%
Average retirement age	65	65

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Mortality during employment SA 85-90
:
The basis used to determine the overall expected rate of return on assets is as follows

A discount rate of 12.42% per annum has been used. The corresponding index-linked yield at this term is 5.19%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

These rates were calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Health Care Cost Inflation Rate:

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

A health care cost inflation rate of 14.20% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.93%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.74% which derives from([1 + 12.48%] / [1 + 8.43%] - 1).

The healthcare cost inflation rate of 8.43% was assumed. It is 1.50% above the expected inflation over the expected term of the liability. The maximum subsidy cap inflation rate came to 6.93% which is 75% of the salary inflation assumption (expected inflation of 8.43%+1.00%) .

The next contribution increase was assumed to occur with effect from 1 January 2025.

Sensitivity Analysis

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

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	42 914 340	34 638 903	29 589 518	29 945 000	28 407 000
Surplus (deficit)	(42 914 340)	(34 636 903)	(29 589 518)	(29 945 000)	(28 407 000)
Experience adjustments on plan liabilities	-	-	-	-	

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Sensitivity Analysis on Accrued Liability

Assumption	Change	Liability	Change
Central assumptions			
General earnings inflation rate	+1%	40 684 304	17.45%
	- 1%	29 759 631	-14.09%
Discount rate	+1%	30 010 987	-13.36%
	- 1%	40 431 128	16.72%

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2025

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		3 382 160	4 591 143	7 973 303	
Health care inflation rate	+1%	4 139 293	5 404 272	9 543 565	22.39%
	- 1%	2 786 436	5 126 377	7 912 813	-17.61%
Discount rate	+1%	2 836 028	4 077 730	6 913 758	15.91%
	- 1%	4 263 354	4 971 396	9 234 750	- 6.81%
Post-employment mortality	+1 yrs	3 382 160	4 591 143	7 973 303	2.77%
	+1 yrs	3 475 780	4 732 335	8 208 115	3.08%

Sensitivity Analysis on current service and interest costs for the year ending 30 June 2026

Assumption	Change	Current Service	Interest cost	Total	%Change
Central assumptions		3 382 160	4 591 143		
Health care inflation rate	+1%	6 474 122	6 331 317	9 949 232	20.23%
	- 1%	4 586 834	4 922 869	9 509 703	17.75%
Discount rate	+1%	6 381 612	5 018 309	11 399 921	-14.76%
	- 1%	5 689 064	5 787 149	11 476 213	18.60%
Post-employment mortality	+1 yrs	5 531 003	5 441 108	10 972 111	2.79%
	- 1 yrs	5 380 818	5 279 843	10 660 661	

11. Inventories

	2025	2024
Consumable stores	2 220 513	2 264 548
Water	518 411	548 083
Unsold Properties Held for Resale (Land)	14 040 841	16 134 041
	16 779 765	**18 946 672**

12. Receivables from non-exchange transactions

	2025	2024
Fines	13 187 993	13 996 234
Property rates	38 407 004	22 742 276
	51 594 997	**36 738 510**

Property rates receivable included in receivables from non-exchange transactions above are as follows:	2025	2024
Current (0-30 Days)	7 324 288	4 466 069
31-60 Days	2 317 966	2 517 102
61-90 Days	2 131 017	2 120 466
91-120 Days	1 978 953	1 964 532
121-365 Days	13 652 647	13 095 286
+365 Days	41 059 025	27 178 759
	68 463 896	51 342 214
Allowance for impairment	(30 056 891)	(28 599 938)
Net Balance	**38 407 004**	**22 742 276**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Receivables from non-exchange transactions (continued)

Traffic fines receivable included in receivables from non-exchange transactions above are as follows:

Current (0-30 Days)	7 278 729	457 150
31-60 Days	555 150	532 350
61-90 Days	592 150	788 650
91-120 Days	842 550	489 450
121-365 Days	4 490 679	5 287 200
+365 Days	15 252 630	15 216 466
Allowance for impairment	(15 823 894)	(8 775 032)
Net balance	**13 187 994**	**13 996 234**
	-	-

Total receivables from non-exchange transactions	51 594 997	36 738 510

Statutory receivables general information

Reconciliation of provision for impairment for non-exchange receivables

Opening balance	35 719 988	34 190 862
Provision for impairment	11 737 082	1 529 126
	47 457 070	**35 719 988**

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Based in the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

13. Statutory receivables

VAT Receivable from SARS	8 120 130	5 207 739

14. Receivables from exchange transactions

Gross balances

Electricity	28 304 165	23 503 089
Water	25 295 886	19 967 822
Sewerage	34 173 264	23 261 797
Refuse	18 379 300	12 419 335
Sundry Debtors	13 304 470	10 619 504
Service provider debt	3 553 206	-
VAT Input Accrual	33 891 337	40 925 562
Interest accrued	385 306	264 626
	157 286 934	**130 961 735**

Less: Allowance for impairment

Allowance for impairment	(50 866 441)	(53 702 701)

Net balance	106 420 493	77 259 034

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	10 881 050	7 304 764
31 - 60 days	1 962 726	2 517 487
61 - 90 days	2 184 135	2 716 587
91 - 120 days	1 659 924	1 217 758
121 - 365 days	5 866 947	4 885 409
> 365 days	5 749 383	4 861 086
	28 304 165	**23 503 091**
Water		
Current (0 -30 days)	6 084 216	3 990 108
31 - 60 days	1 497 916	2 135 795
61 - 90 days	2 284 725	1 980 698
91 - 120 days	1 651 625	1 542 832
121 - 365 days	6 775 350	5 176 785
> 365 days	7 002 054	5 141 603
	25 295 886	**19 967 821**
Waste water		
Current (0 -30 days)	4 526 638	2 617 066
31 - 60 days	1 617 608	1 655 485
61 - 90 days	1 966 059	1 680 781
91 - 120 days	1 599 374	1 515 422
121 - 365 days	9 426 648	6 756 447
> 365 days	15 036 938	9 036 595
	34 173 265	**23 261 796**
Refuse		
Current (0 -30 days)	2 303 628	1 371 058
31 - 60 days	858 626	803 846
61 - 90 days	823 568	673 199
91 - 120 days	751 595	570 157
121 - 365 days	5 030 450	3 715 813
> 365 days	8 611 516	5 285 262
	18 379 383	**12 419 335**
Sundry debtors		
Current (0 -30 days)	2 136 932	11 092 485
31 - 60 days	250 516	448 861
61 - 90 days	102 257	50 568
91 - 120 days	61 208	879
121 - 365 days	1 891 701	6 452
> 365 days	8 861 848	(979 742)
	13 304 462	**10 619 503**
Service provider debt		
Current (0 -30 days)	3 553 206	-
Merchendising		
Current (0 -30 days)	385 306	264 790

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Receivables from exchange transactions (continued)

Reconciliation of allowance for impairment of consumer debtors

Opening balance	53 702 701	55 656 936
Allowance for impairment	(2 836 260)	(1 954 235)
	50 866 441	**53 702 701**

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 150	1 874
Bank balances	7 333 620	36 944 468
Short-term deposits	4	4
	7 335 774	**36 946 346**

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for DBSA	50 723	50 723
Terms and conditions		

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Cheque Account - 4103242034	88 668	159 900	733 878	137 713	164 112	771 941
ABSA Primary Account - 4103241868	6 851 971	16 494 977	7 849 815	6 848 235	16 527 805	7 956 447
ABSA Deposit - 2080540793	-	-	468 771	-	-	468 771
ABSA Fixed Deposit - 2080540963	-	-	799 341	-	-	799 341
ABSA Deposit Plus - 9371420627	128 686	20 252 551	28 210 102	347 673	20 252 551	28 210 102
ABSA - 4060204391	-	-	-	-	4	4
Total	**7 069 325**	**36 907 428**	**38 061 907**	**7 333 621**	**36 944 472**	**38 206 606**

16. Finance lease obligation

Minimum lease payments due		
- within one year	1 146 352	1 146 352
- in second to fifth year inclusive	286 148	1 432 940
	1 432 500	2 579 292
less: future finance charges	(239 647)	(692 376)
Present value of minimum lease payments	**1 192 853**	**1 886 916**

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

The average lease term was 3 years and the average effective borrowing rate was -% .

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	108	-
Financial Management Grant	(58)	(44)
Expanded Public Works Programme (EPWP)	86	-
Integrated National Electrification Programme	2 249	1 977
Neighbourhood Development Partnership	3 721	86
Water Services Infrastructure Grant (WSIG)	(71)	1 515 873
	5 948	**1 517 893**

Movement during the year

Balance at the beginning of the year	1 517 770	14 857 078
Additions during the year	171 824 000	390 323 000
Income recognition during the year	(173 335 822)	(403 662 308)
	5 948	**1 517 770**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

18. Other financial liabilities

At amortised cost		
DBSA Bank loan	1 768 279	3 875 153

The Borrower shall cede to the DBSA, security in the form of a cession over its income stream, covering the installments outstanding, plus interest and collection charges]outstanding, at any time during the term of the loan. The borrower hereby agrees to create and deposit at a recognised commercial bank, an amount equal to two installments over a period of one year of the respective loan period. This amount is to be ceded to the DBSA as security for the loan.

Non-current liabilities		
At amortised cost	296 073	1 768 415
Current liabilities		
At amortised cost	1 472 206	2 106 738

18. Other financial liabilities (continued)

As at 30 June 2025, the Municipality had the following concessionary loans from DBSA:

Contract number	Loan Number	Start date	Planned end date	Loan term(years)	Loan amount	Nominal Value 30 June 2025	Interest p.a
61000038	100234/1	2003/08/07	2023/12/31	20	4 341 243.00	-	11.50%
61000357	101738/2	2005/03/24	2025/06/30	20	7 183 596.00	-	9.34%
61000505	102274/2	2006/06/30	2026/02/28	20	12 109 500.00	1 190 422.	8.46%
61000632	102568/2	2007/11/19	2027/12/31	20	3 512 071.00	577 993.	5.00%
						1 768 415	**.**

Contract number: 102568/2
- Grace period: 1 year

Contract number: 101738/2
- Grace period: 0 years

Contract number:102274/2
- Grace period: 0 years

Contract number:100234/1
- Grace period: 0 years

Maturity analysis

At June 30,2025	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
DBSA Bank Loan	1 472 206	296 073	-	-

At June 30,2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
DBSA Bank Loan	2 106 738	1 472 206	296 073	-

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

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

	2025	2024

19. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Increase during the year	Change in discount factor	Total
Environmental rehabilitation	28 463 712	4 441 123	2 986 982	35 891 817

Reconciliation of provisions - 2024

	Opening Balance	Increase during the year	Change in discount factor	Total
Environmental rehabilitation	25 495 555	183 634	2 784 523	28 463 712

Environmental rehabilitation provision

The municipality has a present obligation to rehabilitate and close the Kuruman landfill site in line with the requirements of the national environmental management act (NEMA) and associated waste management regulations. This obligation arises from the need to undertake final closure activities and ensure post-closure environmental monitoring.

The valuation of the provision was performed by Environmental and Sustainability Solutions cc (ESS). ESS has conducted 1000 valuations of closure cost provisions for 224 landfill sites and quaries for 76 municipalities accross South Africa and Namibia. It has also conducted 68 audits of landfills. Some of the municipalities include Steve Tswete (2015-2016 and 2017-2021), Thabazimbi (2011-2024), Bela Bela (2011-2019 and 2024-2025) and Polokwane (2016-2025).

The estimated remaining useful life of the landfill is 3 years, after which closure costs will be incurred. In addition, post-closure monitoring and maintenance activities are expected to continue for a period of 30 years.
There are significant uncertainties regarding the timing and amount of the required outflows.

These uncertainties relate to:
- The impact of inflation and changes in interest rates on future costs;
- Potential changes in the regulatory framework; and
- The extent and cost of closure activities (including capping, top-soiling, vegetation, and leachate control), as well as post-closure activities (including groundwater and gas monitoring).

The landfill has not yet fully implemented environmental monitoring systems, which increases the uncertainty of future cost estimates.

The provision has been calculated using the following key assumptions:
- Consumer Price Index (CPI) has been applied to estimate future cost escalations;
- A discount rate of 8.3878% has been applied to determine the present value of the obligation.

No reimbursement or external funding is expected in relation to this obligation. Accordingly, no related asset has been recognised. All costs associated with closure and post-closure rehabilitaion are expected to be borne by the municipality.

Notes to the Annual Financial Statements

	2025	2024

20. Revenue

	2025	2024
Sale of stands	5 754 328	5 288 063
Service charges	267 738 871	233 479 436
Rental of facilities and equipment	1 716 491	1 344 794
Interest received	6 973 754	7 295 148
Licences and permits	3 637 399	3 964 437
Other income	6 618 743	6 205 840
Interest received - investment	8 787 890	9 902 423
Property rates	62 497 798	58 324 939
Government grants & subsidies	426 975 944	403 662 308
Public contributions and donations	17 724 055	26 613 585
Fines, Penalties and Forfeits	8 457 068	8 247 791
Interest received - non exchange	5 175 195	4 155 689
	822 057 536	**768 484 453**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of stands	5 754 328	5 288 063
Service charges	267 738 871	233 479 436
Rental of facilities and equipment	1 716 491	1 344 794
Interest received (trading)	6 973 754	7 295 148
Licences and permits	3 637 399	3 964 437
Other income	6 618 743	6 205 840
Interest received - investment	8 787 890	9 902 423
	301 227 476	**267 480 141**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	62 497 798	58 324 939
Transfer revenue		
Government grants & subsidies	426 975 944	403 662 308
Public contributions and donations	17 724 055	26 613 585
Fines, Penalties and Forfeits	8 457 068	8 247 791
Interest received - non exchange	5 175 195	4 155 689
	520 830 060	**501 004 312**

21. Sale of stands

Revenue recognised on fully paid and transfered stands **(Revenue)**	5 754 328	5 288 063
Instalment sales not yet recognised as revenue **(Liability)**	3 342 563	-
Total Sales of stands activity	**9 096 891**	**5 288 063**

(Note: Only the first line is recognised as revenue; the second is a liability)

22. Sale of goods/Inventory

Sale of goods		
Land held for sale	1 405 000	919 000

Notes to the Annual Financial Statements

	2025	2024

23. Debt relief

During the financial year, Vaal Central water granted the municipality a debt relief of R11 640 233 in respect of outstanding debt.

The debt relief represents a waiver of obliagations by the bulk water service provider and was recognised as revenue from non-exchange transactions in accordance with GRAP 23: Revenue from non-exchange transactions.

The transaction does not give rise to any future repayment obligations and represents a once-off adjustment agreed with Vaal central water to support the municipality's financial recovery. The debt relief has improved the municipality's net financial position for the year under review.

24. Service charges

	2025	2024
Sale of electricity	172 485 277	148 600 327
Sale of water	45 944 552	42 821 983
Solid waste	18 142 011	15 829 037
Sewerage and sanitation charges	31 167 031	26 228 089
	267 738 871	**233 479 436**

Principal-Agent agreement

Collection Agents :

Prepaid electricity and water
The municipality engages external service providers to act as agents in the facilitation of third-party sales of prepaid electricity and water.
- MBL/Phepheng JV served as the appointed agent for the period 1 July 2024 to 15 May 2025.
- Ontec was appointed as the new agent with effect from 16 May 2025, replacing MBL/Phepheng JV.

In line with GRAP 109 – Accounting by Principals and Agents, the municipality is identified as the principal, as it:
- Retains the right to all significant benefits from prepaid electricity and water sales;
- Bears the responsibility for service delivery to consumers; and
- Determines the pricing of prepaid sales.

The appointed service providers act solely as agents, facilitating collections on behalf of the municipality.

All collections from consumers are deposited directly into the municipality’s bank account in accordance with section 64(2)(e) of the Municipal Finance Management Act (MFMA).

The service provider then invoices the municipality for commission due (exclusive of VAT) as per the terms of the service-level agreement. The commission represents the fee for agency services rendered and is recognised as an operating expenditure in the Statement of Financial Performance.

2025: R4 351 740
2024: R3 900 251
2023: R2 840 715

25. Rental of facilities and equipment

	2025	2024
Facilities and equipment		
Rental of facilities	1 716 491	1 344 794

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Fines, Penalties and Forfeits

Building Fines	692 649	44 696
Illegal Connections Fines	542 855	94 494
Overdue Books Fines	300	70
Pound Fees Fines	44 066	47 473
Municipal Traffic Fines	7 066 129	8 014 250
Disconnection Fees Penalties	111 069	46 808
	8 457 068	**8 247 791**

27. Licences and permits

Trading	33 930	21 252
Road and Transport	3 603 469	3 943 185
	3 637 399	**3 964 437**

28. Lease rentals on operating lease

Lease rentals - Furniture and Office equipment		
Contractual amounts	948 000	581 815
Lease rentals on operating lease - Fleet		
Contractual amounts	16 227 078	16 621 571
	17 175 078	**17 203 386**

29. Interest on receivables

Interest on exchange receivables	6 973 754	7 295 148
Interest on non-exchange receivables	5 175 195	4 155 689
	12 148 949	**11 450 837**

30. Other revenue

Other income	6 618 743	6 205 840

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Other income

Encroachment fees	684	684
Collection charges	1 000	1 548
Bad debts recovered	1 199 818	403 923
Breakages and losses recovered	83	195
Incidental cash surplus	-	(490)
Insurance refund	-	50 696
Faxes and telephone	19 750	8 713
Sales of goods (tender documents)	12 174	3 757
Valuation services	3 890	575
Decrease in Landfill rehabilitation	-	(183 634)
Building plan approval	793 826	1 245 111
Skills development levy refund	994 616	1 150 839
Movement in employee benefit obligation	2 204 931	2 127 670
Staff recoveries	430 786	410 657
Developmental charges	87 183	212 458
Inspection fees	43 592	35 041
Advertisements	268 668	158 816
Cemetery and burial	50 341	51 331
Entrance fees	110 539	117 518
Application for land usage	258 584	348 072
Clearance certificates	85 890	62 360
Escort fees	52 388	-
	6 618 743	**6 205 840**

32. Investment revenue

Interest revenue		
Bank	8 787 890	9 902 423

33. Property rates

Rates received

Property rates	62 497 798	58 324 939

Valuations

Residential	3 185 380 400	3 245 446 200
Industrial	272 699 320	255 469 320
Government buildings	192 818 000	174 893 000
Municipal properties	538 903 900	545 402 900
Government farms	2 008 110 000	2 017 090 000
Business	1 395 196 000	1 264 935 000
Farms	7 260 000	7 484 000
Vacant land	5 453 000	5 371 000
Churches	79 364 000	80 039 000
	7 685 184 620	**7 596 130 420**

Valuations on land and buildings are performed every 3 years. The last general valuation came into effect on 1 July 2024. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2027.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Government grants & subsidies

Operating grants		
Equitable share	244 849 000	230 911 000
Expanded Public Works Programme (EPWP)	1 270 914	1 111 008
Financial Management Grant (FMG)	3 000 014	3 100 035
Library Grant	1 300 087	1 252 000
	250 420 015	**236 374 043**
Capital grants		
Integrated National Electrification Programme (INEP)	53 182 728	43 025 000
Municipal Infrastructure Grant (MIG)	69 136 892	73 532 165
Neighbourhood Development Partnership Grant	24 000 365	9 999 914
EEDMG Electricity Consumption Reduction	4 000 000	-
Water Services Infrastructure Grant (WSIG)	26 235 944	40 731 186
	176 555 929	**167 288 265**
	426 975 944	**403 662 308**

Equitable Share

In terms of Section 227 of the Constitution, the grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	14 858 167
Current-year receipts	69 137 000	59 159 000
Conditions met - transferred to revenue	(69 136 892)	(73 532 167)
Other	-	(485 000)
	108	**-**

The grant is mainly used to fund infrastructure related projects (mainly part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

EEDMG Electricity Consumption Reduction

Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(4 000 000)	-
	-	**-**

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation. No allocation was given to the ,municipality in the current year.

Library Grant

Current-year receipts	1 300 000	1 252 000
Conditions met - transferred to revenue	(1 300 087)	(1 252 000)
	(87)	**-**

The purpose of this grant is to fund capital projects and maintenance of library facilities to community.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Government grants & subsidies (continued)

Financial Management Grant

Balance unspent at beginning of year	(43)	(8)
Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 014)	(3 100 035)
	(57)	**(43)**

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

Expanded Public Works Program (EPWP)

Current-year receipts	1 271 000	1 111 000
Conditions met - transferred to revenue	(1 270 914)	(1 111 000)
	86	**-**

The purpose of the grant is to incentives municipalities to expand work creation efforts through the use of labour extensive delivery methods in the identified focus areas in compliance with EPWP regulations

Integrated National Electrification Programme

Balance unspent at beginning of year	1 977	1 977
Current-year receipts	53 183 000	43 025 000
Conditions met - transferred to revenue	(53 182 728)	(43 025 000)
	2 249	**1 977**

The purpose of this grant is to provide capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructures.

Neighbourhood Development Partnership

Balance unspent at beginning of year	86	86
Current-year receipts	24 004 000	9 999 914
Conditions met - transferred to revenue	(24 000 365)	(9 999 914)
	3 721	**86**

The purpose of the grant is to plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation that will improve the quality of life and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, townships and rural areas.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	1 515 873	(2 941)
Current-year receipts	24 800 000	42 250 000
Conditions met - transferred to revenue	(26 235 944)	(40 731 186)
Other	(80 000)	-
	(71)	**1 515 873**

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Public contributions and donations

Public contributions and donations 1	17 724 055	26 613 585

Conditions still to be met - remain liabilities (see note 17)

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

Notes to the Annual Financial Statements

	2025	2024

36. Employee related costs

	2025	2024
Basic	179 818 199	158 348 410
Bonus	13 870 294	12 925 628
Medical aid - company contributions	13 620 754	11 022 210
UIF	1 111 738	1 027 411
Industrial Council Contributions	66 144	57 845
Leave pay provision charge	(958 595)	2 373 364
Defined contribution plans	30 565 975	27 187 499
Travel, motor car, accommodation, subsistence and other allowances	6 214 559	5 990 839
Overtime payments	6 673 243	7 218 339
Long-service awards	532 454	595 422
Acting allowances	1 121 398	789 667
Housing benefits and allowances	6 175 119	5 396 988
Cellphone allowance	691 503	665 505
Standby Allowance	1 488 449	1 404 851
Skills Development Levy	2 323 229	2 073 857
Night Shift allowance	1 131 640	838 148
Employee benefit obligation - current service cost	4 517 512	3 096 601
Group Life Insurance	4 840 990	4 238 542
	273 804 605	**245 251 126**

Remuneration of municipal manager : MM Tsatsimpe

	2025	2024
Annual Remuneration	1 695 982	1 646 476
Car Allowance	181 146	181 146
Contributions to UIF, Medical and Pension Funds	18 091	16 971
Cellphone Allowance	44 569	43 155
Contribution to Bagaining Council	143	137
	1 939 931	**1 887 885**

Remuneration of Acting Municipal Manager

	2025	2024
RC Pule		
Acting period 18 September 2024 - 23 September 2024	**54 177**	**71 063**
FK Baloyi		
Acting period 11 June 2025 - 13 June 2025	**80 087**	**114 253**
BM Kgosieng		
Acting period 07 October 2024 - 11 October 2024	**66 739**	**-**

Remuneration of chief finance officer: L Mashiane

	2025	2024
Annual Remuneration	1 290 512	989 436
Car Allowance	240 000	200 000
Cellphone allowance	31 757	25 000
Contributions to UIF, Medical and Pension Funds	13 666	13 515
Contribution to Bagaining Council	143	114
	1 576 078	**1 228 065**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Employee related costs (continued)

Remuneration of chief financial officer: BKS Noke

	2025	2024
Annual remuneration		128 346
Travel allowance		16 253
Performance bonus		-
Contribution to UIF		177
Cellphone allowance		2 500
Other contributions		1 500
Covid - 19 allowance		-
		148 726

Remuneration of Acting chief financial officer: T Jarvis

	2025	2024
Acting allowance	**41 051**	**75 112**

Acting period 02 December 2024 - 13 December 2024

Remuneration of Acting chief financial officer: N Keswa

	2025	2024
Acting allowance		**41 055**

Acting period 12 February 2024 - 23 February 2024

Remuneration of Director of Community Services: FK Baloyi

	2025	2024
Annual Remuneration	1 140 062	997 996
Car Allowance	97 413	292 240
Contributions to UIF, Medical and Pension Funds	2 125	2 125
Cellphone Allowance	30 226	31 618
Other contributions	15 016	12 770
	1 284 842	**1 336 749**

Remuneration or acting Director Community Services: MA Keetile

	2025	2024
Acting allowance	**108 431**	**39 364**

Acting period 01 May 2025 - 30 June 2025

Remuneration or acting Director Community Services: FK Baloyi

	2025	2024
Acting allowance	**160 164**	**-**

Acting period 03 February 2025 - 30 April 2025
Acting period 01 November 2024 - 31 January 2025

Remuneration of Director Corporate Services: R Pule

	2025	2024
Annual Remuneration	736 823	1 397 214
Car Allowance	-	154 200
Acting Allowance	54 177	71 063
Cellphone Allowance	16 319	31 618
Contributions to UIF	1 063	2 125
Other contributions	8 145	14 145
	816 527	**1 670 365**

Remuneration or acting Director Corporate Support Services: M Molale

	2025	2024
Acting allowance	**340 297**	**-**

Acting period 03 February 2025 - 30 June 2025

Remuneration of Director of Infrastructure and Technical Services: BM Kgosieng

	2025	2024
Annual Remuneration	1 254 808	1 146 278
Car Allowance	144 000	144 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
36. Employee related costs (continued)		
Cellphone allowance	32 824	30 000
Contribution to UIF	2 125	2 125
Other contributions	13 053	11 364
	1 446 810	**1 333 767**

37. Remuneration of councillors

Mayor	1 093 808	1 040 254
Chief Whip	832 869	1 097 876
Speaker	884 455	842 114
Councillors	12 126 830	11 829 557
	14 937 961	**14 809 800**

In-kind benefits

The Mayor and Speaker are both full-time councillors of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker each have the use of separate Council owned vehicles for official duties.

38. Depreciation and amortisation

Property, plant and equipment	98 008 034	88 286 356

39. Finance costs

Interest on Finance leases	452 729	453 979
Interest on Non-current borrowings	260 117	441 727
Interest on overdue accounts	57 443	318 259
Interest on provision for rehabilitation of land	2 965 425	2 784 523
Interest on Employee benefit obligation	5 698 427	4 814 915
	9 434 141	**8 813 403**

40. Auditors' remuneration

Fees	6 273 369	5 473 594

41. Debt impairment and write off

Debt impairment	3 715 828	1 230 924
Bad Debts written off	7 333 454	32 672 630
	11 049 282	**33 903 554**

Notes to the Annual Financial Statements

42. General expenses

	2025	2024
Advertising	218 185	114 327
Auditors remuneration	6 273 369	5 473 594
Bank charges	987 916	729 802
Cleaning	132 807	122 816
Computer expenses	4 629 475	503 144
Consumables	21 062 144	23 866 419
Public claims/compensation	287 691	-
Entertainment	1 572 887	1 654 914
Poverty relief	55 050	30 770
Hire	356 676	284 358
Insurance	12 820 343	15 889 621
Community development and training	10 616	9 746
Motor vehicle expenses	213 044	421 311
Fuel and oil	-	162 477
Postage and courier	5 473	7 378
Printing and stationery	1 079 055	602 183
Protective clothing	353 521	787 366
Repairs and maintenance	13 022 348	4 047 239
Subscriptions and membership fees	2 781 531	2 400 021
Telephone and fax	218 697	2 379 780
Travel - local	3 599 191	3 373 270
Title deed search fees	15 221	170 961
Electricity	2 774 107	2 352 614
Learnerships and Internships	761 565	637 909
Remuneration to Ward Committees	1 674 000	1 619 000
Staff Incentives	120	2 120
EPWP	4 280 400	3 050 339
Workmen's compensation fund	21 737	1 900 000
Indigent relief	2 351 193	1 360 814
Provision for landfill site	-	183 634
Staff recruitment	6 265	-
	81 564 627	**74 137 927**

43. Bulk purchases

	2025	2024
Electricity - Eskom	174 089 692	152 962 060

44. Contracted services

	2025	2024
Outsourced Services		
Administrative and Support Staff	779 221	354 861
Business and Advisory	1 571 350	2 006 893
Medical Services [Medical Health Services & Support]	87 593	128 460
Mini Dumping Sites	2 749 493	3 258 724
Security Services	13 101 804	11 389 140
Transport Services	141 967	241 135
Drivers Licence Cards	465 500	503 309
Water Takers	36 309 838	37 068 309
Consultants and Professional Services		
Business and Advisory	39 503 605	41 430 251
Legal Cost	5 234 216	6 673 877
Contractors		
Building	-	12 534 388
Maintenance - other	273 000	220 500

Figures in Rand	2025	2024

44. Contracted services (continued)

	100 217 587	**115 809 847**

45. Cash generated from operations

Surplus	95 844 459	12 553 191
Adjustments for:		
Depreciation and amortisation	98 008 034	88 286 356
Loss on disposal of non current assets	1 067 100	1 727 970
Debt relief	(11 640 234)	-
Fair value adjustments	(47 557 545)	(527 000)
Finance costs - Finance leases	452 729	424 195
Interest income	(8 787 890)	-
Interest income accrued - investments	385 306	-
Libary grants adjustments	-	(60 000)
Sale of goods	1 405 000	919 000
Increase/decrease in employee costs	(10 763 830)	(13 973 421)
Add back unused electricity	3 135 338	-
Debt impairment	3 715 828	(424 058)
Bad debts written off	7 333 454	32 749 009
Movements in provisions	-	-
Interest received from investments	-	(9 902 423)
Inventory losses or write-downs	707 117	-
Non-cash donations and other in-kind benefits	(5 528 958)	(26 436 226)
non-cash portion of sale of stands	(779 830)	(272 174)
Non-cash other income	(2 205 014)	(2 060 231)
Other non-cash interest expense	8 663 852	7 599 438
Provision for landfilsite-General Expenses	-	183 634
non-cash Actuarial losses	1 950 632	2 140 637
Changes in working capital:		
Inventories	2 166 907	847 399
Movement in Interest on Receivables	(51 052 008)	(15 325 498)
Movement in Provisions	7 428 105	2 994 636
Movement in Employee benefit obligation - non current	9 961 640	11 875 793
Movement in Employee benefit obligation	-	(141 289)
Movement in Operating lease	(2 931 891)	2 677 872
Movement in Prepayments	(1 078 855)	(12 896 941)
Movement in Payables from exchange transactions	(7 807 243)	47 025 203
Movement in VAT	45 768 051	43 589 763
	137 860 254	**173 574 835**

46. Operating surplus

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

Operating lease charges		
Lease rentals - Furniture and office equipment		
• Contractual amounts	948 000	581 815
Lease rentals on operating lease - Fleet		
• Contractual amounts	16 227 078	16 621 571
	17 175 078	**17 203 386**

Loss on disposal of asset	1 067 100	1 727 970
Depreciation on property, plant and equipment	98 008 034	88 286 356
Employee costs	288 742 567	260 060 926

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Fair value adjustments

Investment property (Fair value model)	47 557 545	527 000

48. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	68 590 644	68 590 644
Other receivables from non-exchange transactions	57 350 226	57 350 226
Cash and cash equivalents	7 721 081	7 721 081
	133 661 951	**133 661 951**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	296 073	296 073
Trade and other payables from exchange transactions	110 628 397	110 628 397
Consumer Deposits	7 276 039	7 276 039
Finance Lease Obligation	1 192 853	1 192 853
	119 393 362	**119 393 362**

2024

49. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	3 092 440	58 368 245
Total capital commitments		
Already contracted for but not provided for	3 092 440	58 368 245

Total commitments

Total commitments		
Authorised capital expenditure	3 092 440	58 368 245

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. Contingencies

Contingencies

The municipality had the litigation cases that resulted in the following contingent liabilities/assets as at year end:

CONTINGENT LIABILITIES	-	-
Motor vehicle accident due to a pothole Timing: Uncertain Likelihood: High	-	200 000
	578 676	578 676
IMATO OBO Chere - Unfair labour practice Timing: Uncertain Likelihood: High	450 000	83 177
Seleka - Pothole claim Timing: Uncertain Likelihood: Low	24 472	24 473
Moshoenyane - Third part claim as a result of the accident Timing: Uncertain Likelihood: Low	264 800	264 800
MAAPE & Others - Deduction of monies from salaries for attending unathorised course Timing: Uncertain Likelihood: Low	99 992	99 992
Solatt Building contracters - Enroachment on ERF Timing: Uncertain Likelihood: Low	60 000	60 000
Spoliation Remedy as a result of electricity disconnection Timing: Uncertain Likelihood: High	91 140	-
CONTINGENT ASSETS		
Failure to pay municipality funds generated from water and electricity sales via vending system Timing: Uncertain Likelihood: High	1 406 754	-
Debt for rates, taxes and services Timing: Uncertain Likelihood: High	413 017	413 017
Claim of monies paid without service to municipality Timing: Uncertain Likelihood: Medium	972 637	972 637
Debt collection Timing: Uncertain Likelihood: High	2 369 983	2 369 983
Unlawful occupation Timing: Uncertain Likelihood: Medium	1 620 000	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Related parties

Relationships	
Members of key management with significant influence	Refer to note 36
Key management and council interest in other companies	.
Director Community Services: FK Baloyi	La Coup Trading Enterprises
Director Infrastructure: B Kgosieng	REBA Electrical
Councillor: K B Madikiza	Batlharos Sound Hire- Director Tlotlanang Catering Director Bomme-Sejo Services and Cooperative Limited Director Obitseng Trading- Director
Councillor: M.G Reetsang	Oneway Maruping Recycling Project Primary Co
Councillor: A Van Der Westhuisen	Director- Acsb Reaction and PI Services
Councillor: C.O Mojaki	Director- Renyaditswe Mining and Multi Projects Director- MR Connexions Director-Leniforce
Councillor: C Philips	Wrenchville United Youth Club
Councillor: T Merementsi	Merementsi General Trading and Projects
Councillor: S.I Kok	Peo E Weste Primary Co-operative Limited
Councillor: L Moagi	Celeste Arts Production
Councillor: N.G Masegela	Kuru Cross Resources Tlou Mining Resources
Councillor: J.W Marumo	Postmansburg motor vehicle services and trading primary co-operative Ltd
Councillor: J Letebele	Nomerias Holdings
Councillor: S.K Lesley	Tsoga O Itirele General Trading
Councillor: K.D Gaonathebe	Boo Marumo Primary Co-Operative Ltd
Councillor: M.F Disang	Kopano Ya Bathlaping Ba Ga Mamai OO Phuduhutswana
Councillor: M.B Mosiapoa	Kungoyarona Bruce electrical engineering and consulting
Councillor: G.E Mothobi	John Taolo Gaetswe Community Development Cluster
Councillor ON Hantise	Hantise Chicken Ditswammung Mineral Resources Consortium

Related party transactions

For account balances of related parties refer to note 59.

Remuneration of management

Key management

51. Related parties (continued)

2025

Name	Basic salary	Travel	Cellphone allowance	Contribution to SDL	Contribution to UIF	Contribution to bargain council	Acting allowance	Total
M Tsatsimpe	1 695 982	181 146	44 569	15 966	2 125	143	-	1 939 931
L Mashiane	1 290 512	240 000	31 757	11 541	2 125	143	-	1 576 078
R Pule	736 823	-	16 319	8 073	1 063	72	54 177	816 527
FK Baloyi	1 140 062	97 413	30 226	14 885	2 125	131	240 251	1 525 093
BM Kgosieng	1 321 548	144 000	32 824	12 909	2 125	143	-	1 513 549
MG Molale	-	-	-	-	-	-	340 297	340 297
MA Keetile	-	-	-	-	-	-	108 431	108 431
TB Jarvis	-	-	-	-	-	-	41 051	41 051
	6 184 927	**662 559**	**155 695**	**63 374**	**9 563**	**632**	**784 207**	**7 860 957**

2024

Name	Basic salary	Travel	Cellphone allowance	Contribution to SDL	Contribution to UIF	Contribution to bargain council	Acting allowance	Total
M Tsatsimpe	1 646 476	181 146	43 155	14 845	2 125	137	-	1 887 884
L. Mashiane	989 436	200 000	25 000	11 744	1 771	114	-	1 228 065
K.Noke	128 346	16 253	2 500	1 438	177	11	-	148 725
T Jarvis	-	-	-	-	-	-	75 112	75 112
N Keswa	-	-	-	-	-	-	41 055	41 055
R Pule	1 397 214	154 200	31 618	14 008	2 125	137	71 063	1 670 365
FK Baloyi	997 996	292 240	31 618	12 634	2 125	137	114 253	1 451 003
MA Keetile	-	-	-	-	-	-	39 365	39 365
BM Kgosieng	1 146 278	144 000	30 000	11 227	2 125	137	-	1 333 767
	6 305 746	**987 839**	**163 891**	**65 896**	**10 448**	**673**	**340 848**	**7 875 341**

Councillors

2025

Notes to the Annual Financial Statements

Figures in Rand

51. Related parties (continued)

Name	Basic salary	Travel	Data	Cellphone allowance	Total
CLLR BRAAM VAN DER WESTHUIZEN	785 865	-	3 804	43 200	832 869
CLLR LESANGKGANG MOAGI	785 865	-	3 804	43 200	832 869
CLLR MOSAMIEMANG REETSANG	673 469	96 302	3 804	43 200	816 775
CLLR KEALOGA MATLHOLE	689 563	96 302	3 804	43 200	832 869
CLLR THABISO MEREMENTSI	668 603	93 477	3 804	43 200	809 084
CLLR PIET MOEPENG	258 440	72 839	3 804	43 200	378 283
CLLR LORATO MOLUSI	331 537	-	3 804	43 200	378 541
CLLR OLDRIDGE MATHIBE	258 440	204 070	3 804	43 200	378 283
CLLR MARIA TAENG	331 279	-	3 804	43 200	378 283
CLLR MTHUTHUZELI VALELA	258 440	72 839	3 804	43 200	378 283
CLLR KAGISO MOLOKWE	258 440	72 839	3 804	43 200	378 283
CLLR INGRID KOK	331 279	-	3 804	43 200	378 283
CLLR GOMOLEMO CHERE	331 279	-	3 804	43 200	378 283
CLLR SARAH RAYN	331 279	-	3 804	43 200	378 283
CLLR KEBOLELANG SETLHODI	331 279	-	3 804	43 200	378 283
CLLR MOSADIWAMAROPE LEBEREGANE	331 279	-	3 804	43 200	378 283
CLLR NAMETSENG MEREOTLHE	258 440	72 839	3 804	43 200	378 283
CLLR TEBOGO NYATI	331 279	-	3 804	43 200	378 283
CLLR TSHOGANYETSO DIPHATSE	258 440	72 839	3 804	43 200	378 283
CLLR REUBEN MAKHUBO	258 440	72 839	3 804	43 200	378 283
CLLR BRUCE MOSIAPOA	329 804	-	3 804	43 200	376 808
CLLR WILFRED MARUMO	343 691	-	3 804	43 200	390 695
CLLR SELINA LESLEY	333 082	-	3 804	43 200	380 086
CLLR EPHRAIM MOTHOBI	317 166	-	3 804	43 200	364 170
CLLR DAPHNEY GAONATHEBE	291 277	-	3 804	43 200	334 364
CLLR MS MOKAOSE	60 776	-	634	7 200	68 610
CLLR J LETEBELE	325 257	-	3 804	43 200	372 261
Mr NG MASEGELA(Mayor)	746 804	300 000	3 804	43 200	1 093 809
Ms KB MADIKIZA(speaker)	717 451	120 000	3 804	43 200	884 455
Mr CV PHILLIPS(chief whip)	717 757	68 108	155 695	63 374	832 869
KH CHWEU	6 049	-	-	-	6 049
ET ELIS	6 049	-	-	-	6 049
MP MAMAPULA	9 073	-	-	-	9 073

51. Related parties (continued)

CO MOJAKI	1 512	-	-	-	1 512
MF DISANG	1 512	-	-	-	1 512
ON HANTISE	16 671	-	-	-	16 671
	12 286 866	**1 415 293**	**262 841**	**1 280 174**	**14 937 962**

2024

Name	Basic salary	Travel	Data	Cellphone Allowance	Total
Mr AWP VAN DER WESTHUIZEN	746 140	-	3 736	42 400	792 276
Mr OD MATHIBE	244 133	72 839	3 736	42 400	363 108
Mrs SM RAYN	316 972	-	3 736	42 400	363 108
Mr TL DIPHATSE	244 133	72 839	3 736	42 400	363 108
Mr MG REETSANG	649 838	96 302	3 736	42 400	792 276
Mrs KG MOLOKWE	244 133	72 839	3 736	42 400	363 108
Mrs MK TAENG	316 972	-	3 736	42 400	363 108
Ms LS Molusi	316 924	-	3 736	42 400	363 060
Mr ST NYATI	316 972	-	3 736	42 400	363 108
Mr L Moagi	746 140	-	3 736	42 400	792 276
Mrs GM Chere	316 971	-	3 736	42 400	363 108
Mrs KS Setlhodi	316 972	-	3 736	42 400	363 108
Mr ME Valela	244 133	72 839	3 736	42 400	363 108
Mrs KJ Matlhole	649 838	244 133	3 736	42 400	792 276
Mrs N Mereotlhe	244 133	72 839	3 736	42 400	363 108
Mrs Ms Mokaose	316 972	-	3 736	42 400	363 108
Mrs ME Leberegane	316 972	-	3 736	42 400	363 108
Mrs SI Kok	316 972	-	3 736	42 400	363 108
Mr KR Makhubo	244 133	72 839	3 736	42 400	363 108
Mr T Merementsi	927 511	93 477	3 736	42 400	1 068 164
Mr KP Moepeng	244 132	72 839	3 736	42 400	363 107
Mr ON Hantise	278 543	-	3 436	39 000	320 979
Mr MB Mosiapoa	275 829	-	3 436	39 000	318 265
Mr JW Marumo	201 619	-	2 536	28 800	232 955
Mr J Letebele	201 619	-	2 536	28 800	232 955
Ms SK Lesley	126 012	-	1 585	18 000	145 597

51. Related parties (continued)

Mr KH Chweu	115 353	-	1 200	13 600	130 153
Mr ET Elias	115 353	-	1 200	13 600	130 153
Mrs MP Mamapula	174 226	-	2 151	24 400	200 777
Mr CO Mojaki	33 025	6 070	300	3 400	42 795
Mrs MF Disang	24 280	-	300	3 400	27 980
Mr NG Masegela	726 075	268 043	3 736	42 400	1 040 254
Ms KB Madikiza	675 978	120 000	3 736	42 400	842 114
Mr CV Phillips	983 632	68 108	3 736	42 400	1 097 876
	12 212 640	**1 406 006**	**108 344**	**1 229 600**	**14 809 800**

Key Management Accruals

2025

Name	Leave accrual	Bonus Accrual	Total
M Tsatsimpe	201 358	-	201 358
L. Mashiane	116 310	-	116 310
BM Kgosieng	101 067	-	101 067
MG Molale	103 325	31 655	134 980
MA Keetile	52 168	55 346	107 514
T Jarvis	34 217	29 701	63 918
	608 445	**116 702**	**725 147**

2024

Name	Leave accrual	Bonus Accrual	Total
M Tsatsimpe	159 867	-	159 867
L. Mashiane	85 998	-	85 998
T Jarvis	38 711	28 002	66 713
N Keswa	86 738	34 002	120 740
R Pule	191 918	-	191 918
FK Baloyi	138 511	-	138 511
MA Keetile	61 374	50 957	112 331

51. Related parties (continued)

BM Kgosieng	94 157	-	94 157
	857 274	**112 961**	**970 235**

52. Prior-year adjustments

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

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Inventories		46 937 514	(19 488 450)	27 449 064
Property plant and equipment		1 763 142 170	(9 743 509)	1 753 398 661
Net assets		(1 754 931 811)	8 394 086	(1 746 537 725)
Unspent conditional grants		(14 857 202)	2 248 525	(12 608 677)
VAT		(8 081 616)	4 300 987	(3 780 629)
Operating lease liability		-	(4 074 159)	(4 074 159)
		32 209 055	**(18 362 520)**	**13 846 535**

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Employee Benefits Obligation - current		2 115 143	(26 479)	-	2 088 664
Employee Benefits Obligation - non current		45 483 535	(1 891 771)	-	43 591 764
Receivable from exchange transactions		36 068 846	264 626	40 925 562	77 259 034
VAT payable		47 370 393	-	(47 370 393)	-
Receivables from non - exchange transaction		38 393 492	(1 654 982)	-	36 738 510
Payables from exchange transactions		122 172 925	-	93 503 695	215 676 620
VAT receivable		-	-	5 207 739	5 207 739
		291 604 334	**(3 308 606)**	**92 266 603**	**380 562 331**

52. Prior-year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Depreciation		90 876 471	277 394	-	91 153 865
Loss on assets disposal		2 574 551	4 785 655	-	7 360 206
Operating leases		-	4 074 159	13 790 773	17 864 932
Inventory losses/write down		-	19 488 450	13 779 136	33 267 586
General expenditure		122 406 150	-	(27 569 909)	94 569 704
Surplus for the year		**215 857 172**	**28 625 658**	**-**	**244 216 293**

2024

	Note	As previously reported	Correction of error	Restated
Other income		6 334 602	(128 762)	6 205 840
Actuarial losses		(4 187 649)	2 047 012	(2 140 637)
Interest received - Investments		9 637 797	264 626	9 902 587
Debt impairment		424 058	(1 654 982)	(1 230 924)
Surplus for the year		**12 208 808**	**527 894**	**12 736 866**

Error - Employee benefit obligation

Employee benefit obligation

During the year, the municipality identified a prior period error relating to the employee benefit obligation. The error arose from an incorrect number of employees being disclosed in the prior year’s actuarial valuation. A total of 432 employees had previously been reported instead of the correct number of 429, resulting in an overstatement of three employees.

The correction of this error resulted in a decrease of R1 891 771 in non-current employee benefit liabilities, an increase of R128 762 in expected benefits vesting, a decrease of R2 047 012 in actuarial losses, and a decrease of R26 479 in current employee benefit liabilities. The municipality has corrected this error in the current financial year.

Error - Contingent assets

Contingent assets

The correction to the contingent assets note relates to a prior period error resulting from the omission of a contingent assets amounting to R3 755 637.40 in the previous financial year. The contingent assets has now been appropriately disclosed in the current year to correct this omission.

Error - Traffic fines impairment

During the year; it was noted that traffic fines less than three years were not impaired by the municipality. Only fines older than three years were impaired. The error has been corrected retrospectively.As a result Traffic fines impairment increased by R1 654 982 for the 2024 financial year

Error - Interest accrued

During the year, it was noted that accrued interest was incorrectly accounted for in the 2025 financial year. The interest was not accured in the 2024 financial year. As result the interest of R264 626 was accrued for and revenue was derecgnised in the 2025 financial year and recognised in the 2024 financial year.

Figures in Rand	2025	2024

52. Prior-year adjustments (continued)

Irregular expenditure

Opening balance	69 139 810	-
Adjustments made	613 500	-
Restated opening balance	**69 753 310**	**-**

Adjustment made to opening balance of irregular expenditure relates to a prior period error arising from the incorrect calculation of senior management overpayments.

53. Risk management

Liquidity risk

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

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	1 192 853	-	-	-
DBSA Loan	1 472 206	296 073	-	-
Consumer deposits	7 276 039	-	-	-
Payables from exchange transactions	110 628 397	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	1 886 916	-	-	-
DBSA Loan	2 106 738	1 768 416	-	-
Consumer deposits	6 842 949	-	-	-
Payables from exchange transactions	122 172 925	-	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2025	2024
Receivables from exchange transactions	68 590 644	36 068 846
Receivables from non-exchange transactions	57 350 226	38 393 492
Cash and cash equivalents	7 721 081	36 946 346

Financial instruments are carried at amortized cost.

Market risk

53. Risk management (continued)

Interest rate risk

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

54. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available (the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers) to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

- Material electricity losses to the amount of R41 150 325 (2024: R26 952 950.65) was incurred which represents 23% (2024: 19.94%) of total bulk electricity purchased.

- Material water losses to the amount of R6 745 161 was incurred which represents 12.82% of total water produced.

- Bad debts written off amount to R7 333 454 (2024: R32 749 009)
-
- Impairment of receivables amounts to R3 715 828 (2024:R1 230 924)

- Impairment of Property plant & Equipment amount to R5 555 108 (2024: R3 521 436)

The following ratio analysis were performed and as a result the following was assesed:

- Profitability: The municipality improved its surplus margin ratio significantly from 1.56% in 2024 to 8.92% in 2025. ROA also improved, indicating better efficiency in generating surplus from assets.

- Efficiency: The cost to revenue ration decreased by 3.15% to 91.08% from 98.44%, suggesting slightly less cost control. While the revenue per employee remained relatively constant in 2025.

- Budgetary Perfomance: The Operating ratio reduced,indicating an increase in operational costs relative to total revenue

-Liquidity: The current ratio and quick ratio have increased from 2024 to 2025, indicating a slight decline in short-term liquidity

-Solvency: The municipality's debt -to-equity ratio has increased overall,suggesting a higher reliance on debt for financing.However,the equity ratio remains high,indicating strong equity financing.

-Leverage: The debt ratio and long -term debt to equity ratio have both increased slightly, indicating a small rise in overall leverage .

54. Going concern (continued)

Management performed an assessment of the municipality's ability to continue operating as a going concern for the next 12 months following the date of approval of these financial statements. The assessment identified several adverse conditions that may cast doubt on the municipality's ability to continue as a going concern. In response to the identified risks, management has also implemented and continues to strengthen several measures:

Debtors impairment provision at year-end as a percentage of total accounts receivable.
- The % of Debtors impairment provision at year-end as a percentage of total accounts receivable is sitting at 85% in the current year.This is considered adverse as it is above 10%.
- Conduct a detailed debtors' age analysis; implement robust credit control and debt collection strategies; review indigent register to ensure accurate classification; improve billing accuracy; engage communities on payment education; align impairment calculation with GRAP 104.

Current liabilities (excluding unspent conditional grants) as a percentage of next year’s budgeted resources
- The % Current liabilities (excluding unspent conditional grants) as a percentage of next year’s budgeted resources is 46.2%. This is considered adverse as it is above 10%
- Undertake a comprehensive financial ratio analysis and develop a funding strategy to reduce current liabilities; review supplier contracts and renegotiate payment terms; strengthen expenditure controls; prioritise settlement of high-impact liabilities; monitor budget implementation to avoid future overcommitments; ensure funding mix aligns with GRAP and MFMA requirements.

Creditors days
- The creditor days are currently at 52.9 days which over 30 days.
- Implement a supplier payment tracking system; prioritise processing of valid invoices within legislative timelines; review and streamline internal approval workflows; ensure adequate cash flow forecasting to align payments;monitor compliance monthly and report delays to council.

Number of months PAYE deductions outstanding
- Number of months PAYE deduction is outstanding is 12 months
- Urgently engage SARS to arrange a payment plan and avoid enforcement action; prioritise PAYE in the municipal payment hierarchy; include PAYE in the monthly cash flow forecasting process; ensure all future deductions are paid on time before settling other non-statutory liabilities; investigate root causes of non-payment and strengthen internal controls over payroll and payment processing.

Debtors days - other receivables
- Debtor days outstanding is 145,1 days which is more than 30 days.
- Conduct a comprehensive debtor age analysis and segment by risk; implement an aggressive debt recovery strategy, including issuing final notices, engaging legal support for high-value debts, and offering structured payment plans; review and enhance billing accuracy and timing; improve customer data quality; ensure consistent enforcement of the credit control and debt collection policy; report on debt recovery progress monthly.

Distribution losses - Electricity
- The distribution loss for electricty is 23.6%
- Conduct a technical audit to identify high-loss zones and network faults; implement energy balancing and metering at key points in the distribution system; strengthen monitoring of high-loss areas through smart metering or meter audits; intensify disconnection of illegal connections and enforce by-laws; improve maintenance of transformers and substations; ; report on technical vs. non-technical loss monthly.

Repairs and maintenance expenditure level
- The expenditure level of repairs and maintenance is 0,7%
- Review and update the Infrastructure Asset Management Plan (IAMP); re-prioritise budget allocations to ensure at least 5–8% of asset value is spent on repairs and maintenance; implement a preventative maintenance programme with scheduled inspections; ringfence funding for critical asset classes (e.g. water, sanitation, roads); conduct quarterly infrastructure condition assessments and align with lifecycle costing principles; incorporate maintenance targets in SDBIP.

Existing assets renewal and rehabilitation expenditure as percentage of capital expenditure
- No expenditure has been incurred for this line item.
- Develop a multi-year asset renewal and rehabilitation strategy as part of the Infrastructure Asset Management Plan (IAMP); identify priority infrastructure based on condition assessments and risk of failure; allocate funding within the capital budget for asset renewal projects starting in the next budget cycle; integrate asset renewal targets into the IDP and SDBIP; apply lifecycle

54. Going concern (continued)
costing principles in long-term planning; report progress to Council and National Treasury via mSCOA project segments.

Existing assets renewal and rehabilitation expenditure as percentage of depreciation and asset impairment
- No expenditure was incurred regarding the renewal and rehabilitation expenditure
- Develop a multi-year asset renewal and rehabilitation strategy as part of the Infrastructure Asset Management Plan (IAMP); identify priority infrastructure based on condition assessments and risk of failure; allocate funding within the capital budget for asset renewal projects starting in the next budget cycle; integrate asset renewal targets into the IDP and SDBIP; apply lifecycle costing principles in long-term planning; report progress to Council and National Treasury via mSCOA project segments.

Net current assets / (liabilities) [total current liabilities exceeded total current assets]
- The total current liabilities exceeded total current assets
- Perform a detailed cash flow forecast over the next 12 months; revise the budget to reprioritise spending and reduce non-essential items; develop a current liabilities repayment plan with prioritised creditor payments; negotiate extended payment terms with major suppliers; implement daily cash position monitoring; submit monthly Section 71 reports highlighting liquidity trends; assess and disclose going concern assumptions in compliance with GRAP 1.

Current ratio
- The current ratio is 0.69
- Analyse the underlying causes of the low current ratio through a detailed working capital review; implement measures to increase current assets by improving cash collections and reducing debtor days; reduce current liabilities by negotiating extended payment terms and reprioritising payments; consider short-term financing options for liquidity support where appropriate; monitor current ratio monthly and incorporate into Section 71 reports and cash flow dashboards.

Liquidity ratio (cash ratio)
- The liquidity ratio is a ratio of less than 1
- Conduct a detailed liquidity analysis and identify key pressure points in cash flow; prioritise debt collection to improve cash holdings; enforce credit control policy and reduce debtor days; delay non-essential capital or operating expenditures; ringfence funds for statutory and critical payments; explore structured short-term financing facilities where permitted; develop a cash recovery plan linked to realistic collection assumptions; ensure daily bank reconciliation and cash tracking.

Cash plus investments less applications
- There is a negative cash deficit.
- Perform a cash and investment reconciliation, identifying statutory and ringfenced commitments; develop and implement a cash recovery plan prioritising statutory and grant-funded commitments; implement strict controls on new spending, especially non-essential projects; apply for rollover or extension on unspent grants with valid commitments; enhance collection efforts and fast-track billing processes; submit weekly cash reports to management and monthly reports to Council and Provincial Treasury.

Cash coverage (excluding unspent conditional grants)
- The cash ratio falls below 1
- Strengthen cash flow forecasting and daily cash monitoring to improve short-term financial planning; ringfence and protect available cash for critical monthly operating expenses; implement expenditure controls and limit non-priority spending; review cash position weekly and align with planned commitments; improve revenue collection, and apply any available surplus toward restoring cash reserves; engage Provincial Treasury for technical support where necessary.

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution

55. Unauthorised expenditure

	2025	2024
Opening balance as previously reported	-	35 728 132
Add: Unauthorised expenditure - current	62 125 550	89 357 605
Less: Amount authorised - current	(62 125 550)	(89 357 605)
Less: Amount authorised - prior period	-	(35 728 132)
Closing balance	**-**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

56. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	31 782	268 333
Less: Amount written off - current	(31 782)	(268 333)
Closing balance	**-**	**-**

The fruitless and wasteful expenditure relates to interest charged on overdue accounts.The Fruitless and wasteful expenditure in the Note are exclusive of Vat

57. Irregular expenditure

Opening balance as previously reported	69 139 810	240 061
Add: Irregular expenditure - current	6 735 330	5 242 316
Add: Irregular expenditure - audit	15 863 499	-
Less: Amount recovered - current	-	69 139 810
Less: Amount written off - current	(6 145 765)	(5 242 316)
Less: Amount written off - prior period	(68 385 569)	(11 603 317)
Add: Irregular expenditure identified in current year - related to prior year	613 500	11 363 256
Closing balance	**17 820 805**	**69 139 810**

Notes to the Annual Financial Statements

57. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
False Declaration MBD 4 form		-	5 242 316
Regulation 62		-	693 438
Supplier who did not score the highest points selected		-	36 477 972
Legal services procured without following SCM process		-	6 461 297
Preferential Procurement Policy not in line with PPR 2022		6 145 765	8 208 266
Key managers not remunerated at the correct grading level		2 385 679	754 241
Unjustifiable contract extentions		-	17 238 034
Suppliers appointed with non compliant tax status		15 435 126	-
		23 966 570	**75 075 564**

58. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Bulk electricity annd water losses in terms of section 125 (2)(d)(i) of the MFMA

30 June 2025	**Lost units**	**Tariff**	**Value**
Unaccounted electricity losses	20 252 321	2.03	41 112 212

30 June 2024	**Lost units**	**Tariff**	**Value**
Unaccounted electricity losses	15 948 492	1.69	26 952 951

Volume in Kwh/year	**30 June 2025**	**30 June 2024**
System Input Volume	85 678 451	79 976 376
Billed Consumption	65 426 130	64 027 884
Distribution Loss	20 252 321	15 948 492
Percentage Distribution Loss (%)	23.64%	19.94%

30 June 2025	**Lost units**	**Tariff**	**Value**
Unaccounted water losses	654 870	10.3	6 745 161

30 June 2024	**Lost units**	**Tariff**	**Value**
Unaccounted water losses	-	-	-

Volume in Kwh/year	**30 June 2025**	**30 June 2024**
System Input Volume	5 106 895	4 226 006
Billed Consumption (incl closing stock)	4 452 025	4 425 605
Distribution Loss	654 870	- 199 598
Percentage Distribution Loss (%)	12.82%	- 4.72%

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Audit fees

Current year subscription / fee	6 255 205	5 473 594
Amount paid - current year	(6 255 205)	(5 473 594)
	-	-

PAYE and UIF

Current year subscription / fee	44 453 662	37 569 413
Amount paid - current year	(44 453 662)	(37 569 413)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	42 379 912	38 209 709
Amount paid - current year	(42 379 912)	(38 209 709)
	-	-

VAT

VAT receivable	8 120 130	5 207 739

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Key managent and Councillors' arrear consumer accounts

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

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers and residents.

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
AWP Van Der Westhuizen	9 727	59 482	69 209
NG Masegela	17 329	-	17 329
ON Hantise	10 343	70 326	80 669
MM Tsatsimpe	31 085	10 818	41 903
RC Pule	9 542	4 234	13 776
BM Kgosieng	2 730	-	2 730
MA Keetile	458	2 058	2 516
TB Jarvis	3 882	-	3 882
	85 096	**146 918**	**232 014**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
AWP Van Der Westhuizen	3 979	38 224	42 203
NG Masegela	53 693	81 139	134 832
ON Hantise	4 808	88 801	93 609
FK Baloyi	391	-	391
BM Kgosieng	4 236	-	4 236
RC Pule	1 624	58	1 682
MM Tsatsimpe	6 220	-	6 220
	74 951	**208 222**	**283 173**

Supply chain management regulations

Regulation 45 - Awards to Close Family Members of Persons in Service of the Municipality.

Company Name		
Barolong	1 356 633	-
Azatilog	81 683	-
Mosanako	259 440	-
Fillies	13 547	-
	1 711 303	**-**

Notes to the Annual Financial Statements

59. Deviation from supply chain management regulations

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

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

Notes to the Annual Financial Statements

59. Deviation from supply chain management regulations (continued)

Reason	Date	Supplier	Amount	Description
Sole provider- Service provider was appointed by National Department of Public Safety	16 Jul 24	Probida	36 498	License disc
Sole provider - The only institution that conducts audits from Cradd	13 Aug 24	Leadership Academy	15 232	Audit
Sole provider- The municipality identified City Press as the preferred publication media	16 Aug 24	Media24	49 680	Media
Sole provider- Service provider was appointed by Department of Public Safety	22 Aug 24	Probida	53 720	License disc
Stripe and Quote- Supplier had to find the fault underground	03 Sep 24	Elegant Line trading 785	179 471	Service and Maintenance
Sole provider- Service provider was appointed by Department of public safety	16 Sep 24	Probida	46 689	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	08 Oct 24	Probida	23 858	License disc
Sole Provider- Machine service by manufacturer	09 Oct 24	Workshop Electronics	38 052	Service and Maintenance
Strip and Quote- Mileage service	09 Oct 24	Gariep Motors	46 117	Service
Strip and Quote- Mileage service	14 Oct 24	Marce Projects	165 213	Service and Maintenance
Strip and Quote- Cable fault detection	14 Oct 24	Tri-Lectro Elektriese	38 806	Maintenance
Strip and Quote- Fault detection	18 Oct 24	C-Pac Pumps & Valves	123 612	Service
Sole provider- Service provider was appointed by National Department of Public Safety	29 Oct 24	Probida	31 205	License disc
Strip and Quote- Mileage service	29 Oct 24	Almighty Equipment	7 938	Service
Sole provider- Service provider was appointed by National Department of Public Safety	31 Oct 24	Probida	8 058	License disc
Sole Provider- Machine service by manufacturer	07 Nov 24	Workshop Electronics	56 153	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	29 Nov 24	Probida	14 536	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	05 Dec 24	Probida	20 698	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	13 Dec 24	Probida	19 150	License disc
Stripe and Quote- Supplier had to find the fault	19 Dec 24	000TVM's	160 138	Maintenance

Notes to the Annual Financial Statements

59. Deviation from supply chain management regulations (continued)

Strip and Quote- Fault detection	19 Dec 24	C-Pac Pumps & Valves	104 790	Service
Sole provider- Service provider was appointed by National Department of Public Safety	09 Jan 25	Probida	10 902	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	21 Jan 25	Probida	7 426	License disc
Sole provider- Service provider was appointed by National Department of Public Safety	31 Jan 25	Probida	25 517	License disc
Emergency- emergency procurement	14 Feb 25	Motheo Tech & Business	166 842	Emergency procurement
Sole provider- Service provider was appointed by National Department of Public Safety	25 Feb 25	Probida	23 700	License disc
Strip and Quote- Mileage service	26 Feb 25	Garden City Motors Bloem	6 913	Service
Emergency- emergency procurement	27 Feb 25	Camjet	173 823	Emergency procurement
Emergency- emergency procurement	27 Feb 25	Camjet	170 948	Emergency procurement
Sole provider- Service provider was appointed by National Department of Public Safety	27 Feb 25	Probida	12 403	License disc
Stripe and Quote- Supplier had to find the fault	03 Mar 25	Bojala Kgomo construction	6 800	Maintenance
Stripe and Quote- Supplier had to find the fault	05 Mar 25	000TVM's	24 530	Maintenance
Stripe and Quote- Supplier had to find the fault	05 Mar 25	000TVM's	17 916	Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	11 Mar 25	Probida	19 118	License disc
Sole Provider- Machine service by manufacturer	27 Mar 25	Workshop Electronics	27 903	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	27 Mar 25	Probida	32 469	License disc
Emergency- emergency procurement	02 Apr 25	Camjet	170 948	Emergency procurement
Sole Provider- service by manufacturer	22 Apr 25	Mercedes Benz	32 200	Service and Maintenance
Strip and Quote- Mileage service	25 Apr 25	Almighty Equipment	9 237	Service
Sole Provider- Machine service by manufacturer	25 Apr 25	Workshop Electronics	29 993	Service and Maintenance
Sole provider- Service provider was appointed by National Department of Public Safety	09 May 25	Probida	6 241	License disc

Notes to the Annual Financial Statements

59. Deviation from supply chain management regulations (continued)

Sole provider- Service provider was appointed by National Department of Public Safety	16 May 25	Probida	33 259	License disc
Sole Provider- Landfill site license	22 May 25	Massamatic	6 170	Renewal
Strip and Quote- Mileage service	14 Jun 25	Midas - Motus Group	7 249	Service
Sole Provider- service by manufacturer	30 Jun 25	BMW SA	54 450	Service

60. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area(guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments issued by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas for reporting purposes as set out below:

Reportable segment	Goods and/or services
Municipal governance and administration services	This segment consists of services such as executive services, support services to the executive and finance & administration services
Finance and administration	Provision of financial and administrative services to other segments of the municipality
Public Safety, Community and Social Services	Provision of public safety, an acceptable standard of Social Services, Emergency Services, Environmental and Health Services, Community Safety and Road Traffic Management
Sports and Recreation	Provision of advancement of participation in sport and recreation, Fast-tracking the revival of sport, Talent identification and optimization of talent, Empowerment programmes
Planning and Development	Provision of planning and development including policy and procedures. Co-ordination work relating to the preparation of the Annual Development Programme and its review
Road Transport	Construction and maintenance of roads and infrastructure owned by the municipality
Environmental Protection	This segment consists of environmental services such as planning & development, environmental protection and roads & storm water
Energy Sources	This segment consists of all services for energy supply to the community
Trading Services	This segment consists of all services for the management of waste water, water, refuse, electricity, in the municipal area

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Executive and Council	Finance and Administration	Public Safety, community and social services	Sports and recreation	Planning and development	Road transport	Environmental protection	Energy Sources	Trading Services	Total
Revenue										
Property rates	-	62 497 798	-	-	-	-	-	-	-	62 497 798
Interest on outstanding receivables-non exchange transactions	-	5 175 195	-	-	-	-	-	-	-	5 175 195
Grants and subsidies	8 340 673	31 262 050	13 589 953	3 355 702	13 184 400	71 745 040	314 598	122 549 936	162 633 592	426 975 944
Public contributions and donations	-	2 150	-	-	-	12 417 795	-	1 249 347	4 054 763	17 724 055
Fines, penalties and forfeits	-	111 069	7 066 429	-	692 649	-	44 066	424 172	118 683	8 457 068
Sale of stands	-	-	-	-	5 754 328	-	-	-	-	5 754 328
Service charges	-	-	-	-	-	-	-	169 395 532	98 343 339	267 738 871
Rental of facilities	-	-	76 315	488 245	1 151 653	-	-	-	278	1 716 491
Interest on outstanding receivables-exchange transaction	-	6 973 755	-	-	-	-	-	-	-	6 973 755
Debt relief	-	11 640 234	-	-	-	-	-	-	-	11 640 234
Licences and permits	-	-	3 603 469	-	33 930	-	-	-	-	3 637 399
Other revenue	-	4 933 856	166 071	110 539	1 321 761	-	-	41 823	44 693	6 618 743
Interest on Investment	-	8 787 890	-	-	-	-	-	-	-	8 787 890
Fair value adjustment	-	47 557 545	-	-	-	-	-	-	-	47 557 545
Total segment revenue	**8 340 673**	**178 941 542**	**24 502 237**	**3 954 486**	**22 138 721**	**84 162 835**	**358 664**	**293 660 810**	**265 195 348**	**881 255 316**
Entity's revenue										**881 255 316**

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

	Executive and Council	Finance and Administration	Public Safety, community and social services	Sports and recreation	Planning and development	Road transport	Environmental protection	Energy Sources	Trading Services	Total
Expenditure										
Employee related costs	(6 996 651)	(116 477 484)	(50 344 843)	(17 259 939)	(28 167 277)	(6 470 117)	(257 293)	(10 111 041)	(37 719 960)	(273 804 605)
Remuneration of councillors	(14 937 961)	-	-	-	-	-	-	-	-	(14 937 961)
Depreciation, amortisation and impairment loss	-	(3 647 090)	-	-	(8 461 334)	(30 665 760)	-	(11 437 811)	(43 796 040)	(98 008 035)
Finance costs	-	(6 151 496)	(9 653)	(13 742)	(6 120)	(52 896)	-	(3 132 383)	(67 851)	(9 434 141)
Debt impairment	-	(5 081 938)	(2 948 616)	-	-	-	-	1 809 579	2 505 147	(3 715 828)
Bad debts	-	(2 752 522)	-	-	-	-	-	(237 010)	(4 343 922)	(7 333 454)
Cost of land sold	-	-	-	-	(1 405 000)	-	-	-	-	(1 405 000)
Operating leases	-	(17 175 078)	-	-	-	-	-	-	-	(17 175 078)
General expenses	(2 438 519)	(32 321 507)	(5 378 149)	(1 375 302)	(3 872 419)	(7 019 238)	(18 727)	(21 105 044)	(8 035 720)	(81 564 625)
Contracted services	-	(54 369 528)	(465 500)	(102 007)	(5 948 222)	-	-	-	(39 332 332)	(100 217 589)
Bulk purchases	-	-	-	-	-	-	-	(174 089 692)	-	(174 089 692)
Inventory losses/write down	-	(707 117)	-	-	-	-	-	-	-	(707 117)
Loss on disposal of assets	-	(1 067 100)	-	-	-	-	-	-	-	(1 067 100)
Actuarial gains/(losses)	-	(1 950 632)	-	-	-	-	-	-	-	(1 950 632)
Total segment expenditure	**(24 373 131)**	**(241 701 492)**	**(59 146 761)**	**(18 750 990)**	**(47 860 372)**	**(44 208 011)**	**(276 020)**	**(218 303 402)**	**(130 790 678)**	**(785 410 857)**
Total segmental surplus/(deficit)	**(16 032 458)**	**(62 759 950)**	**(34 644 524)**	**(14 796 504)**	**(25 721 651)**	**39 954 824**	**82 644**	**78 419 679**	**134 477 737**	**95 844 459**
										-
										-

2024

Executive and Council	Finance and Administration	Public safety, community and social services	Sports and recreation	Planning and development	Road Transport	Environmental Protection	Energy sources	Trading Services	Total

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Revenue										
Property rates	-	58 324 939	-	-	-	-	-	-	-	58 324 939
Interest on outstanding receivables- non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	9 652 683	22 259 707	9 099 784	15 252 649	12 593 154	32 643 405	299 370	121 593 891	180 267 667	403 662 310
Public contributions and donations	-	-	-	-	-	15 365 500	-	3 050 000	8 198 085	26 613 585
Fines, penalties and forfeits	-	46 808	8 015 370	-	44 696	-	47 473	93 444	-	8 247 791
Sale of stands	-	-	-	-	5 288 063	-	-	-	-	5 288 063
Service charges	-	-	-	-	-	-	-	148 881 729	84 615 647	233 497 376
Rental of facilities	-	1 480	31 214	391 884	891 242	-	-	-	11 034	1 326 854
Interest on outstanding receivables- exchange transactions	-	7 295 148	-	-	-	-	-	-	-	7 295 148
Interest on outstanding receivables- non exchange transactions	-	4 155 689	-	-	-	-	-	-	-	4 155 689
Licences and permits	-	-	3 943 185	-	21 252	-	-	-	-	3 964 437
Other revenue	-	4 211 535	95 085	117 518	1 752 683	-	-	111 193	(82 174)	6 205 840
Interest on investment	-	9 902 423	-	-	-	-	-	-	-	9 902 423
Actuarial gains(losses)	-	527 000	-	-	-	-	-	-	-	527 000
Total segment revenue	**9 652 683**	**106 724 729**	**21 184 638**	**15 762 051**	**20 591 090**	**48 008 905**	**346 843**	**273 730 257**	**273 010 259**	**769 011 455**
Entity's revenue										**769 011 455**

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

	Executive and Council	Finance and Administration	Public safety, community and social services	Sports and recreation	Planning and development	Road Transport	Environmental Protection	Energy sources	Trading Services	Total
Expenditure										
Employee related costs	(6 427 038)	(101 546 953)	(47 474 279)	(14 567 351)	(24 712 607)	(5 954 264)	(249 517)	(9 044 002)	(35 275 115)	(245 251 126)
Remuneration of councillors	(14 809 800)	-	-	-	-	-	-	-	-	(14 809 800)
Depreciation, amortisation and impairment loss	-	(2 971 911)	-	-	(7 983 421)	(28 052 594)	-	(10 629 147)	(38 649 285)	(88 286 358)
Finance costs	-	(5 524 779)	(14 612)	(21 492)	(15 131)	(69 277)	-	(269 094)	(2 899 018)	(8 813 403)
Debt impairment	-	319 105	(3 820 590)	-	-	-	-	12 845 007	(10 574 446)	(1 230 924)
Operating leases	-	(23 875 311)	-	-	-	-	-	1 852	(8 875 550)	(32 749 009)
Bad debts written off	-	-	-	-	(919 000)	-	-	-	-	(919 000)
Consumables land cost	-	(17 203 386)	-	-	-	-	-	-	-	(17 203 386)
Contracted services	(7 979 306)	(25 350 942)	(2 978 800)	(1 439 004)	(4 164 114)	(7 394 929)	(32 048)	(13 694 929)	(11 096 477)	(74 130 549)
General expenses	-	(56 029 598)	(503 309)	(207 895)	(5 987 123)	-	-	-	(53 081 921)	(115 809 846)
Loss on disposal of assets	-	-	-	-	-	-	-	(152 962 060)	-	(152 962 060)
Bulk purchases	-	(424 195)	-	-	-	-	-	-	-	(424 195)
Inventory losses/write down	-	(1 727 970)	-	-	-	-	-	-	-	(1 727 970)
Actuarial gains/(losses)	-	(2 140 637)	-	-	-	-	-	-	-	(2 140 637)
Total segment expenditure	**(29 216 144)**	**(236 476 577)**	**(54 791 590)**	**(16 235 742)**	**(43 781 396)**	**(41 471 064)**	**(281 565)**	**(173 752 373)**	**(160 451 812)**	**(756 458 263)**
Total segmental surplus/(deficit)	**(19 563 461)**	**(129 751 848)**	**(33 606 952)**	**(473 691)**	**(23 190 306)**	**(8 827 659)**	**65 278**	**96 927 884**	**130 973 947**	**12 553 192**
										-
										-

61. Other 1

62. Other 2