Gamagara Local Municipality

Annual Financial Statements
for the year ended 30 June 2025

General Information

Mayoral committee	
Executive Mayor	Cllr. J.J.T. Roman
Councillors	Cllr. G.M. Sekgopi
	Cllr. N.S. Magagane
	Cllr. O.E. Hantise
	Cllr. B.I. Sebego
	Cllr. T.M. Motsoare
	Cllr. K.V. Dithupa
	Cllr. M.L. Jafta
	Cllr. E.T. Tiroyame
	Cllr A.J. Morwe
	Cllr. H. du Plessis
	Cllr. A.M. Caetano
	Cllr. J.C. Makape
	Cllr. N.M. Koikoi
	Cllr. K.T.G Visser (Appointed on 01/06/2025)
	Cllr. S.S. Mines (Resigned on 08/05/2025)
Grading of local authority	Grade 3
Chief Finance Officer (CFO)	A. Makoku
Accounting Officer	L. Seetile
Registered office	Civic Centre Cnr Hendrik Van Eck & Frikkie Meyer Rd Kathu 8446
Postal address	PO BOX 1001 Kathu 8446
Bankers	First National Bank Standard Bank
Auditors	Auditor General South Africa

Index

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

	Page
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4
Certification of Remuneration of Councillors	5
Statement of Financial Position	6
Statement of Financial Performance	8 - 7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 18
Accounting Policies	19 - 42
Notes to the Annual Financial Statements	127

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
ARPC	Audit, Risk and Performance Committee
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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 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 5.

The annual financial statements set out on pages 5 to 127, 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:

L. Seetile
Municipal Manager

Audit Committee Report

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, Risk and Performance committee (ARPC) members and attendance

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

The ARPC is governed by formal terms of reference, which are regularly reviewed and approved by council. The ARPC consist of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year, six (6) meetings were held:

Name of member	Number of meetings attended
Snyders J. (Chairperson)	6
Nkoe K.	6
Mathibela B.	5

Audit committee responsibility

The ARPC has complied with its responsibilities arising from section 166(2)(a) of the MFMA read with MFMA Circular 65 and 127, and reports that it has adopted appropriate formal terms of reference as per its audit committe charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Evaluation of Annual Financial Statements and the Annual Performance report

The audit committee has:

- Performed a desktop review and discussed the draft unaudited annual financial statements to be included in the annual report, with the Accounting Officer; for submission to Auditor-General of South Africa on 31 August 2025. The draft unaudited annual financial statement was a work in progress, however management committed to finalise and consider the review by internal audit, Provincial Treasury and the ARPC. On the basis the ARPC support the submission to AGSA;
- Reviewed the progress on the audit action plan. Management committed to address all the auidt action items before submission to AGSA;
- Reviewed the performance report. Management confirmed the availability of the portfolio of evidence in substantiation of the usefulness and reliability of performance reported;

The following will be reviewed in the ARPC meeting of Novemebr 2025

- The AGSA's audit report, management report and management's response thereto, and organisation's compliance with legal and regulatory provisions.

Internal audit

The APRC is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits. The quality assurance improvement program and combined assurance will be implemented in the next financial year.

From the above the concurrence and acceptance of the AGSA's report on the annual financial statement will be assessed and reported.

Auditor-General of South Africa

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

Chairperson of the Audit Committee

Date: ______________________

Certification of Remuneration of Councillors

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

L SEETILE

MUNICIPAL MANAGER

31 August 2025.

The annual financial statements set out on page 5, 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:

L. Seetile
Municipal Manager

Gamagara Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Current Assets			
Inventories	3	2 361 802	1 837 855
Receivables from non-exchange - Availability charges	4	53 527 417	40 197 850
Other trade receivables from exchange transactions	5	4 205 985	3 454 834
Statutory receivables from non-exchange transactions	6&7	133 531 023	131 949 209
Statutory receivables from exchange transactions	8	29 724 164	83 587 338
Prepayments		762 639	-
Receivables from exchange transactions	9	333 390 555	296 622 815
Other trade receivables from non-exchange transactions	12	215 203	662 370
Cash and cash equivalents	14	13 939 400	14 310 211
		571 658 188	**572 622 482**
Non-Current Assets			
Investment property	15	354 709 196	368 364 927
Property, plant and equipment	16	1 192 731 047	1 126 551 730
Intangible assets	17	120 105	170 461
Heritage assets	18	74 581	74 581
Other trade receivables from exchange transactions	10	16 349 465	13 582 988
Other trade receivables from non-exchange transactions	11	1 960 023	2 467 978
		1 565 944 417	**1 511 212 665**
Total Assets		**2 137 602 605**	**2 083 835 147**
Liabilities			
Current Liabilities			
Other financial liabilities	19	7 510 042	7 510 043
Payables from exchange transactions	20	488 482 426	346 822 951
Payables from non-exchange	21	47 424 894	50 549 003
Consumer deposits	22	8 985 231	8 295 010
Employee benefit obligation	23	3 396 000	3 517 000
Unspent conditional grants and receipts	24	-	11 821 532
Eskom Short-term debt	66	-	102 447 241
		555 798 593	**530 962 780**
Non-Current Liabilities			
Other financial liabilities	19	32 083 952	35 485 098
Employee benefit obligation	23	71 113 000	59 798 000
Provisions	25	95 999 871	84 000 255
Eskom Long-term debt	66	358 409 545	237 090 970
		557 606 368	**416 374 323**
Total Liabilities		**1 113 404 961**	**947 337 103**
Net Assets		**1 024 197 644**	**1 136 498 044**
Accumulated surplus		1 024 197 644	1 136 498 044
Total Net Assets		**1 024 197 644**	**1 136 498 044**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Service charges	27	329 862 130	320 284 313
Rental of facilities and equipment	28	2 528 068	2 065 246
Interest received from exchange	29	40 921 136	40 958 725
Agency services	30	432 082	546 906
Discount received	31	-	2 234 314
Other income	32	6 186 747	4 456 705
Interest received - Investment	48	500 498	603 611
Total revenue from exchange transactions		**380 430 661**	**371 149 820**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	33	160 338 969	153 083 679
Availability charges	34	42 983 839	33 229 962
Licences and Permits (Non-exchange)		1 683 399	1 707 616
Interest received from non-exchange	29	22 396 456	14 610 866
Transfer revenue			
Government grants & subsidies	35	98 867 185	78 909 102
Public contributions and donations	36	75 796 742	137 234 630
Fines, Penalties and Forfeits	37	1 876 488	1 384 338
Total revenue from non-exchange transactions		**403 943 078**	**420 160 193**
Total revenue	26	**784 373 739**	**791 310 013**
Expenditure			
Employee related costs	38	(233 020 874)	(217 081 921)
Remuneration of councillors	39	(6 981 485)	(7 038 958)
Depreciation and amortisation	40	(54 818 254)	(54 276 957)
Impairment of assets	41	(17 213 005)	(9 085 918)
Finance costs	42	(73 134 848)	(71 464 806)
Lease rentals on operating lease	43	(3 990 998)	(3 990 998)
Debt Impairment	44	(18 979 358)	(18 642 465)
Bad debts written off		(29 016 051)	(12 795 339)
Repairs & Maintenance		(22 447 364)	(13 464 877)
Bulk purchases	45	(197 949 416)	(173 543 308)
Water inventory consumed		(5 301 762)	(2 359 794)
Interest discount allowed	68	(3 559 322)	(3 993 162)
General Expenses	46	(191 383 048)	(168 674 867)
Total expenditure		**(857 795 785)**	**(756 413 370)**
Operating (deficit) surplus		**(73 422 046)**	**34 896 643**
Gain (loss) on disposal of assets and liabilities		(21 727 345)	(896 846)
Fair value adjustments	47	8 695 011	4 289 494
Remeasurements- Employee benefits	23	(1 697 931)	143 668
Inventories losses/write-downs	56	(24 126 068)	(27 447 667)
		(38 856 333)	**(23 911 351)**
(Deficit) surplus for the year		**(112 278 379)**	**10 985 292**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 120 461 377	1 120 461 377
Adjustments		
Correction of errors	5 051 375	5 051 375
Balance at 01 July 2023 as restated*	**1 125 512 752**	**1 125 512 752**
Changes in net assets		
Surplus/(Deficit) for the year	10 985 292	10 985 292
Total changes	10 985 292	10 985 292
Opening balance as previously reported	1 136 498 052	1 136 498 052
Adjustments		
Correction of errors	(22 029)	(22 029)
Balance at 01 July 2024 as restated*	**1 136 476 023**	**1 136 476 023**
Changes in net assets		
Surplus/(Deficit) for the year	(112 278 379)	(112 278 379)
Correction of errors	-	-
Total changes	(112 278 379)	(112 278 379)
Balance at 30 June 2025	**1 024 197 644**	**1 024 197 644**

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Sale of goods and services		534 639 018	408 219 183
Grants		87 045 653	89 273 764
Interest received		22 352 940	17 650 410
		644 037 611	515 143 357
Payments			
Employee costs		(228 625 721)	(210 454 511)
Suppliers		(341 502 356)	(257 278 447)
Finance costs		(2 750 261)	(16 833 252)
Remuneration of Councillors		(6 981 483)	(7 038 960)
		(579 859 821)	(491 605 170)
Net cash flows from operating activities	60	**64 177 790**	**23 538 187**
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(58 238 558)	(16 243 108)
Proceeds from sale of property, plant and equipment	16	1 164 894	345 907
Proceeds from sale of investment property	15	35 106	-
Net cash flows from investing activities		**(57 038 558)**	**(15 897 201)**
Cash flows from financing activities			
Repayment of loans/borrowings (including finance leases)		(7 510 043)	(6 521 343)
Net increase/(decrease) in cash and cash equivalents		**(370 811)**	**1 119 643**
Cash and cash equivalents at the beginning of the year		14 310 211	13 190 568
Cash and cash equivalents at the end of the year	14	**13 939 400**	**14 310 211**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	371 164 155	49 971 845	**421 136 000**	329 862 130	**(91 273 870)**	1
Rental of facilities and equipment	2 003 017	104 627	**2 107 644**	2 528 068	**420 424**	2
Interest received (trading)	36 114 931	1 087 389	**37 202 320**	40 921 136	**3 718 816**	3
Agency services	593 650	(123 614)	**470 036**	432 082	**(37 954)**	4
Other income - (rollup)	7 393 014	21 768 208	**29 161 222**	6 186 747	**(22 974 475)**	5
Interest received - investment	626 630	(109 810)	**516 820**	500 498	**(16 322)**	6
Total revenue from exchange transactions	**417 895 397**	**72 698 645**	**490 594 042**	**380 430 661**	**(110 163 381)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	177 553 712	-	**177 553 712**	160 338 969	**(17 214 743)**	7
Availability Charges	43 942 539	(29 901 061)	**14 041 478**	42 983 839	**28 942 361**	8
Licences and Permits (Non-exchange)	1 847 228	(269 296)	**1 577 932**	1 683 399	**105 467**	
Interest received from non-exchange	18 162 574	3 810 536	**21 973 110**	22 396 456	**423 346**	9
Transfer revenue						
Government grants & subsidies	113 171 109	1 090 000	**114 261 109**	98 867 185	**(15 393 924)**	10
Public contributions and donations	600 000	-	**600 000**	75 796 742	**75 196 742**	11
Fines, Penalties and Forfeits	698 762	190 750	**889 512**	1 876 488	**986 976**	12
Total revenue from non-exchange transactions	**355 975 924**	**(25 079 071)**	**330 896 853**	**403 943 078**	**73 046 225**	
Total revenue	**773 871 321**	**47 619 574**	**821 490 895**	**784 373 739**	**(37 117 156)**	
Expenditure						
Employee related costs	(283 929 236)	15 763 738	**(268 165 498)**	(233 020 874)	**35 144 624**	13
Remuneration of councillors	(6 910 405)	79 088	**(6 831 317)**	(6 981 485)	**(150 168)**	14
Depreciation and amortisation	(55 155 169)	1 282 419	**(53 872 750)**	(54 818 254)	**(945 504)**	15
Impairment loss/ Reversal of impairments	-	-	**-**	(17 213 005)	**(17 213 005)**	16
Finance costs	(25 250 000)	(3 500 000)	**(28 750 000)**	(73 134 848)	**(44 384 848)**	17
Lease rentals on operating lease	(6 500 000)	2 500 000	**(4 000 000)**	(3 990 998)	**9 002**	18
Debt Impairment	(24 547 233)	-	**(24 547 233)**	(18 979 358)	**5 567 875**	19
Bad debts written off	(23 890 381)	(3 407 994)	**(27 298 375)**	(29 016 051)	**(1 717 676)**	20
Repairs and maintenance	(30 425 000)	4 543 741	**(25 881 259)**	(22 447 364)	**3 433 895**	21
Bulk purchases	(191 095 039)	-	**(191 095 039)**	(197 949 416)	**(6 854 377)**	22
Water inventory consumed	(6 000 000)	334 874	**(5 665 126)**	(5 301 762)	**363 364**	23
Interest discount allowed	-	-	**-**	(3 559 322)	**(3 559 322)**	24
General Expenses	(174 587 421)	11 934 282	**(162 653 139)**	(191 383 048)	**(28 729 909)**	25
Total expenditure	**(828 289 884)**	**29 530 148**	**(798 759 736)**	**(857 795 785)**	**(59 036 049)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Operating deficit	**(54 418 563)**	**77 149 722**	**22 731 159**	**(73 422 046)**	**(96 153 205)**	
Loss on disposal of assets and liabilities	22 079 352	-	**22 079 352**	(21 727 345)	**(43 806 697)**	26
Fair value adjustments	2 355 917	-	**2 355 917**	8 695 011	**6 339 094**	27
Actuarial gains/losses	11 864 751	-	**11 864 751**	(1 697 931)	**(13 562 682)**	28
Inventories losses/write-downs	(1 678 400)	-	**(1 678 400)**	(24 126 068)	**(22 447 668)**	10
	34 621 620	**-**	**34 621 620**	**(38 856 333)**	**(73 477 953)**	
Deficit before taxation	**(19 796 943)**	**77 149 722**	**57 352 779**	**(112 278 379)**	**(169 631 158)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(19 796 943)**	**77 149 722**	**57 352 779**	**(112 278 379)**	**(169 631 158)**	

Reconciliation

Transfers and subsidies - Capital	-	-	-	-	-	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(894 611)	(1 200 655)	**(2 095 266)**	2 361 802	**4 457 068**	29
Receivables from non-exchange - Availability charges	-	-	**-**	53 527 417	**53 527 417**	
Other trade receivables from exchange transactions	2 312 911	535 420	**2 848 331**	4 205 985	**1 357 654**	30
Statutory receivables from non-exchange transactions	56 335 315	34 966 468	**91 301 783**	133 531 023	**42 229 240**	31
VAT receivable	2 061 818 991)	2 267 968 062	**206 149 071**	29 724 164	**(176 424 907)**	32
Prepayments	-	-	**-**	762 639	**762 639**	
Consumer debtors	374 350 053	5 152 141	**379 502 194**	333 390 555	**(46 111 639)**	33
Other trade receivables from non-exchange transactions	-	-	**-**	215 203	**215 203**	29
Cash and cash equivalents	(42 755 578)	(11 905 845)	**(54 661 423)**	13 939 400	**68 600 823**	34
	1 672 470 901)	**2 295 515 591**	**623 044 690**	**571 658 188**	**(51 386 502)**	
Non-Current Assets						
Investment property	346 311 282	26 545 920	**372 857 202**	354 709 196	**(18 148 006)**	35
Property, plant and equipment	1 161 952 728	2 127 541	**1 164 080 269**	1 192 731 047	**28 650 778**	36
Intangible assets	(144 010)	(55 593)	**(199 603)**	120 105	**319 708**	37
Heritage assets	74 581	-	**74 581**	74 581	**-**	
Other trade receivables from exchange transactions	-	-	**-**	16 349 465	**16 349 465**	34
Other trade receivables from non-exchange transactions	-	-	**-**	1 960 023	**1 960 023**	34
	1 508 194 581	**28 617 868**	**1 536 812 449**	**1 565 944 417**	**29 131 968**	
Total Assets	**0 164 276 320)**	**2 324 133 459**	**2 159 857 139**	**2 137 602 605**	**(22 254 534)**	
Liabilities						
Current Liabilities						
Other financial liabilities	44 030 911	(11 303 571)	**32 727 340**	7 510 042	**(25 217 298)**	38
Payables from exchange transactions	496 575 613	184 074 833	**680 650 446**	488 482 428	**(192 168 018)**	39
Payables from non-exchange	71 058 491	11 821 535	**82 880 026**	47 424 894	**(35 455 132)**	40
Consumer deposits	8 820 890	460 160	**9 281 050**	8 985 231	**(295 819)**	
Employee benefit obligation	-	-	**-**	3 396 000	**3 396 000**	42
Eskom Short-term debt	(9 281 050)	19 330 698	**10 049 648**	-	**(10 049 648)**	43
	611 204 855	**204 383 655**	**815 588 510**	**555 798 595**	**(259 789 915)**	
Non-Current Liabilities						
Other financial liabilities	43 305 622	23 770 978	**67 076 600**	32 083 952	**(34 992 648)**	44
Employee benefit obligation	-	-	**-**	71 113 000	**71 113 000**	42
Provisions	117 099 472	2 056 572	**119 156 044**	95 999 871	**(23 156 173)**	45
Eskom Long-term debt	-	-	**-**	358 409 545	**358 409 545**	46
	160 405 094	**25 827 550**	**186 232 644**	**557 606 368**	**371 373 724**	
Total Liabilities	**771 609 949**	**230 211 205**	**1 001 821 154**	**1 113 404 963**	**111 583 809**	

Gamagara Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets	**0 935 886 269)**	**2 093 922 254**	**1 158 035 985**	**1 024 197 642**	**(133 838 343)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 072 014 252	8 932 126	**1 080 946 378**	1 024 197 642	**(56 748 736)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	576 922 529	5 206 490	**582 129 019**	534 639 018	**(47 490 002)**	47
Grants	114 261 109	-	**114 261 109**	87 045 653	**(27 215 456)**	48
Interest received	50 739 109	5 636 083	**56 375 192**	22 352 940	**(34 022 252)**	49
	741 922 747	**10 842 573**	**752 765 320**	**644 037 611**	**(108 727 710)**	
Payments						
Employee costs	(698 947 101)	49 844 830	**(649 102 271)**	(228 625 721)	**420 476 551**	50
Suppliers	-	-	**-**	(341 502 356)	**(341 502 355)**	50
Finance costs	(750 000)	(3 500 000)	**(4 250 000)**	(2 750 261)	**1 499 739**	51
Remuneration of Councillors	-	-	**-**	(6 981 483)	**(6 981 483)**	50
	(699 697 101)	**46 344 830**	**(653 352 271)**	**(579 859 821)**	**73 492 452**	
Net cash flows from operating activities	**42 225 646**	**57 187 403**	**99 413 049**	**64 177 790**	**(35 235 258)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(90 871 846)	1 479 436	**(89 392 410)**	(58 238 558)	**31 153 852**	52
Proceeds from sale of property, plant and equipment	-	-	**-**	1 164 894	**1 164 894**	53
Proceeds from sale of investment property	-	-	**-**	35 106	**35 106**	54
Net cash flows from investing activities	**(90 871 846)**	**1 479 436**	**(89 392 410)**	**(57 038 558)**	**32 353 852**	
Cash flows from financing activities						
Repayment of loans/borrowings (including finance leases)	-	-	**-**	(7 510 043)	**(7 510 042)**	55
Net increase/(decrease) in cash and cash equivalents	(48 646 200)	58 666 839	**10 020 639**	(370 811)	**(10 391 448)**	56
Cash and cash equivalents at the end of the year	**(48 646 200)**	**58 666 839**	**10 020 639**	**(370 811)**	**(10 391 448)**	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

The accounting policies on pages 19 to 42 and the notes on page 127 form an integral part of the annual financial statements.

According to GRAP 24, an explanation is required for material variances. The Gamagara Local Municipality used a 10% variances as material.

1] Services Charges - The municipality implemented revenue enhancement initiatives during the 2025 financial year. Therefore an increase in service charges revenue was expected and hence the municipality budgeted for higher revenue. However, although there was a notable increase in revenue compared to prior year, this was still less than budget as the measures implemented yielded less than expected results due to some customers using alternative energy sources and boreholes.

2] Rental of facilities and equipment-The increase in actual revenue from Rental of facilities and equipment compared to budget resulted from more repairs and maintance being done to facilities and equipment which led to more halls being available for use.

3] Interest received (trading)-The increase in actual revenue from Interest received (trading) compared to budget is because of debtors failing to pay within due dates interest then charged henceforth.

4] Agency Fees - The municipality collected less than anticipated hence the agency fees were less than budgeted.

5] Other income - (rollup)-Less building plans approved and reduction in cemetry fees resulted in decrease of actual compared to budget figures.

6] Interest received investment-The investment account generate more income from Grants funds kept in the account however Grants withheld (Reduction in Grants) and Roll over offfset against equitable share resulted in actual amount being less than the budgeted.

7] Property rates-There were a significant number of customers who did Objections on property rates,instalment sale agreement and Rezoning resulted in budgeted figures being more than the actual.

8] Availability Charges-The municipality actual Availability Charges are more than budgeted because of under-budgeting.

9] Interest received from non-exchange-The municipality overestimated the increase in interest from Non Exchange transactions.

10] Government grants & subsidies-The budgeted figures for Government Grants and subsidies is more than actual because of Grants withheld (Reduction in Grants),Roll over offfset against equitable share

11] Public contributions and donations - The actual figures for Public Contribution and Donations is more than budgeted because of PPE Donations from Kumba (sewer reticulation mapoteng and dibeng phase 4 ,internal roads in Mapoteng and Dibeng,soccer field in Siyathemba) for R75 796 742

12] Fines, Penalties and Forfeits -The actual figures for Fines,Penalties and Forfeits are more than the budget because more fines were issues for tampering with electricity and water meters.

13] Employee related costs-The actual figures for employee costs is less than the budgeted figures because overtime was reduced to maximum of 70hrs per employee per month than previously where there wasn't any restriction.There were also terminations of employement for workers during the year and not all vacant positions have been filled.

14] Remuneration of councillors-The actual figures for Remuneration of Councillors is more than the budget because of the Upper Limit provisions in the Collective bargaining report backpay adjustments were done to Councillors Remuneration.

15] Depreciation and amortisation-The actual figures for Depreciation is more than the budgeted figures because of additional depreciation from additional PPE in the form of Donations and New fleet of vehicles purchased.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

16] Impairment loss/ Reversal of impairments-Actual figures are higher than nil budgeted figures because Infrastructure ,office furnture and assets under constructions condition assesment were carried out resulting in higher impairment figure than expected and disposal of assets.

17] Finance costs - The budgteted figures for Finance Charges are less than the actual figures because of Eskom bulk winter tarrifs hikes.

18] Lease rentals on operating lease-The actual figures for Lease rentals on operating lease is less than budgeted because of the acquisition of new fleet of vehicles.

19] Debt Impairment-The actual figures for debt impairment decreased compared to the budget because of improvement in collection rate resulting lower impairment.Revenue enhancement improved leading to more collection/payments.

20] Bad debts written off-The actual figure for bad debts written off is less than the budgeted because of there was increase indigents registrations resulting in more writte off than budgeted.

21] Repairs and maintenance- The actual figures for repairs and maintanance are less than budgeted because Municipality procured New fleet of vehicles reducing repairs and maintanance , in addition donated new assets are way less cheaper to maintain than old assets.Stricter internal controls inhouse repairs has been enforced by technical department to reduce repairs and maintanance costs compared high costs from outsourcing.

22] Bulk purchases - The actual figures for Bulk Purchases are more than the budgeted because Electricity tarriff hikes higher than anticipated.

23] Water inventory consumed-The actual figures for water inventory consumed are less than Budget because there was an increase in the use borehole water from municipal boreholes than budgeted.

24] Interest discount allowed-The actual figures for interest discount allowed is more compared to budgeted because of cash discount introduced on full settlement of outstanding debt.

25] General Expenses-The figure for General Expenses is more than the budgeted figures because of higher insurance costs and increase in hiring expenses.

26] Loss on disposal of assets and liabilities-The actual figures for Loss on disposal of assets and liabilities is more than the budgeted because of disposal of Investment Properties (Land) at higher prices than expected among other assets sold.

27] Fair value adjustments-Increase in actual fair value adjustments than Budgeted for resulted from investment properties being valued upwards than anticipated.

28] Actuarial gains/losses-The actual for Actuarial gains/losses are less than the budgeted because of different calculation dynamics between internal and external experts.

29] Inventories-The actual figures for Inventories are less than the budgeted figures because of the reduction in cost of water production from R7.15 to R6.88 and distribution losses.

30] Other trade receivables from exchange transactions-The actual for Other trade receivables from exchange transaction are because more payment arrangements signed and slow repayments.

31] Statutory receivables from non-exchange transactions-The actuals for Statutory receivables from non-exchange transactions is more than the budgeted figures because Property valuations increased signicantly resulting in higher billing instalments on property rates.

32] VAT receivable - The actual figures for VAT receivables are less than the budgeted because of over budgeting.

33] Consumer debtors-The actual figures for Consumer debtors are more than the budgeted figures because of the increase in number of customers not paying accounts in time.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

34] Cash and cash equivalents-The actual figures for Cash and cash equivalents is less than the budgeted because of lower collection rate from rendering of services and also Grants withheld and offset against equitable share resulted in less Cash and Cash Equivalence than expected.

35] Investment property-The actual figures for Investment Property is less than budgeted because of Disposal of investment proporties not taken into account on budget preparation.

36] Property, plant and equipment-The actual figure for Property, plant and equipment is more than the budgeted figure because of donations, completion of projects like sewer reticulation in Mapoteng and Dibeng phase 4 ,internal roads in Mapoteng and Dibeng,soccer field in Siyathemba,acquisition of new fleet of fifteen (15) vehicles.

37] Intangible assets-The actual figure for intangible assets is less than the budgeted figure because Amortisation and Impairment were not taken account on budgeting hence higher budgeted amount,Amortisation of R50 356 having been recorded.

38] Other financial liabilities-The actual figures are lower than the budgeted figures because of significant payments than budgeted for.

39] Payables from exchange transactions-The actual amounts for Payables from exchange transactions are less than budgeted because of the Debt relief program instituted by Eskom and Provincial Treasury which resulted in the reduction of trade payables.

40] Payables from non-exchange-The municipality had planned to settle significant amounts of accounts payables during the year and suceeded to settle significant Eskom debt..

42] Employee benefit obligation-The treasury budget template does not make provision for separate disclosure of employee benefits, therefore provisions and employee benefits are budgeted as one amount. It is the reflection of the changes in market indicators

43] Eskom Short-term debt-The actual figure for Eskom Short-term debt is more from nil Budgeted figure because of Debt relief program approved by Eskom and Provincial Treasurywhich was not budgeted for.

44] Other financial liabilities-The actual figures are lower than the budgeted figures because of significant payments than budgeted.

45] Provisions- The budget amount is sitting in the current liability portion. However on the balance sheet it is split between current and non-current liability.

46] Eskom Long-term debt-The actual figure for Eskom Long-term debt is more from nil Budgeted figure because of Debt relief program approved by Eskom and Provincial Treasury which was not budgeted for.

47] The variance was due to under-collection stemming from non-paying consumers coupled with bad debts written off (Debts pertaining to indigents

48] The variance was due to grant receipts witheld. The MIG and WSIG grant were witheld due to non-spending, plus that the rollover grants that were denied were off-setted against equitable share, thus leading to lower grant amount received.

49] Lower collection rate resulted.

50] The mscoa chart consolidates the following items (Payments to Suppliers, payments to Employees and remuneration of councillors) under one line item , namely (Payments to Suppliers and emplyees) thus leading to a variance.

51] The increase in finance cost was due to the ESKOM bulk account during winter seasons. The Municipality does not have winter tariffs, coupled with the fact that the Municipal tariffs are not cost-reflective. This led to higher finance costs as certain invoices were not paid within 30 days.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

52] We had budgeted for more PPE Acquistions, however due to lower cash flow generated, we spent less than what we had budgeted for Capital grants witheld also contributed to lower PPE acquistion as well as the lower collection rate.

53] Proceeds from sale of property, plant and equipment and investment property were not anticipated during the budgetary process.

54] Proceeds from sale of property, plant and equipment and investment property were not anticipated during the budgetary process.

55] Repayment of loans/borrowings were budgeted under the payments from suppliers and not separated

56] We had budgeted for an increase in cash and cash equivalents. There is a trivial variance between the budget and actual cash

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables, loans and receivables

The municipality assesses its trade receivables, loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgement 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, loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Service Charges

Estimates of consumption for unmetered water and electricity are:

-Performed monthly when meter readings have not been performed.
-At year end to account for the unmetered portion since the billing cycle closes on the 25th of each month.

The process of calculating the estimates is as follows:

-Electricity and water meter readings (billed consumption) for the three months preceeding year-end and/or the month meter readings are not performed are used as the basis to dertermine the average consumption.

-Unmetered consumption is calculated as the number of days from the last meter reading date to year end and/or the month meter readings are not performed multipy by the average consumption.

-The step-tariffs are applied in calculating the estimated unbilled revenue for both water and electricity.

The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read.

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 condition aassessment assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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 tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 25 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 23.

1.4 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:

Accounting Policies

1.4 Investment property (continued)

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

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

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

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

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

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

If the 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.

In determing the fair value of investment property within the Gamagara Muncipal area, the municipality applied a method that involved analysing each classified area independently to assess market movement.

Market research was conducted by reviewing all registered property transactions within the Gamagara municipal boundaries, dating back to the previous year. The data was carefully cleansed to exclude any anomalies, and a general sales average was calculated for each classification. This was compared to the average from the prior year to identify market trends, including any potential increase, decrease, or instances where no significant change was observed. The percentage change for each classified area was then applied to the properties within those categories. This approach allowed the municipality to derive the fair market value for the investment properties.

The determination of fair value was supported by available market evidence, and, where applicable, additional factors such as the nature of the property and a lack of comparable market data were considered in the analysis.

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.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 15).

1.4 Investment property (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 16).

1.5 Property, plant and equipment

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

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.

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

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

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

Item	Depreciation method	Average useful life
Buildings		
• Improvements	Straight-line	5-100 years
Electrical Infrastructure		
• Electricity	Straight-line	3-55 years
• Landfill asset	Straight-line	10-20 years
• Roads & Paving	Straight-line	3-100 years
• Sanitation	Straight-line	7-55 years
• Sewerage	Straight-line	7-100 years
• Water	Straight-line	5-100 years

1.5 Property, plant and equipment (continued)

Community		
• Community facilities	Straight-line	5-60 years
• Recreational facilities	Straight-line	10-60 years
Other property, plant and equipment		
• Bins & containers	Straight-line	5-15 years
• Computer equipment	Straight-line	3-10 years
• Emergency equipment	Straight-line	3-10 years
• Furniture & fittings	Straight-line	3-15 years
• Motor vehicles	Straight-line	4-15 years
• Office equipment	Straight-line	3-15 years
• Plant and equipment	Straight-line	2-15 years
• Specialised vehicles	Straight-line	10-20 years
• Other assets	Straight-line	25-30 years

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 16).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 16).

1.6 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.

1.6 Intangible assets (continued)

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.

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

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

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.

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	3-5 years

1.7 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.8 Financial instruments

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

A financial 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.

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

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

1.8 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Trade receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

1.8 Financial instruments (continued)

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

1.8 Financial instruments (continued)

Financial liabilities

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

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

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

Presentation

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

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

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

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

1.9 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

1.9 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.

Derecognition

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

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

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

1.10 Leases (continued)

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

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

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

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

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

1.12 Receivables from non-exchange - Availability charges

1.13 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.

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.

1.13 Impairment of cash-generating assets (continued)

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.

1.13 Impairment of cash-generating assets (continued)

Criteria for Distinguishing Non-Cash-Generating and Cash-Generating Assets

1. Definition and Classification.

Cash generating assets: Assets primarily held with the objective of generating a commercial return. These assets are part of revenue generating activities where the inflow of funds or economic benefits can be reasonably expected through charges, fees, or other direct revenue mechanisms.

Non-cash generating assets: Assets primarily used to provide services or public goods without the intent of generating a commercial return. The primary goal is service delivery rather than revenue generation, even if incidental revenue arises from asset use.

2. Key Criteria for Classification

Purpose of the Asset:
Cash-Generating: Assets held with primary purpose of income generation through commercial activity, where service fees are structured to cover operational costs and potentially generate profit.

Non-Cash-Generating: Assets held to provide essential public services, with no intent to recover cost or earn a surplus. Such assets support broader social and public welfare goals.

Revenue Generation Potential

Cash-generating: Assets with a reasonable expectation of geberating consistent revenue, often through customer charges, as seen with utility services (e.g, Electricity, Water and Sanitation).

Non-cash-generating: Assets that generate little to no direct revenue or only recover a portiong of the cost. For instance, road infrastructure facilities transportation without directly charging for its use.

Commercial Return

Cash-generating: Assets expected to achieve a commercial return based on the income derived from thier use, where "commercial return" reflects the ability to cover operational costs, maintenance, and possibly generate profit.

Non-cash-generating: Assets not expected to yield a commercial return but rather support indirect economic benefits or public service delivery.

3. Judgement Considerations

The classification of assets may involve judgement, particularly in cases where the revenue-generation purpose is ambiguous. Factors which are consider include:

Revenue dependency: If an asset's operational viability relies primarily on direct income, it is more likely to be classified as cash-generating.

Public Good Aspect: Assets primarily supporting social, economic, and community welfare are generally classified as non-cash-generating.

Cost Recovery vs. Profit: If user fees only recover a portion of the asset's cost with nonexpectation of profit, the asset may be deemed non-cash-generating, despite some revenue generation.

3.1 Example Judgements

Electricity Water and Sanitation Assets: These assets, such as water treatment plants, pumps and distribution networks, are classified as cash-generating because they generate revenue from user charges. The primary intent behind thses assets include recovering operating costs and achieving a commercial return by ensuring consistent revenue through customer billing.

Road Infrastructure Assets: Roads and related infrastructure are generally classified as non-cash-generating because they serve as public goods, facilitating free movement and access rather than directly generating income. While some incidental income may arise (e.g, tolls on specific roads), the primary is service delivery to the public rather than commercial return.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Key Assumptions Used in Determining Recoverable Service Amounts

In accordance with GRAP 21 (Impairment of Non-cash-generating Assets) and GRAP 26 (Cash-generating Assets), the entity assesses assets for impairment whenever there is an indication that an asset may be impaired, if such indications are identified the entity assess whether the recoverable service amount is less than the carrying amount. Recoverable service amount is higher of the fair value less costs to sell and the value in use of the asset.

During the physical review, each asset is evaluated for significant changes in condition. If an asset's condition has visibly deteriorated compared to the prior year's assessment, it is flagged for furthrt review. When there are indications of an abnormal decline, the condition rating is adjusted to accurately reflect the asset's service potential. The following key assumptions and methodologies were applied in determining the recoverable service amounts of assets that posed a significant risk of causing a material adjustment to the carrying amounts during the period.

1. Condition-Based Rating:
The recoverable service amount is determined using a condition rating system. Assets are rated based on their physical state and expected service potential, with the following condition categories and corresponding percentage rating

Condition	Description	Rating
1	Very Good	95%
2	Good	70%
3	Fair	45%
4	Poor	25%
5	Very Poor	10%
6	Broken	0%

These ratings are multiplied by the cost of the asset to estimate the recoverable service amount

2. Impairment Calculation:
In line with GRAP 21 and 23 paragraph. 19 the impairment loss is calculated as the difference between the carrying value of the asset and its recoverable service amount. Where the recoverable service amount is lower than the carrying value, the difference is recognised as an impairment loss in the Statement of Financial Performance.

3. Risk of Material Adjustement
Assets with lower condition ratings (Poor, Very Poor and Broken) pose a higher risk of material adjustements to their carrying amounts due to the potential for significant impairment losses. These ratings indicate reduced service potential leading to adjustemnts that reflect the diminished capacity of the asset to generate future service benefits.

4. Frequency of Assessment:
The condition rating and impairment assessment are performed annually, or when any other indicators are listed in GRAP 21 and 23 paragraph 23 is met. The assessment covers both infrastructure and movable assets and considers factors such as wear and tear, physical damage, and obsolescence.

1.14 Employee benefits

Defined contribution plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

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

The amounts recognised in the statement of financial performance include the service cost (current service cost and settlement), the net interest expense (interest cost) and remeasurements (actuarial gains and losses).

The amount recognised in the statement of financial position represents the net present value of the defined benefit obligation (i.e present value of the defined benefit obligation less the fair value of plan assets plus liabilities as a result of minimum funding requirements) as adjusted for any effect of the asset ceiling.

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

Other post retirement obligations

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

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

1.15 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.

1.15 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

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

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 58.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

Accounting Policies

1.15 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. These commitments relate to the aquisition of property, plant and equipment and intangible assets. [Grap 17 par 86 (b) and Grap 31 par 123 (d)].

Disclosures are required in respect of unrecognised contractual commitments. The municipality determines the commitments amount by calculating the project value and deduct any capital expenditure and retention. The project value is the contractor's contract value and professional fees, excluding VAT and any contingencies. The capital expenditure for the project is the oayments made to the contractor (including retention) and the consultant.

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 construction of property, plant and equipment.); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

1.18 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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.

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

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

Fines

Revenue from the issuing of fines 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.

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

Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:
- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

1.18 Revenue from non-exchange transactions (continued)

Government grants

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

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.19 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.

1.20 Unauthorised expenditure

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

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

1.21 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.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

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

1.22 Irregular expenditure (continued)

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.24 Internal reserves

1.25 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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

Accounting Policies

1.26 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 cash 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.

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.28 Events after reporting date

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

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

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

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

1.29 Consumer deposits

Consumer deposits refer to amounts collected from consumers, generally in relation to municipal services provided, such as electricity, water and other utilities. These deposits are intended as security against default on the consumer's account. The municipality recognises consumer deposits when they are recieved from customers. Consumer deposits are measured at the amount received as stipulated on the tariff schedules.

When services are terminated, consumer deposits are refunded to the consumer, subject to the settlement of any outstanding amounts on the consumer's account.

The municipality discloses consumer depostis as part of current liabilities in the statement of financial position and notes to the financial statements to show the split between services.

1.30 Principal-agent arrangement

A principal-agent relationship is an arrangement where one person, the principal, relies on another person, the agent, to act on the principal's behalf.

The municipality as the agent acting on behalf of the principal recognises revenue based on the net amount retained (the amount billed to a customer less the amount paid to the supplier).

Accounting Policies

1.30 Principal-agent arrangement (continued)

An entity that is the agent in a principal-agent arrangement shall disclose the following in the notes to the financial statements:

a description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include:

the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal;

the aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

1.31 Contingent Liabilities - Accounting Policy

The municipality's policy is not to recognise contingent liabilities in the annual financial statements, but to disclose them in the notes. A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or A present obligation that arises from past events but is not recognised because; 1) It is not probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation, or 2) The amount of the obligation can not be measured with sufficient reliability.

The municipality acknowledges that contingent liabilities can have a significant financial and economic impact to the municipality – by conferring certain rights or obligations that may be expected in the future. If the impact is not known, this could allow for financial difficulties for the municipality. Therefore ways are sought as much as possible to put measures in place to limit the impact of contingent liabilities – should these materialise.

In estimating the probable financial implications of contingent liabilities, where applicable the following is taken into account;
1. Maximum potential loss - This method values contingent liabilities at full face value.
2. Expected loss - This method tries to estimate the probability that the contingency will occur – and can be used when reliable data is available.
3. Use of market information if available
4. Opinion of experts such as legal practitioners

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103)(hereafter to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103
The board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have cultural significance" and defines a heritage assets as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets tha could be heritage assets, have also been defined legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequebtly, Aggregation of individually insignificant heritage assets, impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The effective date of the standards is for years beginning on or after 01 April 2023.

The municipality has adopted the standard for the first time in the 2023/2024 unaudited annual financial statements, It is unlikely that the standard will have a material impact on the muncipality's unaudited annual financial statements.

GRAP 104 (as revised): Financial Instruments
Following the global financial crisis, a number of concerns were raised about the accounting for financial instrumets. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board amended its existing Standards to deal with these issues. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information availables to a make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standards affect:
1. Financial guarantee contracts issued
2. Loan commitments issued
3. Classification of financial assets
4. Amortised cost of financial assets
5. Impairment of financial assets
6. Disclosures

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the revisions is not yet set by the Minister of Finance

The municipality expects to adopt the revisions for the time when the Minister sets effective date for the revisions.

It is unlikely that the standard will have a material impact on the municipality's unaudited annual financial statements.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

3. Inventories

Consumable stores	1 927 817	1 206 328
Water	171 583	192 450
Fuel (Diesel, Petrol)	262 402	439 077
	2 361 802	**1 837 855**

Inventories recognised as an expense during the year	7 288 091	5 610 608

The cost of water production for the year amounted to R6.88 per kilolitre (2024: R7.15 per kilolitre). Raw water purchased from Sishen Iron Ore amounts to R0.06 per kilolitre.

No Inventories have been pledged as collateral for Liabilities of the municipality.

Figures in Rand	2025	2024

4. Receivables from non-exchange - Availability charges

Gross balances		
Electricity Availability Charges	21 982 279	15 989 662
Water Availability Charges	24 443 000	18 148 853
Sewer Availability Charges	20 798 877	15 477 925
	67 224 156	**49 616 440**

Less: Allowance for impairment		
Electricity Availability Charges Impaiment	(4 428 909)	(2 985 795)
Water Availability Impairment	(5 010 252)	(3 467 703)
Waste water Availability Charges Impairment	(4 257 577)	(2 965 093)
	(13 696 738)	**(9 418 591)**

Net balance		
Electricity Availability Charges Impaiment	17 553 370	13 003 867
Water Availability Impairment	19 432 748	14 681 150
Waste water Availability Charges Impairment	16 541 300	12 512 832
	53 527 418	**40 197 849**

Electricity Availability Charges		
Current (0 -30 days)	1 635 447	2 115 190
31 - 60 days	486 992	481 291
61 - 90 days	536 235	413 144
91 - 120 days	608 084	555 369
121 - 365 days	3 838 784	3 005 890
> 365 days	10 447 828	6 432 983
	17 553 370	**13 003 867**

Water Availability Charges		
Current (0 -30 days)	1 425 423	2 035 038
31 - 60 days	537 618	360 604
61 - 90 days	504 450	438 946
91 - 120 days	595 707	566 223
121 - 365 days	4 061 211	3 252 057
> 365 days	12 308 339	8 028 282
	19 432 748	**14 681 150**

Waste water Availability Charges		
Current (0 -30 days)	1 239 163	1 699 652
31 - 60 days	414 188	412 966
61 - 90 days	436 545	370 203
91 - 120 days	512 529	468 683
121 - 365 days	3 467 298	2 799 369
> 365 days	10 471 577	6 761 959
	16 541 300	**12 512 832**

Figures in Rand	2025	2024
Summary of debtors by customer classification		
Consumers and Other		
Current (0 -30 days)	737 030	3 025 586
31 - 60 days	731 096	680 712
61 - 90 days	827 769	595 668
91 - 120 days	945 918	871 659
121 - 365 days	6 326 070	4 700 615
> 365 days	17 674 763	11 292 793
	27 242 646	21 167 033
Less: Allowance for impairment	(6 049 832)	(4 077 205)
	21 192 814	**17 089 828**
Industrial/ commercial		
Current (0 -30 days)	1 834 559	2 459 629
31 - 60 days	969 100	859 221
61 - 90 days	986 322	904 940
91 - 120 days	1 176 336	1 087 557
121 - 365 days	7 590 489	6 371 529
> 365 days	22 780 499	14 543 145
	35 337 305	26 226 021
Less: Allowance for impairment	(7 646 906)	(5 341 385)
	27 690 399	**20 884 636**
National and provincial government		
Current (0 -30 days)	1 728 443	364 665
31 - 60 days	138 925	59 024
61 - 90 days	74 154	56 852
91 - 120 days	71 604	67 129
121 - 365 days	613 504	468 787
> 365 days	2 017 575	1 206 930
	4 644 205	**2 223 387**
Total		
Current (0 -30 days)	4 300 033	5 849 880
31 - 60 days	1 839 121	1 598 957
61 - 90 days	1 888 245	1 557 459
91 - 120 days	2 193 858	2 026 345
121 - 365 days	14 530 063	11 540 931
> 365 days	42 472 837	27 042 869
	67 224 157	49 616 441
Less: Allowance for impairment	(13 696 738)	(9 418 591)
	53 527 419	**40 197 850**
Less: Allowance for impairment		
31 - 60 days	(388 065)	(346 093)
61 - 90 days	(414 061)	(337 254)
91 - 120 days	(484 398)	(440 325)
121 - 365 days	(3 176 415)	(2 488 413)
> 365 days	(9 233 799)	(5 806 506)
	(13 696 738)	**(9 418 591)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(9 418 591)	(4 621 325)
Contributions to allowance	(4 278 147)	(4 797 266)

Notes to the Annual Financial Statements

Figures in Rand		2025	2024
		(13 696 738)	**(9 418 591)**

5. Other trade receivables from exchange transactions

Sale of Land		1 442 305	2 465 361
Creditors with debit balances		-	73 413
Arrangements		2 763 680	916 060
		4 205 985	**3 454 834**

Arrangements

Less than 1 year	2 763 680	916 060

Sale of Land

Less than 1 year	1 442 305	2 465 360

6. Statutory receivables from non-exchange transactions

Other receivables from non-exchange revenue		305 981	148 153
Consumer debtors - Rates	7	133 225 042	131 801 056
		133 531 023	**131 949 209**

Statutory receivables general information

Transaction(s) arising from statute

The Municipal Property Rates Act is a national law that regulate the power of a municipality to value and rate immovable properties located within the boundaries of municipalities.

Traffic fines arise from enforcement of traffic law violation in the municipal area and is governed by the The National Road Traffic Act 93 of 1996.

Value added tax is as a result of Value-Added Tax Act 89 of 1991

7. Consumer debtors disclosure

Gross balances		
Consumer debtors - Rates	166 389 936	161 751 301
Less: Allowance for impairment		
Consumer debtors - Rates	(33 164 894)	(29 950 245)
Net balance		
Consumer debtors - Rates	133 225 042	131 801 056
Statutory receivables included in consumer debtors above are as follows:		
Consumer debtors - Rates	133 225 042	131 801 056
Financial asset receivables included in consumer debtors above	-	-
Total consumer debtors	133 225 042	131 801 056

Figures in Rand	2025	2024

7. Consumer debtors disclosure (continued)

Property rates		
Current (0 -30 days)	14 031 053	22 577 700
31 - 60 days	4 878 094	9 597 511
61 - 90 days	3 351 669	3 484 667
91 - 120 days	3 506 727	3 687 160
121 - 365 days	23 861 633	24 462 762
> 365 days	83 595 865	67 991 257
	133 225 042	**131 801 056**

Summary of debtors by customer classification

Consumers and Other		
Current (0 -30 days)	6 712 222	9 817 933
31 - 60 days	4 144 044	9 032 893
61 - 90 days	2 699 758	2 368 659
91 - 120 days	2 956 226	2 391 160
121 - 365 days	15 973 599	13 273 618
> 365 days	62 859 372	52 895 801
	95 345 220	89 780 065
Less: Allowance for impairment	(20 654 344)	(17 989 288)
	74 690 877	**71 790 777**

Industrial/ commercial		
Current (0 -30 days)	7 241 440	12 540 842
31 - 60 days	2 001 982	3 085 281
61 - 90 days	1 486 191	1 964 552
91 - 120 days	1 427 270	2 171 795
121 - 365 days	9 757 457	15 719 261
> 365 days	39 029 365	30 225 397
	60 943 705	65 707 128
Less: Allowance for impairment	(12 514 358)	(11 960 957)
	48 429 347	**53 746 171**

National and provincial government		
Current (0 -30 days)	77 391	218 925
31 - 60 days	89 521	111 080
61 - 90 days	98 406	106 990
91 - 120 days	99 066	135 264
121 - 365 days	4 770 672	2 177 841
> 365 days	4 969 762	3 514 009
	10 104 817	**6 264 109**

Total		
Current (0 -30 days)	14 031 053	22 577 700
31 - 60 days	6 235 546	12 229 254
61 - 90 days	4 284 355	4 440 201
91 - 120 days	4 482 562	4 698 219
121 - 365 days	30 501 727	31 170 720
> 365 days	106 858 499	86 635 206
	166 393 743	161 751 301
Less: Allowance for impairment	(33 168 701)	(29 950 245)
	133 225 041	**131 801 056**

Figures in Rand	2025	2024

7. Consumer debtors disclosure (continued)

Less: Allowance for impairment		
31 - 60 days	(1 428 415)	(2 726 257)
61 - 90 days	(975 461)	(974 854)
91 - 120 days	(1 021 496)	(1 026 540)
121 - 365 days	(5 996 165)	(6 522 603)
> 365 days	(23 743 358)	(18 699 991)
	(33 164 894)	**(29 950 245)**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(29 950 245)	(24 814 396)
Contributions to allowance	(3 214 649)	(5 135 848)
	(33 164 894)	**(29 950 245)**

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exhange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

8. Statutory receivables from exchange transactions

Vat receivable	29 724 164	83 587 338

9. Receivables from exchange transactions

Gross balances		
Electricity	172 680 260	153 539 069
Water	69 098 975	60 716 484
Waste water	54 815 187	46 811 355
Refuse	105 496 857	94 856 100
Unmetered services - Water and Electricity	6 195 835	6 101 812
Other (specify)	7 591 159	5 980 888
	415 878 273	**368 005 708**

Less: Allowance for impairment		
Electricity	(33 611 918)	(29 006 994)
Water	(14 108 163)	(13 484 612)
Waste water	(11 047 817)	(8 779 941)
Refuse	(22 176 662)	(18 872 905)
Other (specify)	(1 543 158)	(1 238 441)
	(82 487 718)	**(71 382 893)**

Figures in Rand	2025	2024

9. Receivables from exchange transactions (continued)

Net balance		
Electricity	139 068 342	124 532 075
Water	54 990 812	47 231 872
Waste water	43 767 370	38 031 414
Refuse	83 320 195	75 983 195
Unmetered services - Water and Electricity	6 195 835	6 101 812
Other (specify)	6 048 001	4 742 447
	333 390 555	**296 622 815**

Electricity		
Current (0 -30 days)	18 263 900	18 748 593
31 - 60 days	3 956 911	2 933 646
61 - 90 days	2 940 928	8 735 198
91 - 120 days	2 973 266	2 321 478
121 - 365 days	14 968 578	35 009 454
> 365 days	95 964 758	56 783 707
	139 068 342	**124 532 075**

Water		
Current (0 -30 days)	4 284 727	(1 944 176)
31 - 60 days	959 754	782 953
61 - 90 days	840 417	1 011 659
91 - 120 days	562 963	700 199
121 - 365 days	5 054 187	7 870 581
> 365 days	43 288 763	38 810 656
	54 990 812	**47 231 872**

Waste water		
Current (0 -30 days)	4 060 457	6 012 489
31 - 60 days	2 580 685	1 618 344
61 - 90 days	1 393 266	1 124 432
91 - 120 days	1 263 030	1 319 510
121 - 365 days	8 423 495	7 308 461
> 365 days	26 046 438	20 648 177
	43 767 370	**38 031 414**

Refuse		
Current (0 -30 days)	3 615 153	7 156 978
31 - 60 days	1 871 988	1 776 694
61 - 90 days	1 745 279	1 557 943
91 - 120 days	1 624 226	1 883 075
121 - 365 days	12 287 417	10 125 160
> 365 days	62 176 133	53 483 345
	83 320 195	**75 983 195**

Unmetered services -Water and Electricity		
Current (0 -30 days)	6 195 835	6 101 812

Figures in Rand	2025	2024

9. Receivables from exchange transactions (continued)

Other (specify)		
Current (0 -30 days)	501 748	226 070
31 - 60 days	234 838	87 202
61 - 90 days	196 112	106 005
91 - 120 days	301 625	101 616
121 - 365 days	938 435	451 722
> 365 days	3 875 245	3 769 833
	6 048 002	**4 742 448**

Figures in Rand	2025	2024

9. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers and Other		
Current (0 -30 days)	11 156 348	14 360 456
31 - 60 days	8 070 341	6 090 069
61 - 90 days	5 611 379	9 494 292
91 - 120 days	5 626 186	5 230 121
121 - 365 days	43 979 261	29 728 845
.	195 040 907	169 521 759
	269 484 422	234 425 543
Less: Allowance for impairment	(58 356 236)	(48 825 466)
	211 128 186	**185 600 077**

Industrial/ commercial		
Current (0 -30 days)	17 674 974	15 036 744
31 - 60 days	3 683 040	2 784 613
61 - 90 days	3 064 591	2 125 333
91 - 120 days	2 558 342	2 459 023
121 - 365 days	6 375 474	46 075 620
> 365 days	91 142 427	48 225 753
	124 498 849	116 707 087
Less: Allowance for impairment	(24 131 482)	(22 557 426)
	100 367 367	**94 149 661**

National and provincial government		
Current (0 -30 days)	1 894 662	802 753
31 - 60 days	523 005	298 157
61 - 90 days	419 947	4 352 911
91 - 120 days	411 736	371 357
121 - 365 days	2 911 980	1 623 448
> 365 days	9 537 838	3 322 638
	15 699 167	**10 771 265**

Total		
Current (0 -30 days)	30 725 985	30 199 954
31 - 60 days	12 276 386	9 172 839
61 - 90 days	9 095 918	15 972 537
91 - 120 days	8 596 264	8 060 502
121 - 365 days	53 266 715	77 427 914
> 365 days	295 721 172	221 070 151
	409 682 438	361 903 896
Less: Allowance for impairment	(82 487 718)	(71 382 892)
	327 194 721	**290 521 003**

Figures in Rand	2025	2024

9. Receivables from exchange transactions (continued)

Less: Allowance for impairment		
31 - 60 days	(2 655 085)	(1 969 011)
61 - 90 days	(1 959 899)	(2 578 027)
91 - 120 days	(1 848 882)	(1 705 977)
121 - 365 days	(11 375 120)	(16 818 608)
> 365 days	(64 648 731)	(48 311 271)
	(82 487 718)	**(71 382 893)**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(71 382 893)	(63 007 991)
Contributions to allowance	(11 104 825)	(8 374 902)
	(82 487 718)	**(71 382 893)**

10. Other trade receivables from exchange transactions

Arrangements		
Between 1 year and 2 years	2 072 210	2 590 661
Between 2 year and 5 years	5 122 614	2 849 278
Over 5 years	2 620 151	166 254
	9 814 975	**5 606 193**

Sale of Land		
Between 1 year and 2 years	1 663 936	1 442 305
Between 2 year and 5 years	4 870 554	6 534 490
	6 534 490	**7 976 795**

11. Other trade receivables from non-exchange transactions

Arrangements		
Between 1 year and 2 years	255 362	903 435
Between 2 year and 5 years	726 029	1 381 885
Over 5 years	978 632	182 658
	1 960 023	**2 467 978**

12. Other trade receivables from non-exchange transactions

Arrangements		
Less than 1 year	215 203	662 370

13. Interest receivable

Interest receivable - Non-exchange transactions	67 183 488	51 542 557
Interest receivable - Exchange transactions	116 299 406	90 475 187
	183 482 894	**142 017 744**

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	13 839 450	14 020 559
Short-term deposits	99 950	289 652
	13 939 400	**14 310 211**

Notes to the Annual Financial Statements

14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
First National Bank Primary Account - Cheque - 536-6800-6069	13 839 450	14 020 559	12 534 916	13 839 450	14 020 559	12 534 916
First National Bank - Call Account - 613-6600-1025	-	63 088	63 088	-	63 088	63 088
First National Bank - Call Account - 620-1304-5861	2 209	2 209	2 209	2 209	2 209	2 209
First National Bank - Call Account - 623-8067-5193	3 420	80 095	74 979	3 420	80 095	74 979
First National Bank - Call Account - 623-3404-0748	74	57 436	54 633	74	57 436	54 633
First National Bank - Fixed Deposit - 710-2095-0327	94 246	86 823	79 746	94 246	86 823	79 746
Standard Bank - Current - 230-0456-8500	-	-	380 996	-	-	380 996
Total	**13 939 400**	**14 310 210**	**13 190 567**	**13 939 400**	**14 310 210**	**13 190 567**

Notes to the Annual Financial Statements

15. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	354 709 196	-	354 709 196	368 364 927	-	368 364 927

Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	368 364 927	(22 350 742)	8 695 011	354 709 196

Reconciliation of investment property - 2024

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	348 753 626	22 171 000	(6 849 193)	4 289 494	368 364 927

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.

Maintenance of investment property

The municipality did not undertake any maintenance work to investment property.

Notes to the Annual Financial Statements

16. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	97 354 360	(11 171 331)	86 183 029	97 799 360	-	97 799 360
Buildings	105 886 091	(64 583 453)	41 302 638	105 886 091	(61 172 050)	44 714 041
Plant and machinery	2 784 759	(1 543 535)	1 241 224	2 316 265	(1 438 254)	878 011
Furniture and fixtures	9 982 344	(9 080 081)	902 263	9 949 978	(8 823 518)	1 126 460
Motor vehicles	47 744 004	(21 397 352)	26 346 652	36 559 685	(17 070 438)	19 489 247
IT equipment	6 563 153	(4 410 315)	2 152 838	6 592 709	(4 003 744)	2 588 965
Electrical Infrastructure	362 060 158	(169 060 038)	193 000 120	355 067 954	(162 027 688)	193 040 266
Community	173 285 964	(69 990 471)	103 295 493	155 760 526	(65 302 054)	90 458 472
Roads infrastructure	590 335 238	(344 928 158)	245 407 080	561 027 109	(334 768 249)	226 258 860
Sanitation infrastructure	467 186 744	(232 842 984)	234 343 760	418 143 794	(223 899 628)	194 244 166
Water supply infrastructure	521 454 193	(291 719 764)	229 734 429	501 075 626	(275 546 618)	225 529 008
Solid waste infrastructure	91 746 391	(62 924 870)	28 821 521	88 469 167	(58 044 293)	30 424 874
Total	**2 476 383 399**	**(1 283 652 352)**	**1 192 731 047**	**2 338 648 264**	**(1 212 096 534)**	**1 126 551 730**

Notes to the Annual Financial Statements

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

Description	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor Vehicles	IT Equipment	Electrical Infrastructure	Community	Roads Infrastructure	Sanitation Infrastructure	Water Supply Infrastructure	Solid Waste Infrastructure	Total
Carrying values at - 30 June 2024	**97 799 360**	**44 714 042**	**878 011**	**1 126 461**	**19 489 248**	**2 588 966**	**193 040 266**	**90 458 474**	**226 258 861**	**194 244 173**	**225 529 012**	**30 424 874**	**1 126 551 740**
Cost	**97 799 360**	**105 886 091**	**2 316 264**	**9 949 978**	**36 559 685**	**6 592 709**	**355 067 954**	**155 760 526**	**561 027 109**	**418 143 794**	**501 075 626**	**88 469 167**	**2 338 648 264**
- Completed assets	97 799 360	105 169 801	2 316 264	9 949 978	36 559 685	6 592 709	298 575 145	155 259 445	555 005 404	396 070 867	460 651 085	88 141 646	2 212 091 390
-Under Construction	-	716 290	-	-	-	-	56 492 809	501 080	6 021 706	22 072 926	40 424 541	327 521	126 556 874
Accumulated impairment losses	-	(1 547 456)	(4 400)	(45 292)	(1 286 983)	(78 578)	(646 635)	(514 526)	(5 238 655)	(1 223 006)	(319 865)	-	(10 905 396)
Accumulated depreciation	-	(59 624 594)	(1 433 854)	(8 778 225)	(15 783 455)	(3 925 165)	(161 381 053)	(64 787 528)	(329 529 593)	(222 676 616)	(275 226 751)	(58 044 293)	(1 201 191 128)
Acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Cost	-	-	643 962	61 773	11 184 319	322 255	5 287 137	11 627 739	29 308 128	61 792 493	280 634	-	120 508 440
- Under construction	-	-	-	-	-	-	6 888 854	5 897 699	-	14 257 030	20 097 933	150 464	47 291 981
Depreciation and impairment													
- Depreciation	-	(3 410 234)	(255 578)	(284 763)	(4 071 224)	(629 897)	(6 948 788)	(4 680 786)	(10 086 161)	(8 491 253)	(11 028 636)	(4 880 577)	(54 767 898)
- Impairment loss	(11 171 331)	(1 169)	(3 380)	(858)	(255 689)	(19 024)	(83 562)	(7 631)	(73 748)	(452 103)	(5 144 509)	-	(17 213 005)
Disposal/Impairment													
- Cost	(445 000)	-	(175 468)	(29 407)	-	(351 811)	-	-	-	-	-	-	(1 001 687)
- Accumulated depreciation	-	-	153 676	29 058	-	242 350	-	-	-	-	-	-	425 084
Capital under construction - Completed													
Transfers	-	-	-	-	-	-	(5 183 787)	-	-	(27 006 572)	-	-	(32 190 359)
Change in discount factor													
Change in obligation	-	-	-	-	-	-	-	-	-	-	-	3 126 760	3 126 760
Carrying values at 30 June 2025	**86 183 030**	**41 302 639**	**1 241 224**	**902 263**	**26 346 653**	**2 152 839**	**193 000 120**	**103 295 495**	**245 407 082**	**234 343 766**	**229 734 434**	**28 821 521**	**1 192 731 066**
Cost	**97 354 360**	**105 886 091**	**2 784 758**	**9 982 344**	**47 744 004**	**6 563 153**	**362 060 158**	**173 285 964**	**590 335 238**	**467 186 744**	**521 454 193**	**91 746 391**	**2 476 383 398**
- Completed assets	97 354 360	105 169 801	2 784 758	9 982 344	47 744 004	6 563 153	303 862 283	166 887 184	584 313 532	457 863 360	460 931 718	91 268 406	2 334 724 903
- Under construction	-	716 290	-	-	-	-	58 197 876	6 398 780	6 021 706	9 323 384	60 522 475	477 985	141 658 495
Accumulated impairment losses	(11 171 331)	(1 548 625)	(7 780)	(46 150)	(1 542 673)	(97 602)	(730 197)	(522 156)	(5 312 403)	(1 675 109)	(5 464 373)	-	(28 118 401)
Accumulated depreciation	-	(63 034 829)	(1 535 755)	(9 033 931)	(19 854 679)	(4 312 712)	(168 329 841)	(69 468 314)	(339 615 754)	(231 167 869)	(286 255 387)	(62 924 870)	(1 255 533 941)

Notes to the Annual Financial Statements

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

Description	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor Vehicles	IT Equipment	Electrical Infrastructure	Community	Roads Infrastructure	Sanitation Infrastructure	Water Supply Infrastructure	Solid Waste Infrastructure	Total
Carrying values at - 30 June 2023	**97 909 360**	**48 222 394**	**1 070 372**	**1 501 035**	**17 478 107**	**3 358 206**	**199 414 592**	**95 364 031**	**236 867 458**	**207 489 716**	**218 479 126**	**29 339 823**	**1 156 494 210**
Cost	**97 909 360**	**106 030 569**	**2 801 033**	**10 414 323**	**32 572 566**	**6 782 184**	**355 577 292**	**159 515 834**	**562 285 573**	**426 805 982**	**487 349 827**	**82 906 748**	**2 330 951 290**
- Completed assets	97 909 360	105 314 279	2 801 033	10 414 323	32 572 566	6 782 184	292 144 708	158 911 340	556 263 868	400 092 403	441 939 344	82 602 093	2 187 747 499
-Under Construction	-	716 290	-	-	-	-	63 432 585	604 493	6 021 706	26 713 579	45 410 483	304 655	143 203 791
Accumulated impairment losses	-	(1 516 582)	(4 292)	(47 654)	(628 974)	(24 574)	(705 228)	(523 499)	(5 119 761)	(1 214 988)	(465 491)	-	(10 251 044)
Accumulated depreciation	-	(56 291 595)	(1 726 370)	(8 865 634)	(14 465 485)	(3 399 405)	(155 457 473)	(63 628 305)	(320 298 355)	(218 101 279)	(268 405 212)	(53 566 925)	(1 164 206 036)
Acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Cost	-	-	140 296	34 093	5 932 827	356 300	9 305 156	-	-	1 599 525	23 726 052	-	41 094 249
- Under construction	-	-	-	-	-	-	2 799 726	-	-	2 619 717	11 426 746	258 152	17 104 341
Depreciation and impairment													
- Depreciation	-	(3 441 355)	(227 399)	(374 525)	(3 058 451)	(1 037 618)	(7 214 990)	(4 721 622)	(10 064 698)	(8 724 672)	(10 882 187)	(4 477 368)	(54 224 886)
- Impairment loss	-	(30 874)	(108)	(1 061)	(700 018)	(55 447)	(106 023)	(4 911)	(118 894)	(8 018)	(27 152)	-	(1 052 504)
Disposal/Impairment													
- Cost	(110 000)	(144 478)	(625 065)	(498 438)	(1 945 708)	(545 775)	(2 874 718)	(3 651 895)	(1 258 464)	(5 621 061)	(5 014 311)	-	(22 289 912)
- Accumulated depreciation	-	108 355	519 915	461 933	1 740 482	511 858	1 291 409	3 562 400	833 460	4 149 335	4 060 648	-	17 239 794
- Accumulated impairment	-	-	-	3 423	42 008	1 443	164 616	13 884	-	-	172 778	-	398 152
Under construction - impairment	-	(7 260 369)	-	-	-	-	(434 345)	(103 413)	-	-	-	(235 285)	(8 033 412)
Capital under construction - Completed													
Transfers	-	-	-	-	-	-	(9 305 156)	-	-	-	(16 412 688)	-	(25 717 844)
Change in discount factor													
Change in obligation	-	-	-	-	-	-	-	-	-	-	-	5 539 553	5 539 553
Carrying values at 30 June 2024	**97 799 360**	**44 714 042**	**878 011**	**1 126 461**	**19 489 248**	**2 588 966**	**193 040 266**	**90 458 474**	**226 258 861**	**194 244 173**	**225 529 012**	**30 424 874**	**1 126 551 748**
Cost	**97 799 360**	**105 886 091**	**2 316 264**	**9 949 978**	**36 559 685**	**6 592 709**	**355 067 954**	**155 760 526**	**561 027 109**	**418 143 794**	**501 075 626**	**88 469 167**	**2 338 648 263**
- Completed assets	97 799 360	105 169 801	2 316 264	9 949 978	36 559 685	6 592 709	298 575 145	155 259 445	555 005 404	396 070 867	460 651 085	88 141 646	2 212 091 390
- Under construction	-	716 290	-	-	-	-	56 492 809	501 080	6 021 706	22 072 926	40 424 541	327 521	126 556 874
Accumulated impairment losses	-	(1 547 456)	(4 400)	(45 292)	(1 286 983)	(78 578)	(646 635)	(514 526)	(5 238 655)	(1 223 006)	(319 865)	-	(10 905 396)
Accumulated depreciation	-	(59 624 594)	(1 433 854)	(8 778 225)	(15 783 455)	(3 925 165)	(161 381 053)	(64 787 528)	(329 529 593)	(222 676 616)	(275 226 751)	(58 044 293)	(1 201 191 128)

Pledged as security

The municipality did not pledge any of its assets as security.

Figures in Rand	2025	2024

16. Property, plant and equipment (continued)

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

Projects were identified where construction or development has been halted either during the current or previous reporting period(s). These projects relate to internal funded projects and was halted due to financial constraints. These projects were all` considered for impairment and it was concluded that assets are not impaired at this point in time and the projects will be continued when funds are available as most of these projects only incurred professional fees on the planning phase.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
Upgrading of municipal offices in Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	501 376	501 376
Upgrading of internal roads in Olifantshoek The Municipality has redirected the project implementation and funding to the Khumani Iron Mine SLP, implementation is anticipated in 2026–2027. Haulted due to lack of funding..	744 554	744 554
Kathu 1600 Mixed Typology Development Project handled by COGHSTA, vandalised and is part of the WIP assets stolen. COGHSTA opted to develop the adjacent 5700 Development instead.	2 420 123	2 420 123
Sesheng Engineering Civil Services Project haulted, COGHSTA and HDA to implement the project, Contract terminated. The matter is still in Court. Letigation against HDA.	13 035 088	13 035 088
Upgrading Bulk Electricity Supply - OFH The project to be implemented by Eskom, INEP funded project. Project haulted due to no consesus between the municipality and Eskom on service account. Discussion still undeway, project will still be implemented.	5 028 097	5 028 097
Kathu West 18ml reservoir and 3ml tower Halted due to lack of funding, only feasibility paid. Project to be implemented once Department of Water Services approves.	2 389 000	2 389 000
Construction of 7ml reservoir and 1.7 elevated tower at Sesheng IRS report concluded, and is to be submitted to DWS after the land donation is done.To continue once approval and funds are received. Haulted due to lack of funds..	797 288	797 288
Development of Khai appel boreholes Phase 1 Municipality paid professional fees only and will continue with the remainder once funds become available. The Borehole have been vandalised. the borehole is earmarked to be utilised to supply the Sesheng Bulk Water Project once funds are available.	967 976	967 976
Electrification Kathu No budget, project to be implemented once funds becomes available. Internally fund project.	1 141 839	1 141 839
Construction of control room at Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	69 369	69 369
Construction of ablution facility & fencing Olifantshoek Only the professional fees paid, the project was supposed to be funded internally. The project will be implemented when funds become available in the future.	214 915	214 915
Refurbishing of existing 3ML Reservoir, fencing, replace AC bulk pipes, OFH	10 729 375	10 729 375

Figures in Rand	2025	2024

16. Property, plant and equipment (continued)
In progress, The contractor to test the pipeline.

	2025	2024
Upgrade of Parks Kathu_ Fencing No budget, project to be implemented once funds becomes available. Internally fund project	501 080	501 080
Electrification of 1265 stands in Mapoteng/Sesheng Construction has been halted on site due to ongoing court case between COGTA and the contractor.	37 622 746	37 622 746
EEDSM (Internal Energy Efficiency Project) Funding of the project stopped due to non-expenditure; Municipality to reapply for funding.	12 700 128	12 700 128
Construction of new stormwater drainage in Welgelee The project will still be implemented, internal funded project. Currently there is no budget available to continue with the project. The project will be implemented when funds become available in the future.	5 277 152	5 277 152
	94 140 106	**94 140 106**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets		Total
Opening balance	125 011 984	501 080	716 290	327 521	-	126 556 875
Additions/capital expenditure	41 243 817	5 897 699	-	150 464	-	47 291 980
Transferred to completed items	(32 190 359)	-	-	-	-	(32 190 359)
	134 065 442	**6 398 779**	**716 290**	**477 985**	**-**	**141 658 496**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Buildings	Included within Landfill assets		Total
Opening balance	141 578 353	604 493	716 290	304 655	-	143 203 791
Additions/capital expenditure	16 846 189	-	-	258 152	-	17 104 341
Project impaired	(7 694 714)	(103 413)	-	(235 286)	-	(8 033 413)
Transferred to completed items	(25 717 844)	-	-	-	-	(25 717 844)
	125 011 984	**501 080**	**716 290**	**327 521**	**-**	**126 556 875**

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2025	2024
Buildings	301 477	310 606
Infrastructure	22 362 120	13 190 872
	22 663 597	**13 501 478**

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.

In order to comply with Grap 12, repairs to water purification assets were capitalised to water inventory hence the difference between the income statement and the note.
Repairs to the water purification assets amounted to R 216 232 (**2025)** R 36 602 (**2024**)

Notes to the Annual Financial Statements

17. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 586 076	(1 465 971)	120 105	1 586 076	(1 415 615)	170 461

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	170 461	(50 356)	120 105

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software, other	226 053	(3 450)	(52 142)	170 461

18. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	74 581	-	74 581	74 581	-	74 581

Reconciliation of heritage assets 2025

	Opening balance	Total
Heritage assets	74 581	74 581

Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	74 581	74 581

Figures in Rand	2025	2024

19. Other financial liabilities

	2025	2024
At amortised cost		
DBSA Loan- Non-current	32 083 952	35 485 098
DBSA Loan - Current	7 510 042	7 510 043
	39 593 994	**42 995 141**
Total other financial liabilities	**39 593 994**	**42 995 141**

Annuity Loans are repaid over periods varying from 10 to 15 (2023: 10 to 15) years and at interest rates varying from 8.63% to 11.06% (2023: 8.63% to 11.06%) per annum. Annuity Loans are not secured.

Arrears interest is charged at 10.63% to 12.76% for unpaid instalment.

The fair value of Long-term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term liabilities.

	2025	2024
Non-current liabilities		
At amortised cost	32 083 952	35 485 098
Current liabilities		
At amortised cost	7 510 042	7 510 043

Contract number	Loan/Project number	Start date	Planned end date	Loan term	Interest rate
61000367	101796/1	01-07-2006	30-06-2021	15	8,63 %
61006899	12007530	01-07-2011	30-06-2021	10	9,56 %
61006937	12007596	01-07-2011	30-06-2021	10	11,06 %
61008643	120009479	30-11-2023	31-12-2023	9	11,70 %

The municipality requested for the restructuring and repayment plan of the municipality debt to DBSA. This entailed consolidation of all the three loans, namely 61000367, 61006899 and 61006937 into one loan 61008643 on the 30th of November 2023. This was concluded in order to improve the municipality cashflows and build momentum on the repayments.

As at 30 June 2025

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	39 593 994	-	-	-	39 593 994
Subtotal	39 593 994	-	-	-	39 593 994
	39 593 994	**-**	**-**	**-**	**39 593 994**

Maturity analysis

As at 30 June 2024

Maturity analysis	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
DBSA	42 995 141	-	-	-	42 995 141
Subtotal	42 995 141	-	-	-	42 995 141
	42 995 141	**-**	**-**	**-**	**42 995 141**

Figures in Rand	2025	2024

19. Other financial liabilities (continued)

Defaults and breaches

2025

	Loan 61008643	Total
Capital	39 579 537	39 579 537
Interest	14 457	14 457
	39 593 994	**39 593 994**

2024

	Loan 61008643	Loan 61006899	Loan 61006937	Total
Capital	42 972 106	-	-	42 972 106
Interest	23 035	-	-	23 035
	42 995 141	**-**	**-**	**42 995 141**

20. Payables from exchange transactions

	2025	2024
Trade payables	382 792 818	242 470 420
Retentions payable	6 115 996	4 541 229
Accrued leave pay	31 310 712	29 727 108
Accrued bonus	6 145 673	6 248 729
Agency fees	49 703	49 703
Department of transport and Prodiba	24 098 077	28 589 841
Prepaid electricity and water	7 865 280	2 485 916
Payments received in advance	18 603 800	22 053 174
Employee Control account	11 500 367	10 656 831
	488 482 426	**346 822 951**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff leave and bonus accrues to the staff of the municipality on an annual basis, subject to certain conditions.

21. Payables from non-exchange

	2025	2024
Payment Received In Advance	10 608 484	12 880 020
Unspent grant payable to National Treasury	20 748 921	20 748 922
Unallocated Deposits	16 067 489	16 920 061
	47 424 894	**50 549 003**

No credit period exists for payables from non-exchange transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

Figures in Rand	2025	2024

21. Payables from non-exchange (continued)

The municipality did not default on the payment of its creditors. No terms for payment have been renegotiated by the municipality.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

22. Consumer deposits

Cemetery	4 345	3 680
Sundry deposits - rentals	17 219	93 347
Electricity & water	8 882 572	8 052 526
Housing rental	81 095	145 457
	8 985 231	**8 295 010**

23. Employee benefit obligations

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

Carrying value		
Net present value of the defined benefit obligation-wholly unfunded - Post Employment Medical Aid	(58 160 000)	(48 216 000)
Net present value of the defined benefit obligation-wholly unfunded - Long Service Awards	(16 349 000)	(15 099 000)
	(74 509 000)	**(63 315 000)**

Non-current liabilities	(71 113 000)	(59 798 000)
Current liabilities	(3 396 000)	(3 517 000)
	(74 509 000)	**(63 315 000)**

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 funds, 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 an unfunded defined benefit plan for these
qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, 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
The members of the long service award are made up as follows:

Eligible employees as at 30 June 2025	446	431
New Entries	2	26
Exits	(15)	(11)
	433	**446**

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

Opening balance	15 099 000	14 998 000
Service cost	138 957	(1 074 746)
Net interest expense	1 551 000	1 591 000
Remeasurements	(439 957)	(415 254)
	16 349 000	**15 099 000**

Figures in Rand	2025	2024

23. Employee benefit obligations (continued)

The amounts recognised in the statement of financial performance

Service cost	138 957	(1 074 746)
Net interest expense	1 551 000	1 591 000
Remeasurements	(439 957)	(415 254)
	1 250 000	**101 000**

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

Assumptions used at the reporting date:

Discount rates used	9,70	11,05 %
Average retirement age	62	62

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:

	One percentage point increase	**One percentage point decrease**
General earnings inflation rate	17 241 000	15 530 000
Discount rate	15 504 000	17 284 000

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	16 349 000	15 099 000	14 998 000	15 509 000	13 567 000
Surplus (deficit)	(16 349 000)	(15 099 000)	(14 998 000)	(15 509 000)	(13 567 000)
Experience adjustments on plan liabilities	(426 957)	(322 254)	(108 653)	822 767	3 880 077

Post employment medical aid subsidy
The members of the long service award are made up as follows:

In-service (employee) members	380	392
In-service (employee) non-members	53	54
Continuation (retiree and widow) members	19	16
	452	**462**

Unfunded liability

In-service (employee) members	43 053 000	36 163 000
In-service (employee) non-members	1 544 000	1 258 000
Continuation (retiree and widow) members	13 563 000	10 795 000
	58 160 000	**48 216 000**

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

Opening balance	48 216 000	41 092 000
Service cost	1 932 112	1 735 414
Net interest expense	5 874 000	5 117 000
Remeasurements	2 137 888	271 586
	58 160 000	**48 216 000**

Figures in Rand	2025	2024

23. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Service cost	1 932 112	1 735 414
Net interest expense	5 874 000	5 117 000
Remeasurements	2 137 888	271 586
	9 944 000	**7 124 000**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,40 %	12,35 %
Health care cost inflation rate	7,10 %	7,81 %
Average retirement age	62	62

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:

	One percentage point increase	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	68 262 000	50 021 000
Discount rate	50 369 000	67 926 000

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	58 160 000	48 216 000	41 092 000	44 471 000	40 945 000
Surplus (deficit)	(58 160 000)	(48 216 000)	(41 092 000)	(44 471 000)	(40 945 000)
Experience adjustments on plan liabilities	355 000	1 380 000	(3 923 000)	3 180 000	963 000

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24. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	-	6 383 326
EPWP	-	(1)
Energy Efficiency and Demand Side Management Grant (EEDSM)	-	4 000 000
Water Service Infrastructure Grant (WSIG)	-	1 438 207
	-	**11 821 532**

Movement during the year

Balance at the beginning of the year	11 821 533	1 456 871
Additions during the year	30 938 000	28 870 000
Income recognition during the year	(32 376 207)	(17 048 466)
Rollover not approved transferred to Equitable Share	(10 383 325)	-
Rollover not approved transferred to National Treasury	-	(1 456 873)
	-	**11 821 532**

24. Unspent conditional grants and receipts (continued)

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

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

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

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

25. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Olifantshoek	9 260 888	-	1 343 030	1 132 007	11 735 925
Rehabilitation of Landfill Sites - Deben	74 739 367	-	7 529 826	1 994 753	84 263 946
	84 000 255	**-**	**8 872 856**	**3 126 760**	**95 999 871**

Reconciliation of provisions - 2024

	Opening Balance	Additions	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Rehabilitation of Landfill Sites - Olifantshoek	6 907 100	-	1 084 450	1 269 338	9 260 888
Rehabilitation of Landfill Sites - Deben	63 409 271	-	7 059 881	4 270 215	74 739 367
	70 316 371	**-**	**8 144 331**	**5 539 553**	**84 000 255**

The municipality has an obligation to rehabilitate landfill sites.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landifill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 8,45% (5 years) and 10,72% (15 years).

The valuation of the landfill site provision was done by JPCE Specialist Consulting Engineers, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the profesional valuator on the project was W. Meyers (B. Eng.), with extensive experience and expertise relevant for this type of work.

Environmental rehabilitation provision

Council operates two disposal sites. In terms of the Environmental Conservation Act (Act No 73 of 1989), the municipality is responsible to perform a rehabilitation of the land upon closure of the landfill site.

Key assumptions

Description	**Deben**	**Olifantshoek**
Total Site Area	132 831m2	28 357m2
Estimated site closure date	2030	2040
Remaining site life (from 2024) (years)	5 years	15 years
Net present value calculations based on the Government Bond Yield Rates for 5-years and 15-years respectively as discount rates (as at 30 June 2025)	8.45%	10.72%

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Revenue

Service charges	329 862 130	320 284 313
Rental of facilities and equipment	2 528 068	2 065 246
Interest received (trading)	40 921 136	40 958 725
Agency services	432 082	546 906
Discount received	-	2 234 314
Other income	6 186 747	4 456 705
Interest received - investment	500 498	603 611
Property rates	160 338 969	153 083 679
Availability Charges	42 983 839	33 229 962
Surcharges and Taxes	22 396 456	14 610 866
Government grants & subsidies	98 867 185	78 909 102
Public contributions and donations	75 796 742	137 234 630
Fines, Penalties and Forfeits	1 876 488	1 384 338
	782 690 340	**789 602 397**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	329 862 130	320 284 313
Rental of facilities and equipment	2 528 068	2 065 246
Interest received (trading)	40 921 136	40 958 725
Agency services	432 082	546 906
Discount received	-	2 234 314
Other income	6 186 747	4 456 705
Interest received - investment	500 498	603 611
	380 430 661	**371 149 820**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	160 338 969	153 083 679
Availability Charges	42 983 839	33 229 962
Licences or permits	1 683 399	1 707 616
Surcharges and Taxes	22 396 456	14 610 866
Transfer revenue		
Government grants & subsidies	98 867 185	78 909 102
Public contributions and donations	75 796 742	137 234 630
Fines, Penalties and Forfeits	1 876 488	1 384 338
	403 943 078	**420 160 193**

27. Service charges

Sale of electricity	222 132 465	204 221 599
Sale of water	41 139 495	44 225 044
Solid waste	43 121 825	45 542 169
Sewerage and sanitation charges	33 957 107	34 600 717
Less: Income forgone	(10 488 762)	(8 305 216)
	329 862 130	**320 284 313**

28. Rental of facilities and equipment

Premises		
Premises	2 528 068	2 065 246

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Interest

Interest exchange	40 921 136	40 958 725
Interest non-exchange	22 396 456	14 610 866
	63 317 592	**55 569 591**

30. Agency services

Department of Transport	432 082	546 906

31. Other revenue

Discount received	-	2 234 314
Other income - (rollup)	6 186 747	4 456 705
	6 186 747	**6 691 019**

32. Other income

Cemetry fees	62 197	56 708
Collection charges	2 154 847	1 318 924
Building plan approval	3 143 917	2 071 651
Photocopies	2 552	816
Drivers Licence - Testing Grounds	-	25 400
Insurance Refund	-	53 880
Reconnection fees	429 956	426 246
Land Use Inspections	393 278	503 080
	6 186 747	**4 456 705**

33. Property rates

Rates received

Property rates income	165 482 975	159 192 040
Less: Income forgone	(5 144 006)	(6 108 361)
	160 338 969	**153 083 679**

Figures in Rand	2025	2024

33. Property rates (continued)

Valuations

Residential	6 834 526 455	6 832 940 855
State owned	84 437 020	84 437 020
Municipal farms	86 266 000	86 266 000
Small holdings	92 370 000	97 480 000
Industrial	254 570 100	245 630 500
Business	1 157 692 112	1 377 371 112
Agriculture	1 371 069 000	1 358 334 000
Public service infrastructure	20 249 222	19 788 222
Public benefit organisation	16 255 004	16 255 004
Church	87 129 548	87 129 548
Education	311 274 000	311 274 000
Vacant stands	6 458 080	6 458 080
Mining	406 683 440	406 683 440
Existing farms without dwellings	161 927 000	161 927 000
Municipal	547 107 855	565 727 355
	11 438 014 836	**11 657 702 136**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A fixed rate is applied to property valuations according to different categories as per the tariff schedules to determine assessment rates. Rebates of R15 000 on the property valuation are granted to residential property owners.

34. Availability charges

Electricity	15 904 016	15 158 825
Water	13 956 711	11 130 108
Sanitation	13 123 112	6 941 029
	42 983 839	**33 229 962**

Availability charges are billed on vacant stands which are serviced by the municipality. The municipality supply electrical, sewerage and water infrastructure to service the vacant stands and the owner is then billed for the availability of the infrastructure network supplied. Availability charges were only implemented from July 2021.

Figures in Rand	2025	2024

35. Government grants and subsidies

Operating grants

Equitable share	66 070 326	61 684 000
National: Financial Management Grant	2 000 000	2 100 000
Provincial: Department of Public Works: EPWP Programme	1 217 000	950 000
Provincial: Library	1 098 000	1 043 000
Education, Training and Develoment Practices- SETA	420 652	176 636
	70 805 978	**65 953 636**

Capital grants

National: Municipal Infrastructure Grant (MIG)	9 798 000	3 012 674
National: Department of Minerals & Energy (INEP)	4 825 000	-
Water Service Infrastructure Grant (WSIG)	13 438 207	9 942 792
	28 061 207	**12 955 466**
	98 867 185	**78 909 102**

Equitable Share

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

All registered indigents receive a monthly subsidy of R1045,75 - (2024: R936.74 -), which is funded from the grant.

National: Financial Management Grant (FMG)

Balance unspent at beginning of year	-	1 456 872
Current-year receipts	2 000 000	2 100 000
Conditions met - transferred to revenue	(2 000 000)	(2 100 000)
Rollover not approved	-	(1 456 872)
	-	-

The Financial Management Grant (FMG) was allocated to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	6 383 326	-
Current-year receipts	9 798 000	9 396 000
Conditions met - transferred to revenue	(9 798 000)	(3 012 674)
Rollover not approved- Transfer to Equitable share	(6 383 326)	-
	-	**6 383 326**

The Municipal Infrastructure Grant (MIG) was allocated to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

National: Department of Mineral & Energy (INEP)

Current-year receipts	4 825 000	-
Conditions met - transferred to revenue	(4 825 000)	-
	-	-

The grant was allocated to implement the Integrated National Electrification Programme by providing 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 infrastructure.

Provincial: Department of Public Works: EPWP Programme

Figures in Rand	2025	2024

35. Government grants and subsidies (continued)

Balance unspent at beginning of year	(1)	(1)
Current-year receipts	1 217 000	950 000
Conditions met - transferred to revenue	(1 216 999)	(950 000)
	-	**(1)**

The Expanded Public Works Programme was allocated to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic roads and rural roads; basic services infrastructure, including water and sanitation reticulation(excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.

Provincial: Library

Current-year receipts	1 098 000	1 043 000
Conditions met - transferred to revenue	(1 098 000)	(1 043 000)
	-	**-**

The Povincial Library Grant was allocated to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

Energy Efficiency and Demand Side Management (EEDSM)

Balance unspent at beginning of year	4 000 000	-
Current-year receipts	-	4 000 000
Rollover not approved-transferred to payables	(4 000 000)	-
	-	**4 000 000**

The Energy Efficiency and Demand Side Management grant was allocated to provide subsidies to municipalities to implement efficiency and demand side management initiatives with in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Figures in Rand	2025	2024

35. Government grants and subsidies (continued)

Education, Training and Develoment Practices- SETA

Current-year receipts	420 652	176 636
Conditions met - transferred to revenue	(420 652)	(176 636)
	-	-

In terms of Skills Levy Act of 1999, LGSETA pay s a mandatory grant which is 20% of 1% the municipality pays to the South African Revenue Service for Skill Development.

Water Service Infrastructure Grant (WSIG)

Balance unspent at beginning of year	1 438 207	-
Current-year receipts	12 000 000	11 381 000
Conditions met - transferred to revenue	(13 438 207)	(9 942 793)
	-	**1 438 207**

The Water Service Infrastructure Grant was allocated to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance to sustainability of services especially in rural municipalities; provide basic and intemittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in effected municipalities.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 2 of 2025), no significant changes in the level of government grant funding are expected over the forthcoming three (3) financial years.

36. Public contributions and donations

Property, plant and equipment	75 796 742	15 964 696
Revenue In-kind	-	99 098 934
Investment property	-	22 171 000
	75 796 742	**137 234 630**

Property, plant and equipment

Donation of Infrastructure Assets
The municipality received several donations of property Plant and equipment classifed as sewer,roads and water infrastructure . The donations were recognised at their fair value (R64 094 049,22).

Donation of community assets, Land and Building
The municipality also received several donations classified as communicty assets, land and buildings .The donations were recognised at their fair value (R11 627 738,42)

Donation of Movables
The municipality also received several donations classified as movable assets, land and buildings .The donations were recognised at their fair value (R74 953,93).

37. Fines, Penalties and Forfeits

Other Fines	651 137	431 638
Law Enforcement Fines	-	10 000
Court Traffic Fines	1 225 351	942 700
	1 876 488	**1 384 338**

Figures in Rand	2025	2024

38. Employee related costs

Basic	131 796 708	123 452 430
Contributions to Bargaining Council	64 195	59 665
Medical aid - company contributions	15 236 084	13 791 113
UIF	935 069	900 575
SDL	1 901 119	1 740 116
Leave pay provision charge	3 038 875	5 412 756
Service costs - Employee benefits	2 071 069	660 668
Defined contribution plans	21 012 623	20 089 303
Travel, motor car, accommodation, subsistence and other allowances	15 974 881	13 215 508
Overtime payments	15 880 025	14 595 270
Long-service awards	1 162 002	2 119 705
13th Cheques	10 170 042	10 335 753
Acting allowances	6 916 444	4 291 306
Housing benefits and allowances	2 000 984	2 003 624
Standby Allowance	3 819 044	3 478 146
Group life insurance	218 610	238 638
Cellular and Telephone	823 100	697 345
	233 020 874	**217 081 921**

Remuneration of Municipal Manager - L Seetile

Annual Remuneration	799 938	799 808
Travel Allowance	493 459	463 781
Cellphone Allowance	25 205	23 600
Other	51 596	47 987
	1 370 199	**1 335 176**

Remuneration of Chief Finance Officer - A Makoku

Annual Remuneration	673 503	722 251
Travel Allowance	413 430	395 658
Cellphone Allowance	22 685	21 800
Other	13 497	3 252
	1 123 115	**1 142 961**

Remuneration of the Director : Infrastructure - SB Sehole

Annual Remuneration	310 073	-
Travel Allowance	206 715	-
Cellphone Allowance	11 399	-
Other	17 381	-
	545 567	**-**

Mr SB Sehole was appointed Director of Infrastructure in January 2025.

Remuneration of the Director: Infrastructure - KN Ositang

Annual Remuneration	-	738 787
Travel Allowance	-	368 719
Cellphone Allowance	-	21 400
Other	-	203 424
	-	**1 332 330**

Contract terminated in April 2024.

Figures in Rand	2025	2024

38. Employee related costs (continued)

Remuneration of the Director: Development and Town Planning - TP Rapelang

Annual Remuneration	726 949	690 149
Travel Allowance	410 780	368 719
Cellphone Allowance	22 604	21 400
Other	144 701	10 423
	1 305 033	**1 090 691**

Remuneration of the Acting Director: Community Services - GN Loeto

Annual Remuneration	-	697 356
Travel Allowance	-	135 720
Ceiiphone Allowance	-	9 933
Acting Allowance	-	77 484
Other	-	55 712
	-	**976 205**

Mr G.N Loeto was appointed the Acting Director from May 2018 until February 2024.

Remuneration of Acting Director: Corporate Services - CM Phuti

Annual Remuneration	571 657	697 356
Travel Allowance	125 163	135 720
Cellphone Allowance	9 591	9 933
Acting Allowance	71 421	77 484
Other	12 775	138 162
	790 607	**1 058 655**

Mr C.M. Phuti was appointed the Acting Director in December 2024.

Remuneration of Acting Director: Corporate Services - KM Appie

Annual Remuneration	453 926	244 508
Travel Allowance	65 940	42 067
Cellphone Allowance	5 329	3 400
Acting Allowance	39 924	30 563
Other	21 950	4 266
	587 069	**324 804**

Mr KM Appie was appointed Acting Director from March 2024 to December 2024.

Remuneration of Acting Director: Community Services -DC Manamela

Annual Remuneration	455 344	212 080
Travel Allowance	76 930	42 067
Cellphone Allowance	6 218	3 400
Acting Allowance	48 979	26 510
Other	29 982	3 494
	617 453	**287 551**

Mr DC Manamela was appointed Acting Director from March 2024 to December 2024.

Remuneration of Acting Director: Infrastructure - GD Kannemeyer

Figures in Rand	2025	2024

38. Employee related costs (continued)

Annual Remuneration	305 424	329 630
Travel Allowance	46 496	62 292
Cellphone Allowance	4 441	5 950
Acting Allowance	36 642	35 318
Other	61 410	60 180
	454 413	**493 370**

Mr GD Kannemeyer was appointed Acting Director from December 2023 to Novemeber 2024.

Remuneration of Acting Director: Community Services - KC Semamai

Annual Remuneration	255 807	-
Travel Allowance	71 549	-
Cellphone Allowance	8 944	-
Acting Allowance	31 976	-
Other	89 531	-
	457 806	**-**

Mr KC Semaimai was appointed Acting Director in March 2025.

39. Remuneration of councillors

Councillors	4 721 166	4 890 004
Other Allowances (Cellular Phones, Housing, Transport, etc.)	2 198 730	2 085 952
SDL	61 589	63 002
	6 981 485	**7 038 958**

In-kind benefits

The Councillor occupying the position of the Mayor of the municipality serve in a full-time capacity. He is provided with office, accommodation and secretarial support at the expense of the municipality in order to enable him to perform his official duties.

The Mayor has use of a Council owned vehicle for official duties.

40. Depreciation and amortisation

Property, plant and equipment	54 767 898	54 224 815
Intangible assets	50 356	52 142
	54 818 254	**54 276 957**

Figures in Rand	2025	2024

41. Impairment of assets

Impairments		
Property, plant and equipment	17 213 005	9 085 918

The main classes of assets affected by impairment losses are:

Infrastructure

Furniture and offfice equipment

Assets under construction

The main classes of assets affected by reversals of impairment losses are:

Infrastructure

The main events and circumstances that led to the recognition of these impairment losses are as follows:

Condition assessment of assets

The main events and circumstances that led to the reversals of these impairment losses are as follows:

Disposal of assets

42. Finance costs

Non-current borrowings	4 108 896	4 782 229
Trade and other payables	52 728 096	51 830 247
Net interest expense - Employee benefits	7 425 000	6 708 000
Landfill site	8 872 856	8 144 330
	73 134 848	**71 464 806**

43. Lease rentals on operating lease

Equipment		
Contractual amounts	3 990 998	3 990 998

44. Debt impairment

Debt impairment - Traffic fines	381 736	334 449
Contributions to debt impairment provision	18 597 622	18 308 016
	18 979 358	**18 642 465**

45. Bulk purchases

Electricity - Eskom	197 949 416	173 543 308

Figures in Rand	2025	2024

46. General expenses

Advertising	79 570	273 557
Auditors remuneration	8 138 839	7 776 939
Bank charges	1 454 848	1 238 347
Cleaning	525 572	10 158 061
Computer expenses	6 367 538	491 291
Consulting and professional fees	29 354 318	29 117 588
Consumables	3 327 254	2 519 225
Legal expenses	5 918 818	4 193 860
Hire	43 134 927	32 432 236
Insurance	4 613 386	2 927 532
Debt collection fees	6 116 047	6 273 571
IT expenses	233 909	100 639
Property valuations fees	4 156 396	3 399 782
Motor vehicle expenses	2 847 386	4 158 154
Fuel and oil	4 198 567	6 504 196
Printing and stationery	1 362 291	1 055 189
Gardening services	20 250	-
Protective clothing	1 817 043	1 854 802
Security (Guarding of municipal property)	25 916 788	17 120 278
Software expenses	7 296 388	7 825 838
Subscriptions and membership fees	3 964 690	2 743 579
Telephone and communication	3 875 063	3 605 126
Training	1 562 474	1 134 043
Subsistence and Travelling	2 462 009	2 365 722
Catering services	106 387	139 834
Commission paid: Prepaid Water and Electricity	12 040 203	11 932 601
Meter management services	5 199 812	3 539 760
Sundries	5 292 275	3 793 117
	191 383 048	**168 674 867**

47. Fair value adjustments

Investment property (Fair value model)	8 695 011	4 289 494

48. Investment revenue

Interest revenue		
Bank	500 498	603 611

49. Auditors' remuneration

Fees	8 138 839	7 776 939

Figures in Rand	2025	2024

50. Related parties

Relationships	Ward	Surname	Initials
Mayor		Roman	J.J.T
Councillor	1	Hantise	O.E
Councillor	2	Dithupa	K.V
Councillor	3	Jafta	M.L
Councillor	4	Motsoare	T.M
Councillor	5	Magagane	N.S
Councillor	6	Caetano	A.M
Councillor	7	Tironyane	E.T
Councillor	8	du Plessis	H
Councillor	Proportional	Sebego	B.I
Councillor	Proportional	Sekgobi	G.M
Councillor	Proportional	Koikoi	N.M
Councillor	Proportional	Morwe	A.J
Councillor	Proportional	Mines	S.S
Councillor	Proportional	Makape	J.C
Councillor	Proportional	Visser	K.T.G
Director:			
Municipal Manager		Seetile	L
Chief Financial Officer		Makoku	A
Director: Technical Services	Contract ended	Ositang	KN
Acting Director: Technical Services		Kannemeyer	GD
Acting Director: Community Services	Acting ended	Loeto	G
Director: Development and Town Planning		Rapelang	TP
Municipal Manager	Contract ended	Leserwane	KP
Acting Director: Corporate Services	Acting ended	Phuti	CM
Acting Director: Community Services		Manamela	DC
Acting Director: Corporate Services		Appie	KM
Acting Director: Community Services		Semaimai	KC

Cllr E. Dikolanyane was replaced by Cllr J.C. Makape and Cllr B.P. Lekgadi was replaced by Cllr S.S. Mines. Cllr S.S. Mines resigned in May and replaced by Cllr K.T.G Visser.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Saphire Dawn	(2 898)	(11 000)

The municipality rendered municipal services and rates to Related parties charged at approved tariffs that were advertised to the public. No Bad debts were written off or recognised in respect of amounts owed by the Related Parties. All transactions with the Related Parties were at arms length. Furthermore, there were no commitments between the municipality and the Related parties in accordance with MFMA

The municipality does not provide any benefits; Post-employment benefits or any other long-term benefits to any class of management except for termination benefits (gratuity cheque) paid to councillors at the end of their term

Amounts included in Trade receivable (Trade Payable) regarding related parties		
John Taolo Gaetsewe NC District Municipality	(2 062 874)	(3 156 977)

50. Related parties (continued)

The municipality has an arrangement with John Taolo Gaetsewe NC District Municipality on the provision of shared services on the Internal Audit Unit, Audit Committee and Risk Management. This is in line with the John Taolo Gaetsewe NC District Municipality and local municipalities charter and mandate for internal audit, audit committee and risk management function. The municipality contributes to the shared services a percentage of the total actual expenditure or budget amount. The balance relates to the outstanding contributions, including interest, by the municipality.

Awards to close family members of person/(s) in service of the State.

Contracted Supplier	**Name of Spouse/Relative**	**Organ of State**	**Position held**	**2025**	**2024**
Sapphire Dawn	Chris Engelbrecht	Gamagara Local Municipality	Millwright	48 369	77 064
Phatsimisa Setshaba	Jeanette Dipuo Masiane	Department of Education (Maremane Primary School)	School Principal	9 623 401	10 471 164
Setlatlapi Business Enterprise	Patheka .C harmaine Lerefolo	Eskom	Assistant	437 736	437 736
				10 109 506	**10 985 964**

Services rendered to related parties	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Year ended 30 June 2025					
Councillors	30 473	62 322	43 369	136 164	-
Section 57 Personnel	2 648	6 635	8 815	18 098	-
	33 121	**68 957**	**52 184**	**154 262**	**-**

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Councillors					
Cllr. O.E. Hantise	-	2 039	1 831	3 870	-
Cllr. N.S. Magagane	-	-	-	-	-
Cllr. H. du Plessis	2 062	812	-	2 874	-
Cllr. B.P. Lekgadi	-	-	-	-	-
Cllr. B.I. Sebego	-	-	-	-	-
Cllr. T.M. Motsoare	-	-	-	-	-
Cllr. K.V. Dithupa	-	-	-	-	-
Cllr. M.L. Jafta	-	-	-	-	-
Cllr. E.T. Tiroyame	271	1 318	147	1 736	-
Cllr. G.M. Sekgopi	-	-	-	-	-
Cllr. J.J.T. Roman	9 880	812	11 860	22 552	-
Cllr. A.M. Caetano	2 621	7 228	66	9 915	-
Cllr. E. Dikolanyane	-	-	-	-	-
Cllr. A.J. Morwe	15 638	50 113	29 465	95 216	-
	30 473	**62 322**	**43 369**	**136 164**	**-**

Figures in Rand	2025	2024

50. Related parties (continued)

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Section 57 Personnel					
Municipal Manager: L. Seetile	380	2 209	3 500	6 089	-
Chief Financial Officer: A. Makoku	-	-	5 315	5 315	-
Acting Director Corporate Services: C.M. Phuti	-	-	-	-	-
Director Infrastructure: K.N. Ositang	-	-	-	-	-
Director Development and Town Planning: T.P. Rapelang	1 631	3 021	-	4 651	-
Acting Director: Community Services: KC Semamai	637	1 406	-	2 043	-
	2 648	**6 635**	**8 815**	**18 098**	**-**

Services rendered to related parties	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Year ended 30 June 2024					
Councillors	17 299	69 223	46 985	133 506	-
Section 57 Personnel	7 091	18 383	(163)	25 312	-
	24 390	**87 606**	**46 822**	**158 818**	**-**

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Councillors					
Cllr. O.E. Hantise	-	12 542	9 376	21 918	-
Cllr. N.S. Magagane	-	-	-	-	-
Cllr. H. du Plessis	1 966	774	-	2 740	-
Cllr. B.P. Lekgadi	-	-	-	-	-
Cllr. B.I. Sebego	-	-	-	-	-
Cllr. T.M. Motsoare	-	-	-	-	-
Cllr. K.V. Dithupa	-	-	-	-	-
Cllr. M.L. Jafta	-	-	-	-	-
Cllr. E.T. Tiroyame	264	1 280	147	1 691	-
Cllr. G.M. Sekgopi	-	-	-	-	-
Cllr. J.J.T. Roman	9 164	774	11 860	21 797	-
Cllr. A.M. Caetano	807	-	-	807	-
Cllr. A.J. Morwe	5 098	53 853	25 602	84 553	-
	17 299	**69 223**	**46 985**	**133 506**	**-**

50. Related parties (continued)

	Rates charges	Service charges	Sundry charges	Outstanding balances	Provision for Debt Impairment
Section 57 Personnel					
Municipal Manager: L. Seetile	363	2 083	(178)	2 268	-
Chief Financial Officer: A. Makoku	-	3 199	-	3 199	-
Acting Director Corporate Services: C.M. Phuti	-	-	-	-	-
Director Development and Town Planning: T.P. Rapelang	1 554	2 857	-	4 412	-
Acting Director: Community Services: G.N. Loeto	2 766	8 324	-	11 090	-
Acting Director: Community Services: DC Manamela	732	1 548	15	2 295	-
Acting Director: Corporate Services:KM Appie	842	-	-	842	-
Acting Director: Technical Services: G Kannemeyer	834	372	-	1 206	-
Municipal Manager (Contract ended): K.P. Leserwane	-	-	-	-	-
	7 091	**18 383**	**(163)**	**25 312**	**-**

Remuneration of management

Councillors/Mayoral committee members

2025

	Basic salary	Other short-term employee benefits	Total
Name			
Cllr. O.E. Hantise	313 899	149 225	463 124
Cllr. N.S. Magagane	304 685	158 392	463 077
Cllr. H. du Plessis	313 899	146 409	460 308
Cllr. B.I. Sebego	237 402	122 187	359 589
Cllr. T.M. Motsoare	237 402	159 289	396 691
Cllr. K.V. Dithupa	237 402	137 868	375 270
Cllr. M.L. Jafta	237 402	122 187	359 589
Cllr. E.T. Tiroyame	313 899	181 236	495 135
Cllr. G.M. Sekgopi	600 176	237 066	837 242
Cllr. J.J.T. Roman	750 219	284 582	1 034 800
Cllr. A.M. Caetano	237 402	122 187	359 589
Cllr. N.M. Koikoi	237 402	129 213	366 616
Cllr. A.J. Morwe	237 402	122 187	359 589
Cllr. J.C. Makape	237 402	122 187	359 589
Cllr. S.S. Mines	205 954	105 295	311 249
Cllr. K.T.G Visser	19 218	10 323	29 542
	4 721 166	**2 309 834**	**7 030 999**

50. Related parties (continued)

2024

Name	Basic salary	Other short-term employee benefits	Total
Cllr O.E. Hantise	358 853	167 205	526 058
Cllr. N.S. Magagane	310 723	148 913	459 636
Cllr. H. du Plessis	450 552	167 438	617 990
Cllr. B.I. Sebego	242 937	116 773	359 710
Cllr. T.M. Motsoare	242 937	125 711	368 648
Cllr. K.V. Dithupa	263 866	129 754	393 620
Cllr. M.L. Jafta	242 937	117 909	360 846
Cllr. E.T. Tiroyame	320 010	165 619	485 629
Cllr. G.M. Sekgopi	502 748	206 984	709 732
Cllr. J.J.T. Roman	604 843	238 419	843 262
Cllr. A.M. Caetano	242 937	116 773	359 710
Cllr. N.M. Koikoi	242 937	132 315	375 252
Cllr. A.J. Morwe	242 937	116 773	359 710
Cllr. J.C. Makape	242 937	116 773	359 710
Cllr. S.S. Mines	377 852	134 951	512 803
	4 890 006	**2 202 310**	**7 092 316**

Additional information

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

Management class: Executive management

2025

Name	Basic salary	Other short-term employee benefits	Acting allowances	Total
L Seetile	799 938	570 260	-	1 370 199
A Makoku	673 503	449 612	-	1 123 115
TP Rapelang	726 949	578 084	-	1 305 033
SB Sehole	310 073	235 495	-	545 567
CM Phuti	571 657	147 529	71 421	790 607
KM Appie	390 048	80 227	39 924	510 199
DC Manamela	455 344	113 130	48 979	617 453
GN Kannemeyer	305 424	112 347	36 642	454 413
KC Semamai	255 807	170 023	31 976	457 806
	4 488 743	**2 456 708**	**228 941**	**7 174 392**

50. Related parties (continued)

2024

Name	Basic salary	Other short-term employee benefits	Acting allowances	Total
L Seetile	799 808	535 369	-	1 335 177
A Makoku	722 251	420 710	-	1 142 961
KN Ositang	738 787	593 543	-	1 332 330
TP Rapelang	690 149	400 542	-	1 090 691
G Loeto	697 356	201 365	77 484	976 205
CM Phuti	697 356	283 814	77 484	1 058 654
KM Appie	244 508	49 733	30 563	324 804
DC Manamela	212 080	48 961	26 510	287 551
GN Kannemeyer	329 630	128 421	35 318	493 369
	5 131 925	**2 662 458**	**247 359**	**8 041 742**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets						
Current Assets						
Inventories	3	1 078 262	759 593	-	1 837 855	[1]
Receivables from non-exchange - Availability charges		-	40 197 850	-	40 197 850	[22]
Other trade receivables from exchange transactions	5&7	989 473	2 465 361	-	3 454 834	[2]
Statutory receivables from non-exchange transactions	6&7	135 055 563	(3 106 354)	-	131 949 209	[3]
Statutory receivables from exchange transactions	8	83 433 924	153 414	-	83 587 338	[4]
Receivables from exchange transactions	9	334 323 307	(37 700 492)	-	296 622 815	[5]
Other trade receivables from non-exchange transactions	12	662 370	-	-	662 370	
Cash and cash equivalents	14	14 310 211	-	-	14 310 211	
		569 853 110	**2 769 372**	**-**	**572 622 482**	
Non-Current Assets						
Investment property	15	375 213 120	(6 848 193)	-	368 364 927	[6]
Property, plant and equipment	16	1 128 142 279	(1 590 549)	-	1 126 551 730	[7]
Intangible assets	17	170 461	-	-	170 461	
Heritage assets	18	74 581	-	-	74 581	
Other trade receivables from exchange transactions	10	5 606 193	7 976 795	-	13 582 988	
Other trade receivables from non-exchange transactions	11	2 467 978	-	-	2 467 978	
		1 511 674 612	**(461 947)**	**-**	**1 511 212 665**	
Total Assets		**2 081 527 722**	**2 307 425**	**-**	**2 083 835 147**	

51. Prior period errors (continued)

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities						
Current Liabilities						
Other financial liabilities	19	7 533 077	-	(23 034)	7 510 043	[8]
Payables from exchange transactions	20	346 555 131	267 820	-	346 822 951	[9]
Payables from non-exchange	21	46 612 907	3 936 096	-	50 549 003	[10]
Consumer deposits	22	8 295 011	(1)	-	8 295 010	
Employee benefit obligation	23	3 517 000	-	-	3 517 000	
Unspent conditional grants and receipts	24	11 821 532	-	-	11 821 532	
Provisions	25	-	-	-	-	
Eskom Short-term debt	66	102 447 241	-	-	102 447 241	
		526 781 899	**4 203 915**	**(23 034)**	**530 962 780**	
Non-Current Liabilities						
Other financial liabilities	19	35 462 063	-	23 035	35 485 098	[8]
Employee benefit obligation	23	59 798 000	-	-	59 798 000	
Provisions	25	84 000 255	-	-	84 000 255	
Eskom Long-term debt	66	237 090 970	-	-	237 090 970	
		416 351 288	**-**	**23 035**	**416 374 323**	
Total Liabilities		**943 133 187**	**4 203 915**	**1**	**947 337 103**	
Net Assets		**1 138 394 535**	**(1 896 490)**	**(1)**	**1 136 498 044**	
Accumulated surplus		1 138 394 535	(1 896 491)	-	1 136 498 044	

51. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue						
Revenue from exchange transactions						
Service charges	27	302 316 032	17 968 281	-	320 284 313	[11]
Rental of facilities and equipment	28	2 075 448	(10 202)	-	2 065 246	[12]
Interest received (trading)		41 547 514	(588 789)	-	40 958 725	[13]
Agency services		546 906	-	-	546 906	
Discount received		2 234 314	-	-	2 234 314	
Other income	32	4 456 705	-	-	4 456 705	
Interest received - investment	48	603 611	-	-	603 611	
Total revenue from exchange transactions		**353 780 530**	**17 369 290**	**-**	**371 149 820**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	33	154 195 370	(1 111 691)	-	153 083 679	[14]
Availability charges		48 002 294	(14 772 332)	-	33 229 962	
Licences and Permits (Non-exchange)		1 707 616	-	-	1 707 616	
Interest		14 610 866	-	-	14 610 866	
Transfer revenue						
Government grants & subsidies	35	78 909 102	-	-	78 909 102	
Public contributions and donations	36	137 157 183	77 447	-	137 234 630	[15]
Fines, Penalties and Forfeits		1 384 338	-	-	1 384 338	
Total revenue from non-exchange transactions		**435 966 769**	**(15 806 576)**	**-**	**420 160 193**	
Total revenue	26	**789 747 299**	**1 562 714**	**-**	**791 310 013**	
Expenditure						
Employee related costs	38	(217 081 921)	-	-	(217 081 921)	
Remuneration of councillors	39	(7 038 958)	-	-	(7 038 958)	
Depreciation and amortisation	40	(54 257 649)	(19 308)	-	(54 276 957)	[15]
Impairment loss/ Reversal of impairments	41	(9 085 918)	-	-	(9 085 918)	
Finance costs	42	(71 372 841)	(91 965)	-	(71 464 806)	[16]
Lease rentals on operating lease		(3 990 998)	-	-	(3 990 998)	
Debt Impairment	44	(20 412 332)	1 769 867	-	(18 642 465)	[17]
Bad debts written off	44	(11 438 239)	(1 357 100)	-	(12 795 339)	[21]
Repairs and maintenance		(13 464 877)	-	-	(13 464 877)	
Bulk purchases	45	(173 543 308)	-	-	(173 543 308)	
Water Inventory consumed		(2 359 794)	-	-	(2 359 794)	
Interest discount allowed	68	(3 909 146)	(84 016)	-	(3 993 162)	[18]
General Expenses	46	(168 324 091)	(350 776)	-	(168 674 867)	[19]
Total expenditure		**(756 280 072)**	**(133 298)**	**-**	**(756 413 370)**	
Operating surplus		**33 467 227**	**1 429 416**	**-**	**34 896 643**	
Loss on disposal of assets and liabilities		(4 309 510)	3 412 664	-	(896 846)	[20]
Fair value adjustments	47	4 289 494	-	-	4 289 494	
Actuarial gains/losses	23	143 668	-	-	143 668	
Inventories losses/write-downs		(27 447 667)	-	-	(27 447 667)	
		(27 324 015)	**3 412 664**	**-**	**(23 911 351)**	
Surplus for the year		**6 143 212**	**4 842 080**	**-**	**10 985 292**	

51. Prior period errors (continued)

[1] The adjustment is as result of change in capacity of reservoir from 522kl to 288kl by the expects and an error was also made in the calculation of the water tank capacity corrected from 1500kl to 7000kl in the water stock determination , a net adjustment (increase) of R34 540.84 in water stock.

[2] An adjustment of R12 827416 to record the 15 stands the municipality sold to Small and Medium Entreprises .

[3] The adjustment relate to the corrections made to the property rates billing of prior years.

[4] An adjustment of R971 338 on vat due to corrections made to service charges and general expenses.

[5] The adjustment of R3 604 454 relate to the correction journals processed to correct inaccurate billing between service types of prior years. Reclassification of Availability charges from Receivables from exchange of R40 197 850.

[6] **Investment Property: Derecognitions**
During the current financial year, a prior year adjustment was made to the opening balances of Investment Property. This adjustment relates to the derecognition of land portions disposed of through sale agreements entered into with third parties. Control of these properties was transferred to the purchasers during the period, and the assets were accordingly removed from the FAR. As a result:

- The cost of Investment Property decreased by R6 849 193; and
- The net book value of Investment Property decreased by R6 849 193.

This adjustment has been reflected in the restated opening balances of Investment Property.

Investment Property: First-Time Recognitions
During the current financial year, a prior year adjustment was made to the opening balances of Investment Property. This adjustment relates to the first-time recognition of investment properties identified through the Deeds Registry comparison during the reporting period, which had not previously been recorded in the FAR. As a result:

- The cost of Investment Property increased by R1 000; and
- The net book value of Investment Property increased by R1 000.

This adjustment has been reflected in the restated opening balances of Investment Property. .

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

51. Prior period errors (continued)

[7] **Property, Plant and Equipment: First-Time Recognitions**
During the current financial year, a prior year adjustment was made to the opening balances of PPE – Building related assets. This adjustment relates to the first-time recognition of assets identified during the verification process that had not previously been recorded in the Fixed Asset Register (FAR). As a result:
- The cost of Buildings increased by R96 175;
- The accumulated depreciation associated with these assets increased by R49 697; and
- The net book value of Buildings increased by R46 478.

This adjustment has been reflected in the restated opening balances of PPE.

Property, Plant and Equipment: Donated Movable Assets
During the current financial year, a prior year adjustment was made to the opening balances of PPE – Other Assets. This adjustment relates to the recognition of various movable assets donated on 21 October 2023 by Kumba Iron Ore. These assets were recorded at fair value in the FAR. As a result:
- The cost of Other Assets increased by R77 447;
- The accumulated depreciation increased by R10 729; and
- The net book value of Other Assets increased by R66 718.

This adjustment has been reflected in the restated opening balances of PPE.

Property, Plant and Equipment: Recognition of Omitted WIP Projects
During the current financial year, a prior year adjustment was made to the opening balances of PPE – Work in Progress. This adjustment relates to the first-time recognition of project expenditure incorrectly recorded under operating expenditure (OPEX) in previous years, which should have been capitalised in the WIP register. As a result:
- The cost of Infrastructure assets increased by R476 095; and
- The net book value of Infrastructure and Buildings increased by R476 095.

This adjustment has been reflected in the restated opening balances of PPE.

Property, Plant and Equipment: Correction of Project Already Accounted for
During the current financial year, a prior year adjustment was made to the opening balances of PPE – Work in Progress. This adjustment relates to project expenditure previously recognised, but already capitalised in the FAR as part of a completed donation project in the prior financial year. The cost had therefore been duplicated. As a result:
- The cost of Infrastructure assets decreased by R1 842 510; and
- The net book value of Infrastructure assets decreased by R1 842 510.

This adjustment has been reflected in the restated opening balances of PPE.

Property, Plant and Equipment: Land First-Time Recognitions
During the current financial year, a prior year adjustment was made to the opening balances of Land. This adjustment relates to the first-time recognition of land parcels identified through the Deeds Registry comparison conducted during the reporting period, which had not previously been recorded in the FAR. As a result:
- The cost of Land increased by R1 000; and
- The net book value of Land increased by R1 000.

This adjustment has been reflected in the restated opening balances of PPE.

[8] Reclassification of R23 034 from Current Liabilities to Non-current liabilities

[9] The adjustment relates to the change in advance payments (exchange) after processing adjustments for incorrect billing amounting to R2 310 652 and R1 151 688 relates to adjustments to Trade payables with invoices that were captured in the incorrect financial period.

[10] The adjustment relates to the change in advance payments (non-exchange) after processing adjustments for incorrect billing.

[11] An adjustment of R17 968 281 relating to corrections to the prior year billing and reclassificaition of basic charges from availability charges to service charges

[12] An adjustment of R10 202 to correct billing of rentals for prior year.

[13] Correction of interest billed in the prior year of R769 087 which reduced Interest received (trading) figure.

[14] The adjustment relates to corrections of property rates incorrect billed in the prior year. .

51. Prior period errors (continued)

[15] **Investment Property: Derecognitions**
During the current financial year, a prior year adjustment was made to the opening balances of Investment Property. This adjustment relates to the derecognition of land portions disposed of through sale agreements entered into with third parties. Control of these properties was transferred to the purchasers during the period, and the assets were accordingly removed from the FAR. As a result:

- The Loss on disposal of assets and liabilities increased by R6 849 193

This adjustment has been reflected in the restated opening balances of Investment Property.

[16] The adjustment relates to the interest charge correction per the supplier statement/invoice.

[17] The adjustment relates to the change in impairment calculation due to the corrections made on service charges and property rates which resulted in the change on the receivables gross balances.

[18] An adjustment of R84 016 correcting discounts that were not allowed on the consumer accounts due to delay in allocation of payments in the prior year.

[19] General expenses was adjusted by R499 806 due to invoices processed in the incorrect financial period.

[20] **Investment Property: Derecognition**s
During the current financial year, a prior year adjustment was made to the opening balances of Investment Property. This adjustment relates to the derecognition of land portions disposed of through sale agreements entered into with third parties. Control of these properties was transferred to the purchasers during the period, and the assets were accordingly removed from the FAR. As a result:

- The Loss on disposal of assets and liabilities increased by R6 849 193

This adjustment has been reflected in the restated opening balances of Investment Property.

[21] Bad debts written-off was adjusted by R1 357 100 to record traffic fines cancelled at court.

[22] Reclassification of Availability charges from Receivables from exchange transactions to Receivables from non-exchange - Availability charges R 40 197 850-.

52. Going concern

The financial statements were prepared on a going concern basis. Management considered the following matters in its determination that the municipality can continue as a going concern.:

Management acknowledges that the municipality have material uncertainty related to the below events or conditions that may cast significant doubt on its ability to continue as a going concern. These material uncertainties may affect negatively the municipality's ability to realise its assets and discharge its liabilities in the normal course of operations. In assessing the municipality's going concern, management considered the period of at least 12 months after the reporting date. Cash flow projections which are part of the budget were relied on by management in its conslusion on the going concern assessment.

1. **Non-compliance with MFMA legislation (payments not made within 30 days)** - The municipality is currently not settling all the creditros invoices when due or within the accepted 30 days. This results in fruitless and wastefull expenditure due to interest on overdue creditors account.

Management mitigation plan, key assumptions and possible effects.

Management embarked on a strategy of enhancing or protecting revenue and improving efficiency and effectiveness of the credit control unit to improve cash collection that will enable the municipality to service all its debt. It is expected that by next financial year the results should start to show by a way of improved collection rate and the ability to settle some outstanding debts on time. It is assumed that the muncipality will see a reduction in the tempering of the meters and monitoring startegies will be effective. In addition, managment will enforce the following.

- Weekly reconciliations between the supplier's statement and creditor's ledger to be executed regularly (daily and weekly), and instead of just month-end, and all differences to be investigated timeously and rectified.

- All balances due to administrative errors to be cleared daily.

52. Going concern (continued)

- Payments to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to, or goods are received by the municipality, after which all reasonable steps will be taken to ensure payment is made within thirty (30) days of the receipt date of the invoice or statement.

- Credible forecasting and proper cash management. Strict adherence to cash budget.

- Dedicated officials to receive and manage the invoice register.

- Invoices to be stamped the date of receipt and duly registered within a day of receipt

- All raised commitments to be supported by procurement documents and ensure is recorded in the invoice register.

2**. Adverse key financial ratios** - The following indicators have a negative outlook on the going concern of the municipality:

- Current liabilities exceed current assets by R 15 859 595

- Creditors days in 2025 are (208) and in 2024 are (167)

- Debtors days in 2025 are 320 and in 2024 are 292

The municipality owes Eskom R704 626 001 and Sedibeng Water R1 965 820 at year end.

Management mitigation plan, key assumptions and possible effects.

Management remains committed to comply with the Municipal Debt Relief programme that will see the municipality improve the net current ratio. Eskom debt remains the biggest debt that the municipality needs to deal with. The plan of the municipality is to service the current account and implement the key recommendations by National and Provincial Treasury. Revenue and the credit control strategies that the municipality is currently considering will improve the debtors' days moving forward. Additionally, management considers the following actions.

- Robust implementation of the budget funding plan and the debt relief action plan. The budget funding plan outlines all the milestones along with their activities, responsible officials, and deadlines. Furthermore, there is cash flow and cost containment measures linked to rand value.

- Table and adopt cost-reflective tariffs to recover the cost

- Enforcing strict credit control and debt collection policy

- The accounting officer will immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

- Ring-fencing of service charges collections, i.e. Electricity collections to be allocated to electricity commitments and electricity creditors. Water collections to be ring-fenced for water boards and water commitments.

- The appointment of lawyers to handover non-paying consumers

- Credible forecasting and proper cash mangement. Strict adherence to the cash budget..

3. **Ineffective cash management** - The municipality is struggling to pay its creditors on time and failing to collect as reflected by the debtors' days.

Management mitigation plan, key assumptions and possible effects.

To encourage consumers to settle their accounts on time, management is incentivising the consumers by giving them discounts on interest. The expected result is a reduction of the average collection period. The municipality is still part of the Municipal Debt Relief Programme, that if conditions are fully met the municipality will benefit from the write-off of a portion of the Eskom debt. In addition, management consideres the following.

- To table, adopt and implement the cash management policy

52. Going concern (continued)

- Budgeting and planning processes to give priority to the basic needs of the community and promote the social and economic developmemt of the community

- Preparation and review of Monthly Cash Flow Projections from the beginning of the financial year. The annual estimate of cash flow will be broken down per month by revenue source and will be updated monthly. This will aid in identifying potential shortfalls early and allows for timely budget adjustments, reallocations of funds and costs containment.

- Priorities will be given to projects or commitments that provide value for money. Thus, only commitment that provide efficiency, economy and effectiveness. This will ais in enabling and securing sound and sustainable management of the fiscal and financial affairs.

4. **Eskom debt relief and non-compliance with MFMA circular 124** - The municipality owes Eskom R704 626 001 and Sedibeng Water R1 965 820 at year end. The municipality is reliant on the availability of energy for its customers to attract and retain customers within the municipal area. Due to the inability of the municipality to meet all the requirements and conditions of the Eskom Debt Relief Programme, the one third write-off of the Eskom debt was not granted in the current financial year. This puts the municipality at risk to incur more fruitless and wasteful expenditure due to interest charges on accounts in arrears.

Management mitigation plan, key assumptions and possible effects.

- Management have developed the debt relief action plan. This plan chronicles recommendations from National and Provincial Treasuty to achieve 100% compliance with MFMA circular 124 conditions. The milestones are monitored, reviewed and implemented to improve compliance.

- Management have factored repayments into cash flow forecast to reduce long outstanding amounts owing.

- Strict adherence to 30 day payment cycle

- Allocate at least 70% of Equitable Share per trench towards electricity and water bulk supply payments

- Strengthen demand management processes by establishing a Joint Budget-SCM-Expenditure-Cash Flow Control Committee to carry out monthly reviews of budget allocations, proceurement pipelines and actual cash flow with the objective of adjusting procurement schedules where cash constraints exist, while ensuring prioritised services remain uninterrupted.

- Constant examination and commencement of the process of termianting all existing iiregular contracts and ensuring non recurrence of new irregular expenditure.

- Table and adopt cost-reflective tariffs and set tariffs that reflcet the cost of providing services and align with the rate of growth forecasted.

- Ring-fence all Eskom collections as per MFMA circular 124 conditions.

Despite the above negative indicators, the municipality is a going concern because of the following:

The municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors’ collection rates and creditors’ payment terms are closely monitored and the necessary corrective actions instituted.

The municipality has undertaken a position to fill the vacancies of key influential positions. The filling of thses positions will enable the municipality to operate efficiently, and the results should be evident with improved efficiencies and effectiveness in the various operations of the muncipality in the following months after the reporting date.

52. Going concern (continued)

Strict cost containment regulations and daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. The municipality also utilises the cashflow projections to forecast and enable management to anticipate potenctial cash shortages or surpluses to make informed decisions and take preventive measures.

Revenue protection and enhacement strategies are in place. The muncipality is moving towards concluding the prepaid meter audits using the EPWP programme. Meters that were not buying were investigated and those that were tempered with were identified and reported. Consumers who tempered with the meters were issued with fines. Management endeavours to undertake the same process on the conventional meters subject to cost-benefit analysis. This coupled with effective implementation of the municipal credit control policy, will improve the cash flow position of the municpality.

The municipality 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

Under the DORA Act (Division of Revenue Bill - Bill Published In Government Gazette No. 52061 of 7 February 2025 the municipality has been allocated the following funds for the years 2025/26 to 2027/28.

	2024/2025	2025/2026	2026/2027	2027/2028	Total
Finance Management Grant (FMG)	2 000 000	2 000 000	2 100 000	2 200 000	8 300 000
Expanded Public Works Program (EPWP)	1 217 000	1 378 000	-	-	2 595 000
Municipal Infrastructure Grant (MIG)	23 149 000	13 559 000	14 351 000	14 810 000	65 869 000
Integrated National Electrification Programme Grant (INEP)	4 825 000	-	12 000 000	12 542 000	29 367 000
Water Service Infrastructure Grant (WSIG)	15 000 000	10 392 000	25 000 000	29 400 000	79 792 000
Equitable Share	66 070 000	70 911 000	75 228 000	78 608 000	290 817 000
	112 261 000	**98 240 000**	**128 679 000**	**137 560 000**	**476 740 000**

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.

Conclusion.

Based on the aforementioned mitigation strategies, management is of the view that the municipality will be able to continue meeting its contracted and commitment financial obligations for the unforeseeable future.

53. Unauthorised expenditure

	2025	2024
Opening balance as previously reported	815 634 079	763 656 863
Correction of prior period error	-	23 358 772
Opening balance as restated	**815 634 079**	**787 015 635**
Add: Unauthorised Expenditure - current year	91 850 197	28 618 444
Less: Amount written off by council	(815 634 079)	-
Closing balance	**91 850 197**	**815 634 079**

53. Unauthorised expenditure (continued)

Votes	Original Bugdet	Adjustments	Budget	Actual	Under/(Over) spending	Unauthorised
Executive and Council	31 784 000	1 931 000	33 715 000	32 744 631	970 369	-
Budget & Treasury	10 935 600	5 169 000	114 525 000	157 615 049	(43 090 049)	(43 090 049)
Corporate Services	96 687 000	(12 985 000)	83 702 000	83 591 384	110 616	-
Community Services	160 129 000	(15 195 000)	144 934 000	148 151 034	(3 217 034)	(3 217 034)
Infrastructure Services	406 875 000	(11 137 000)	395 738 000	441 281 113	(45 543 114)	(45 543 114)
Strategic Services	25 137 000	1 009 000	26 146 000	20 233 143	5 912 857	-
	731 547 600	**(31 208 000)**	**798 760 000**	**883 616 354**	**(84 856 355)**	**(91 850 197)**

The over expenditure incurred by municipal departments during the year included the following non-cash items:

	2025	2024
Non-cash	65 962 699	19 583 759

Analysed as follows: non-cash

	2025	2024
Depreciation, impairment and amortisation	22 438 410	9 085 918
Bad debts written off	4 666 894	-
Debt Impairment	14 728 808	6 588 696
Interest discount allowed	3 559 322	3 909 146
Eskom Debt Relief Interest Unwinding	18 871 334	-
Actuarial gains/losses	1 697 931	-
	65 962 699	**19 583 760**

The over expenditure incurred by the municipal departments during the year included the following cash items:

	2025	2024
Cash	25 887 498	9 034 685

Analysed as follows: cash

	2025	2024
Suppliers	25 887 498	9 034 685

54. Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	43 880 325	38 036 743
Correction of prior period error	-	(10 735 537)
Opening balance as restated	**43 880 325**	**27 301 206**
Add: Fruitless and Wasteful Expenditure - current year	37 965 659	16 579 119
Add: Expenditure identified - prior period	91 965	-
Less: Amount written off by council- current years	(22 606 277)	-
Less: Amount written off by council- prior years	(43 880 325)	-
Closing balance	**15 451 347**	**43 880 325**

The Fruitless and wasteful expenditure is mainly madeup of interest for late payment of Eskom bulk account, Development Bank of Southern Africa and the South African Revenue Services.

This is due to non-payments and penalties charged.

54. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Incidents/cases identified in the current year include those listed below		
Interest on overdue account	33 948 728	11 796 890
Penalties	-	18 596
Arrears year interest	4 108 896	4 782 229
	38 057 624	**16 597 715**

No criminal or disciplinary action was taken against any individual or official of the municipality for fruitless and wasteful expenditure incurred in the current financial year

Particulars of fruitless and wasteful expenditure written off

Interest on overdue account	54 096 309	-
Penalties	18 596	-
Arrears year interest	12 371 698	-
	66 486 603	**-**

Cases under investigations

Investigations from April 2025 to June 2025 including 1 case from prior period (Prior period Error) are still in progress which are all related to Interest overdue on accounts and arrears year interest

No criminal or disciplinary action was taken against any individual or official of the municipality for fruitless and wasteful expenditure incurred in the current financial year

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Cases under investigations	15 451 347	-

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

55. Irregular expenditure

Opening balance as previously reported	517 762 282	394 261 792
Correction of prior period error	6 134 337	234 087
Opening balance as restated	**523 896 619**	**394 495 879**
Add: Irregular Expenditure - current year	62 722 139	123 266 403
Less: Amount written off by council - prior years	(517 996 377)	-
Less: Amount written off by council - current year	(26 444 104)	-
Closing balance	**42 178 277**	**517 762 282**

Irregular expenditure is always calculated inclusive of VAT.

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

Competitive bidding not invited	32 693 117	90 611 939
Non-compliance with legislation on contracts/Non-compliance with procurement processes	30 029 022	32 654 464
	62 722 139	**123 266 403**

Particulars of irregular expenditure written off

Administrative errors/ommissions	28 405 941	-
Internal control deficiencies	24 544 861	-
Failure to comply with laws and regulations	280 952 475	-
Inadequate design of tender documents	2 103 166	-
Weaknesses in contract management	208 434 038	-
	544 440 481	**-**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

55. Irregular expenditure (continued)

Cases under investigations

Investigations from April 2025 to June 2025 including 6 cases from prior period (Prior period Error) are still in progress which are all related to non-compliance with the procurement process requirements.

No criminal or disciplinary action was taken against any individual or official of the municipality for irregular expenditure incurred in the current financial year

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Municipal Supply Chain Management Policies or By-laws	42 178 277	-

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

	2025	2024
Current year subscription / fee	3 527 860	2 335 327

Audit fees

	2025	2024
Opening balance	(12 023)	(17 067)
Current year subscription / fee	5 729 977	6 227 344
Amount paid - current year	(5 729 977)	(6 222 300)
	(12 023)	**(12 023)**

PAYE and UIF

	2025	2024
Opening balance	3 177 450	2 747 025
Current year subscription / fee	41 909 903	37 582 660
Amount paid - current year	(41 489 936)	(37 152 234)
	3 597 417	**3 177 451**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

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

Pension and Medical Aid Deductions

Opening balance	5 022 242	4 470 621
Current year subscription / fee	62 195 554	58 422 927
Amount paid - current year	(62 167 719)	(57 871 307)
	5 050 077	**5 022 241**

VAT

VAT receivable	29 724 164	83 587 338

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

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

Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Electricity

		Lost Units	Value
30 June 2025	Unaccounted Electricity Losses	12 809 994	26 667 758
30 June 2024	Unaccounted Electricity Losses	11 467 407	21 475 028

Electricity Losses occur due to technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections).

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:		
System Input Volume	94 033 998	(92 846 792)
Billed Consumption	(81 224 004)	81 379 385
Distribution Loss	**12 809 994**	**(11 467 407)**
Percentage Distribution Loss	13,62 %	12,35 %
Loss (R):	26 667 758	21 475 028

Water

		Lost Units	Value
30 June 2025	Unaccounted Water Losses	3 506 912	24 126 068
30 June 2024	Unaccounted Water Losses	3 838 937	27 447 667

Water Losses occur due to leakages, the tampering of meters, faulty meters and illegal water connections.

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Opening Balance Water Stock	37 547	36 051
System Input Volume	5 210 530	5 496 154
Billed Consumption	(1 702 116)	(1 660 578)
Closing Balance Water Stock	(39 049)	(32 691)
Distribution Loss	**3 506 912**	**3 838 936**
Percentage Distribution Loss	67,30 %	69,85 %
Loss	24 126 068	27 447 667

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024

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

Councillors' arrear consumer accounts

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

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. O.E. Hantise	-	3 870	3 870
Cllr. H. du Plessis	2 874	-	2 874
Cllr. E.T. Tiroyame	1 736	-	1 736
Cllr. J.J.T. Roman	4 490	18 062	22 552
Cllr. A.M. Caetano	9 915	-	9 915
Cllr. A.J. Morwe	5 617	89 599	95 216
	24 633	**111 531**	**136 163**

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. O.E. Hantise	1 453	20 465	21 918
Cllr. H. du Plessis	2 740	-	2 740
Cllr. E.T. Tiroyame	1 691	-	1 691
Cllr. J.J.T. Roman	4 375	17 422	21 797
Cllr. A.M. Caetano	807	-	807
Cllr A.J Morwe	4 821	79 732	84 553
	15 887	**117 619**	**133 506**

57. 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.

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

Supplier Name	Contract or Service Rendered	Responsible Person	Order Number/ GRN Number	External Payment Reference	Deviation Date	Amount Excl VAT	Amount Incl VAT	Category of Regulation 36
AKANANI DEVELOPMENT PLANNERS	Resurveying of infill sites(Welgelle): ExpContr	Ms T Rapelang	R0006678	-	20250528,00	486 762,61	559 777,00	Reg 36 (i)
AKANANI DEVELOPMENT PLANNERS	Resurveying of infill sites(Welgelle): ExpContr	Ms T Rapelang	R0006677	-	20250528,00	278 150,06	319 872,57	Reg 36 (i)
AWRILL RHUDINESHEA MOORCROFT	Funeral palour: Burial Services indigents	Mr L Seetile	R0004831	21024,00	20240724,00	900,00	900,00	Reg 36 (i)
AWRILL RHUDINESHEA MOORCROFT	Funeral palour: Burial Services indigents	Mr L Seetile	R0004858	21048,00	20240724,00	3 000,00	3 000,00	Reg 36 (i)
AWRILL RHUDINESHEA MOORCROFT	Funeral palour: Burial Services indigents	Mr L Seetile	R0005123	21313,00	20240908,00	900,00	900,00	Reg 36 (i)
AWRILL RHUDINESHEA MOORCROFT	Funeral palour: Burial Services indigents	Mr L Seetile	R0005854	22000,00	20241219,00	3 500,00	3 500,00	Reg 36 (i)
AWRILL RHUDINESHEA MOORCROFT	Funeral palour: Burial Services indigents	Mr L Seetile	R0005957	22116,00	20250205,00	900,00	900,00	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006048	22200,00	20250303,00	50 020,50	57 523,58	Reg 36 (i)
BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006089	22231,00	20250303,00	30 044,15	34 550,77	Reg 36 (i)
BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006350	22510,00	20250505,00	16 171,00	18 596,65	Reg 36 (i)
BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006413	22557,00	20250324,00	128 161,27	147 385,46	Reg 36 (i)
BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006426	22569,00	20250319,00	45 891,69	52 775,44	Reg 36 (i)
BARLOWORLD SOUTH AFRICA	Service for Motor Grader	Mr M Motlonye	R0006704	-	20250516,00	42 175,27	48 501,56	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 535	MV Distribution Electricity:Maintenance of Equipment	Mr M Estavao	R0005331	21518,00	20240814,00	312 000,00	358 800,00	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 535	Christmas Streetlights Materials	Mr M Estavao	R0005878	22011,00	20241205,00	314 693,00	361 896,95	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 535	Service and R140 gas refill	Mr M Estavao	R0006728	-	20250626,00	3 000,00	3 450,00	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 536	Fault Finding	Mr M Estavao	R0006728	-	20250626,00	2 500,00	2 875,00	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 537	Service and R140 gas refill	Mr M Estavao	R0006728	-	20250626,00	6 000,00	6 900,00	Reg 36 (i)
BEST ENOUGH TRADING AND PROJECTS 538	Fault Finding	Mr M Estavao	R0006728	-	20250626,00	7 500,00	8 625,00	Reg 36 (i)
BOBCAT EQUIPMENT SOUTH AFRICA	Backhoe Loader with Airco	Mr W Jood	R0006757	-	20250324,00	233 461,70	268 480,96	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

BOTE ENGINEERING	MV Distribution Electricity:Maintenance of Equipment	Mr M Estavao	R0005291	21451,00	20241009,00	35 000,00	35 000,00	Reg 36 (i)
CA FUNERALS	Funeral palour: Burial Services indigents	Mr G Setungwane	R0006705	-	20250522,00	900,00	900,00	Reg 36 (i)
CA FUNERALS	Funeral palour: Burial Services indigents	Mr G Setungwane	R0006148	22275,00	20250411,00	3 500,00	3 500,00	Reg 36 (i)
CA FUNERALS	Funeral palour: Burial Services indigents	Mr G Setungwane	R0006149	22274,00	20250411,00	900,00	900,00	Reg 36 (i)
CROFT INDUSTRIES	Supply of ETA 100-50/2 KSB PUMP INSTALLATION	Mr M Estavao	R0006610	-	20250410,00	280 633,89	280 633,89	Reg 36 (i)
DYNAMIC DECISIONS	Fleet Management	T. Thupaemang	R0005617	21814,00	20241127,00	69 501,73	79 926,99	Reg 36 (i)
FRAQUR 143	Funeral palour: Burial Services indigents	Mr L Seetile	R0005415	21603,00	20241024,00	900,00	900,00	Reg 36 (i)
FRAQUR 143	Funeral palour: Burial Services indigents	Mr G Setungwane	R0005856	21999,00	20250106,00	900,00	900,00	Reg 36 (i)
FRAQUR 143	Funeral palour: Burial Services indigents	Mr G Setungwane	R0006708	-	20250603,00	900,00	900,00	Reg 36 (i)
FRAQUR 143	Funeral palour: Burial Services indigents	Mr L Seetile	R0006707	-	20250603,00	900,00	900,00	Reg 36 (i)
GARIEP MOTORS	Maintenance of Equipment	Mr M Motlonye	R0005108	21308,00	20240802,00	540 897,91	622 032,60	Reg 36 (i)
GARIEP MOTORS	Maintenance of Equipment	Mr M Motlonye	R0004993	21205,00	20240826,00	16 715,83	19 223,20	Reg 36 (i)
GARIEP MOTORS	Maintenance of Equipment	Mr M Motlonye	R0005120	21309,00	20240721,00	84 946,17	97 688,10	Reg 36 (i)
GARIEP MOTORS	Repair of Compactor Truck	Mr Z Koikoi	R0005812	21974,00	20250123,00	134 474,29	154 645,43	Reg 36 (i)
GIJIMA HOLDINGS	Competency assessment	Ms T De Koker	R0005552	21686,00	20240828,00	43 826,09	50 400,00	Reg 36 (i)
HIGHPOINT SERVICE CENTRE AND PANEL BEATERS	Tools, Materials & Supplies	Mr G Kannemeyer	R0005019	21228,00	20240820,00	113 671,23	130 721,91	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

HIGHPOINT SERVICE CENTRE AND PANEL BEATERS	Maintenance of Sewer Works	Mr G Kannemeyer	R0004958	21153,00	20240620,00	121 439,14	139 655,01	Reg 36 (i)
LOADMAN	Hiring of TLB to work on repair of a pipe	Mr W Jood	R0006294	22419,00	20250221,00	100 650,00	100 650,00	Reg 36 (i)
LORATO MOROLE GENERAL TRADIN	Accommodation	Ms T De Koker	R0005836	21981,00	20250108,00	13 200,00	15 180,00	Reg 36 (i)
MEDIA24	Advertising Tenders	Mr A Makoku	R0005073	21287,00	20240829,00	3 776,00	4 342,40	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0005307	21455,00	20241021,00	192 174,80	221 001,02	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0005877	22006,00	20241021,00	98 370,49	113 126,06	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0006096	22224,00	20241021,00	151 960,10	174 754,12	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0006531	22768,00	20241021,00	47 223,26	54 306,75	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0006565	22689,00	20241021,00	158 342,91	182 094,35	Reg 36 (i)
MVM AFRICA CONSULTING ELCTRICAL ENGINEERS	Elelctrification of Stands	Mr M Estavao	R0006572	22769,00	20241021,00	30 050,50	34 558,07	Reg 36 (i)
MVUSI PROJECTS	Accommodation	Mr C Phuti	R0005587	21756,00	20240926,00	44 000,00	44 000,00	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0005779	21945,00	20250123,00	82 330,20	94 679,73	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006026	22179,00	20250123,00	33 529,50	38 558,92	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006259	22367,00	20250123,00	14 578,04	16 764,75	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006554	22736,00	20250123,00	390,13	448,65	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006553	22683,00	20250123,00	15 043,04	17 299,50	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006522	22685,00	20240815,00	4 186,00	4 813,90	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006551	22686,00	20250123,00	105,31	121,11	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006557	22687,00	20250123,00	22 566,04	25 950,95	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006556	22682,00	20250123,00	208,24	239,48	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006555	22681,00	20250123,00	2 739,00	3 149,85	Reg 36 (i)
NETSTAR	Vehicle Tracking	Mr M Motlonye	R0006574	22736,00	20250123,00	391,32	450,02	Reg 36 (i)
NJANO INDUSTRIAL SERVICES	Rental: Machinery and Equipment	Mr G Kannemeyer	R0005526	21692,00	20241011,00	212 268,00	244 108,20	Reg 36 (i)
NJANO INDUSTRIAL SERVICES	Rental: Machinery and Equipment	Mr G Kannemeyer	R0005528	21684,00	20240930,00	288 201,00	331 431,15	Reg 36 (i)
NJANO INDUSTRIAL SERVICES	Rental: Machinery and Equipment	Mr Z Koikoi	R0005662	21885,00	20241001,00	415 213,61	477 495,65	Reg 36 (i)
NJANO INDUSTRIAL SERVICES	Rental: Machinery and Equipment	Mr Z Koikoi	R0006228	-	20250213,00	206 650,00	206 650,00	Reg 36 (i)
PAY-DAY SOFTWARE SYSTEMS	PAYE legislative seminar and payroll preparation	Ms.K Gorewang	R0006036	22165,00	20250224,00	7 128,70	8 198,00	Reg 36 (i)
PAY-DAY SOFTWARE SYSTEMS	PAYE legislative seminar and payroll preparation	Ms.K Gorewang	R0005999	22156,00	20250224,00	7 128,70	8 198,00	Reg 36 (i)
PAY-DAY SOFTWARE SYSTEMS	Legislative Serminar and Easyfile and IRPS payroll preperation	Ms G. Gorewang	R0004773	20950,00	20240719,00	6 433,04	7 398,00	Reg 36 (i)
PIENAAR BROTHERS	Uniform and Protective Clothing	Mr K Appie	R0005369	21532,00	20240820,00	122 880,00	141 312,00	Reg 36 (i)
PLANT MAINTENANCE ENGINEERING SERVICES SOUTH AFRICA	Sewer Suction Repair	Mr W Jood	R0005417	21630,00	20240806,00	126 042,21	144 948,54	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

PLANT MAINTENANCE ENGINEERING SERVICES SOUTH AFRICA	Sewer Suction Repair	Mr D Sebuasengwe	R0006474	22597,00	20250512,00	361 350,43	415 552,99	Reg 36 (i)
PROPERTY ONE STOP SHOP	Accommodation	Ms T De Koker	R0005720	21869,00	20241104,00	44 800,00	44 800,00	Reg 36 (i)
PROPERTY ONE STOP SHOP	Accommodation	Ms T De Koker	R0005998	22146,00	20250117,00	22 230,00	22 230,00	Reg 36 (i)
RENEILWE CONSULTING AND PLANNERS	Planning, surveying and registration of stands	Ms T Rapelang	R0004947	21154,00	20240827,00	797 675,00	917 326,25	Reg 36 (i)
RISANNAH BUSINESS ENTERPRISE	Rental of Conference Venue for 3 days to Host 20 Pax, sound system and projector, breakfast and Lunch	Ms T De Koker	R0005696	21881,00	20241104,00	65 000,00	65 000,00	Reg 36 (i)
SAPPHIRE DAWN TRADING 24	Advertising: Corporate and Municipal Activities	Mr K Appie	R0004854	21061,00	20240710,00	1 680,00	1 932,00	Reg 36 (i)
SAPPHIRE DAWN TRADING 24	Advertising: Corporate and Municipal Activities	Mr K Appie	R0005287	21474,00	20241016,00	4 032,00	4 636,80	Reg 36 (i)
SILVER LINING TRADING 100	Maintenance: Sewer Network	Mr W Jood	R0005040	21241,00	20240815,00	324 515,00	373 192,25	Reg 36 (i)
SILVER LINING TRADING 100	Maintenance: Sewer Network	Mr W Jood	R0005038	21242,00	20240815,00	124 815,00	143 537,25	Reg 36 (i)
SMOKEY ELECTRICAL CONSTRUCTION	Rental of Machinery and Equipment	Mr M Estavao	R0005304	21472,00	20240814,00	363 000,00	417 450,00	Reg 36 (i)
SMOKEY ELECTRICAL CONSTRUCTION	Rental of Machinery and Equipment	Mr M Estavao	R0005755	21896,00	20241104,00	363 000,00	417 450,00	Reg 36 (i)
SUPA VOLT TECH	Hiring of TLB by public works and basic Service	Mr D Sebuasengwe	R0006303	22477,00	20250424,00	183 717,50	211 275,12	Reg 36 (i)
SUPA VOLT TECH	Hiring of TLB by public works and basic Service	Mr W Jood	R0006302	22476,00	20250307,00	74 933,27	86 173,26	Reg 36 (i)
SUPA VOLT TECH	TLB Rental	Mr M Estavao	R0006573	22699,00	20250611,00	187 096,25	215 160,69	Reg 36 (i)
SUPA VOLT TECH	TLB Rental	Mr M Estavao	R0006744	-	20250630,00	198 348,50	228 100,78	Reg 36 (i)

57. Deviation from supply chain management regulations (continued)

SUPA VOLT TECH	Bulk Sewerline Repair	Mr D Sebuasengwe	R0006525	22662,00	20250502,00	106 990,00	123 038,50	Reg 36 (i)
UPINGTON ATELJEE	New Website Design	L. Magopa	R0006431	22574,00	20250515,00	37 950,00	43 642,50	Reg 36 (i)
VALIDITY CONCEPTS	Rental: Machinery and Equipment	Mr W Jood	R0005129	21333,00	20240703,00	382 500,00	439 875,00	Reg 36 (i)
VALIDITY CONCEPTS	Rental: Machinery and Equipment	Mr W Jood	R0005527	21679,00	20241107,00	206 000,00	236 900,00	Reg 36 (i)
WORKSHOP ELECTRONICS	VTS Repair	Mr P. Moolman	R0004832	21067,00	20240307,00	23 740,60	27 301,69	Reg 36 (i)
WORKSHOP ELECTRONICS	VTS Repair	Mr L Seetile	R0006250	22363,00	20250114,00	38 340,58	44 091,67	Reg 36 (i)
-	-	-	-	-	-	**9 735 211,80**	**11 072 933,99**	-

Figures in Rand	2025	2024

58. Contingencies

Contingent liabilities incurred relating to interests in other entities

Resilient Properties [1]	500 000	500 000
Imatu obo Muzaza [2]	550 000	550 000
Samwu obo Dorfling [3]	120 000	120 000
Dorfling CH & A [4]	423 500	475 000
Case No: 2667/18 Amadwala Constuction Trading 363 CC [5]	1 650 000	1 100 000
De Almeida [6]	150 000	150 000
Minister of Water and Sanitation [7]	808 389	808 389
Unlawful Occupiers Erf 1424 (Next to Engen) [8]	-	100 000
Unlawful Occupiers Erf 1425 & 1336 (Landfill Site) [9]	-	100 000
Unlawful Occupiers Erf 3036 [10]	-	100 000
Motsemme [11]	725 000	1 150 000
Ntlangani Group of Companies [12]	5 250 000	4 000 000
Sishen Iron Ore Company [13]	-	15 750 000
Engen Petroleum and Others [14]	300 000	300 000
Kathu Reinigings Dienste [15]	-	150 000
Belaz [16]	100 000	150 000
Bertie Smith and Others [17]	-	150 000
Nikalie Mining [18]	-	150 000
Kathu Enginerring and Others [19]	-	150 000
Gabriel Basson and Others [20]	-	150 000
Alliance Fleet [21]	702 009	1 150 000
Shepherd Mines (Gamagara Community Forum) [22]	200 000	-
Diligent Works [23]	100 000	-
	11 578 898	**27 253 389**

[1] Resilient Properties (Pty) Ltd - Urgent application to seek relief seeking a declaratory order and mandamus. The application was opposed and argued in the Gauteng High Court, Johannesburg. In this matter, no financial claims or settlements will be expected against the municipality except for legal costs on defending the matter and possible award cost. The applicant has not prosecuted the matter which entails that the matter has been dormant since 2020. The municipality is of the view that it has a moderate chance to succeed.

[2]Imatu obo Muzaza - Claim for restrospective increase. The matter is a result of appointment of Olifantshoek electricians being appointed on a higher grading/notch. Hence the electricians based in Kathu instituted legal proceedings against the municipality. The municipality's decision to appoint the Olifantshoek electricians on a higher notch was based on the differences in the work and duties performed between the two teams. The matter set down in Cape Town Labour Court. The municipality intended to appoint and/or upgrade the position of Imatu member however the applicant contends that the said offer is less favourable to them. The settlement is not that of a cash offer but that if they agree with the municipality's averment that the work was different, that there is no disparity between the two teams and it is not an equal work for equal pay matter, then that would subseqently finalise the matter. Imatu legal representatives indicated that the municipality need to furnish them with documents such as jobcards to finalise settlements.. The municipality stands a good chance to win the case.

[3] SAMWU obo Dorfling - This a labour court application matter in relation to the averments of demotion of the applicant. The applicant has failed to submit their heads of argument for this case which was brought to court on 27 June 2023. The applicant has not prosecuted the matter which is indication that the plantiff does not have a strong case. The municipality has a good prospect of success on this matter.

[4] Dorfling CH & A - Enrichment claim of R894 000. The matter has been partly completed and ruled in favour of the municipality. Although the outcome of this case is uncertain, it is the view of the attorneys that based on their experience with dealing with similar matters, the municipality has a good chance of success on this matter. The first part of the matter was to force the municipality to sell their property which was rented to the plantiff, which the court dismissed. The enrichment part which relates to property improvements, of a luxurious nature, made by the plantiff unilaterally without informing the municipality is still pending. The plantiff has not prosecuted the matter for more than 4 years which can be an indication that this aspect of the matter has been abandoned.

58. Contingencies (continued)

[5] Claim for services rendered by the plaintiff in the sum of R3 400 000. Matter is defended and exchange of pleadings has closed. The plantiff is claiming for services rendered outside the scope of the agreement and which were not approved by the municipality. The plantiff has not prosecuted the matter after the submission of the municipality's answering affidacit on 17 September 2019. After the considerations of the merits of the case and experience with similar cases, the municipality has good chance of defending the matter.

[6] De Almeida - An application was launched to interdict the Municipality from disconnecting the electricity supply pending the review of the Municipality's decision. The matter is still pending, awaiting date to be heard in court. The municpality has good prospects of success after ascertaining that there was encroahment on the municipality's property.

[7] Minister of Water & Sanitation- The minister has a claim of approximately R2 433 556 in respect of water use charges.The case relates to municipalit's alleged failure to pay for water use charges under National Water Act, as well as for water research levies. This matter is pending litigation and it has been standing still for a substantial time. The parties are busy with the IOF act to exchange documents to determine whether the municipality has any accountability in the matter. The plantiff has not responded to the answering affidavits including the emails and no action has been taken by the plantiff since the submission of the pla in 2020. The municipality stands a good chance to win this matter based on the assessment of the shortcomings of the plantiff's evidence.

[8] Unlawful Occupiers Erf 1424 (Next to Engen) - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The land in question is registered in municipal name and respondents have invaded the land. The municipality launched an application to evict the illegal occupants and the municipality was granted the order in its favour. The matter has been finalised by the attorneys.

58. Contingencies (continued)

[9] Unlawful Occupiers Erf 1425 & 1336 (Landfill Site) - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The landfill site is registered in municipal name and respondents have invaded the land. The municipality launched an application to evict the illegal occupants and an order was granted by the court. The matter has been finalised by the attorneys.

[10] Unlawful Occupiers Erf 3036 - Eviction for unlawful occupation of land, various occupiers invaded land which belongs to the Municiaplity. The respondents have invaded land which is registered in the name of the municipality. The municipality launched an application to evict the illegal occupants and the order was granted by the court. The municipality executed the order and the matter has been finalised by the attorneys.

[11] Motsemme - Claim in the amount ot R1 700 000,00 for damages, past and future medical expenses and past and future loss of earnings due to accident. Motsemme claims damages sue to a tree that fell over in a storm. The matter is pending and after considerations of the merits of the case, municipality has a medium chance of succeed.

[12] Ntlangani Group of Companies - Applicant refer a claim to the Arbitration Foundation of Southern Africa claiming an amount in excess of R14 million relating to the provision of a pre-paid electricity vendor system. The municipality filed a plea raising various points including the fact that the matter is brought in the incorrect jurisdiction. The claim is unfounded and the municipality will also institute a claim against plantiff as the municpality as a strong case backed with calculations. Hence the municipality has a good chance to succeed.

[13] Sishen Iron Ore Company - Claim in the amount of R61 million. The R61 million claim was a billing issue which was being challenged by the plantiff. The municipality subsequently reversed the billing after losing the case. After the reversal Sishen Iron Ore Company continued with the settlement of the subsequent monthly billings. The matter needs to be taken off the roll through engagements by both parties.

[14] Engine Petroleum and Others - Interdict and Review application launched by Applicants to set aside Municipality's decision to issue zoning certificate for erf7319. The matter is set to be heard in court in August 2025. It is the view of the municipality that the action is unfounded as it is the duty and decision of council to approve business licences based on the bylaws and policies. The claim does not create any financial obligation on the municipality except for legal costs to defend the matter and possible award costs. The municipality has a medium chance to succeed.

[15] Kathu Reinigings Dienste-Eviction and Demolition application launched by Municipality against Respondent,for unlawful extension of property onto Municipal owned land in industrial area. The matter is pending. The municipality stands a good chance to succeed, as the land in question belongs to the municipality. The matter is not expected to create any financial obligations on the municipality except the legal cost and possible award costs

[16] Belaz-Eviction and Demolition appplication launched by Municipality against Respondent,for unlawful extension of property onto Municipal owned land in industrial area.

17] Bertie Smith and Others - Eviction and Demolition appplication was launched by Municipality against Respondent, for unlawful extension of property onto Municipal owned land in industrial area. The matter was however finalised by the attorneys in the current financial year.

[18] Nikalie Mining-Eviction and Demolition appplication launched by Municipality against Respondent, for unlawfull extension of property onto Municipal owned land in industrial area. The matter was however finalised by the attorneys in the current financial year.

[19] Kathu Engineering and Others - Eviction and Demolition Application launched by Municipality against Respondent,for unlawful extension of property onto Municipal owned land in industrial area. The matter was however finalised by the attorneys in the current financial year.

[20] Gabriel Basson and Others - Eviction and Demolition Application launched by Municipality against Respondent, for unlawful extension of property onto Municipal owned land in industrial area. The matter was finalised by the attorneys in the current financial year.

58. Contingencies (continued)

[21] Alliance Fleet-Plaintif has a claim for an amount of R1.8m regarding fleet. The municipality filed its plea, and the parties are busy with discover stage of the proceedings. After considering the merits of the case, the municipality has a medium chance of success.

[22] Shepherd Mines has launched two applications where he seeks an interdict to declare a vacancy of a Councilor's position. The municipality's attorneys are of the view that the Applicant has no prospects of success with his matters as they rely on an unsigned membership form to terminate the Councilors membership to the Gamagara Community Forum party. They have however with the unsigned membership form handed in a candidate list where she was chosen as a candidate for a Councilor position at the Municipality.

[23] Diligent Works issued an urgent application to force the department to engage in arbitration proceedings. Diligent Works was appointed by the Department of whereof the Municipality is the beneficiary, to build 142 BNG houses for the resetlement of the Dingleton community to Siyathemba. The urgent application was dismissed due to a lack of urgency. The matter is however still pending but we cannot see that they will prosecute the matter.

Figures in Rand	2025	2024

59. Accounting by principals and agents

Entity as agent

Revenue received for agency activities

Agency Service - third party	432 082	546 906

Reconciliation of movement of funds between principal and agent

2025	Total principal-agency arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
Department of Transport	3 727 590	-	-	432 082

2024	Total principal-agency arrangements funds transferred	Expenditure incurred against funds	Resources (assets and liabilities) under custodianship of agent	Fees paid to agent
Department of Transport	4 649 186	-	-	546 906

The municipality is a party to a principal-agent arrangement. Judgement is applied in assessing whether the municipality is the principal or agent. The agreement requires the municipality to perform all the registering and testing function on behalf of the Northern Cape Department of Transport which consist of motor vehicle registration and licensing, driving license test center functions and vehicle test station functions. The municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department. The total agency compensation received is reflected as agency services revenue on the face of the statement of financial performance. There has not been any significant changes to the arrangement during the current financial year

There was no remittance of any resources during the period as the municipality does not have custodianship of resources held on behalf of the Department of Transportt

There are no risks that are transferred from the Department of Transport to the Municipality as the municipality does not have custodianship over the resources held on behalf of the principal (Department of Transport).

There are no liabilities incurred on behalf of the Department of Transport that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets

Carrying value of resources held on behalf of the Principal

Cash and cash equivalents held on behalf of the Department of transport and Prodiba	24 098 077	28 589 841

Entity as principal

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

Opening balance Cash held by Agent (Ntlangani)	69 698 197	62 441 648
Interest charged on the outstanding balance	9 178 128	7 256 549
	78 876 325	**69 698 197**

Fee paid

Figures in Rand	2025	2024

59. Accounting by principals and agents (continued)

The municipality was a party to a principal-agent arrangement. Judgement was applied in assessing whether the municipality is the principal or agent. The Municipality was a principal to an agreement with Ntlangani Group of Companies (Pty) Ltd (NGC) to sell prepaid water and electricity to customers on behalf of the municipality. NGC ensured that sale proceeds are deposited to the Municipality's nominated bank account not later than 24 hour, and in the event that the next day was a weekend or public holiday, the deposit should was processed on the next business day. The total commission paid was reflected as commission paid-prepaid water and electricity in the face of the statement of financial performance. The arrangement with NGC came to an end on the 30th of June 2023 and new service provider was appointed in the current financial year.

Risks to the municipality if the principal-agent arrangement is terminated

There is a risk transferred to the municipality in this arrangement as Ntlangani has custody of the municipality' s funds after collecting. In the event that the service is terminated, there is a risk of failure to collect the cash held by Ntlangani, if Ntlangani does not promptly pay this cash held after termination.

Entity as principal

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

Cash received by Agent	106 564 718	139 025 395
Cash Paid by Agent	(96 388 438)	(122 447 289)
Invoices set-off (Fees paid)	(10 176 280)	(16 578 106)
	-	-

Fee paid

Commission paid as compensation to the agent	9 903 428	13 341 050
Once-off system setup and implementation	-	2 511 770
TID Rollover charges	272 852	725 285

The municipality was a party to a principal-agent arrangement. Judgement was applied in assessing whether the municipality was the principal or agent. The Municipality was a principal to an agreement with Spectrum Utility Management (Pty) Ltd (SUM) to sell prepaid water and electricity to customers on behalf of the municipality. The arrangement commenced on the 1st of July 2023 and remained in force for 18 months until 31 December 2024. The contract was further extended by two months pending the conclusion of the selection and appointment process of a new service provider. SUM and the municipality reconciled twice a week between fees and amounts collected on behalf of the municipality. The net payable amount, to the municipality, was deposited to the municipality's nominated bank account on a Tuesday of every week reconciled at 24h00 on the Monday and on a Friday every week reconciled at 24h00 on the Thursday. In the event that the next day is a weekend or public holiday, the deposit was processed on the next business day. The total commission paid was reflected as commission paid-prepaid water and electricity in the face of the statement of financial performance. The contract was effectively terminated on the 28th of February 2025.

Risks to the municipality if the principal-agent arrangement is terminated

The arrangement, from the beginning of January 2025, operated on a month-to-month basis until the municipality terminated the service effectively on the 28th of February 2025. All the termination steps were followed in concluding the termination process that ensured that all the monies collected were handed over to the municipality and all the outstanding invoices were settled and the reconciliations finalised.

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

Cash received by Agent	46 668 635	-
Cash Paid by Agent	(38 196 410)	-
Invoices set-off (Fees paid)	(8 472 225)	-
	-	-

Fee paid

59. Accounting by principals and agents (continued)

	2025	2024
Commission paid as compensation to the agent	3 384 625	-
Once-off system setup and implementation	2 990 000	-
Management/Hosting fee	368 000	-
Customer Support	1 729 600	-

The municipality upon assessment has concluded that the municipality is a principal to a principal-agent arrangement with Equalizer Group 74 (Pty) Ltd (Equalizer) to sell prepaid water and electricity to customers on behalf of the municipality. The arrangement commenced on the 1st of February 2025 and shall remain in force for 36 months. Equalizer and the municipality reconcile twice a week between fees and amounts collected on behalf of the municipality. The net payable amount, to the municipality, is deposited to the municipality's nominated bank account on a Tuesday of every week reconciled at 24h00 on the Monday and on a Friday every week reconciled at 24h00 on the Thursday. In the event that the next day is a weekend or public holiday, the deposit was processed on the next business day. The total commission paid is reflected as commission paid-prepaid water and electricity in the face of the statement of financial performance.There has not been any significant changes to the arrangement during the current financial year.

Risks to the municipality if the principal-agent arrangement is terminated

There is a risk transferred to the municipality in this arrangement as Equalizer has custody of the municipality' s funds after collecting. In the event that the service is terminated, there is a risk of failure to collect the cash held by Equalizer, if Equalizer does not promptly pay this cash held after termination.

60. Cash generated from operations

	2025	2024
(Deficit) surplus	(112 278 379)	10 985 292
Adjustments for:		
Depreciation and amortisation	54 818 253	54 276 957
Gain on sale of assets and liabilities	21 727 345	896 846
Fair value adjustments	(8 695 011)	(4 289 494)
Impairment deficit	17 213 005	9 085 918
Debt impairment	18 979 358	18 642 465
Bad debts written off	29 016 051	12 795 339
Movements in retirement benefit assets and liabilities	11 194 000	7 225 000
Movements in provisions	11 999 616	13 683 884
Movement in other financial liabilities	4 108 897	-
Other non-cash items		
Change in provision obligation	(3 126 760)	(5 539 553)
Donated assets	(75 796 742)	(38 135 696)
Revenue in kind	-	(99 098 934)
Receivables	(22 029)	(5 051 374)
Changes in working capital:		
Inventories	(523 947)	(1 054 066)
Other trade receivables from exchange transactions	(4 906 959)	(26 472 647)
Consumer debtors	(84 763 148)	(46 843 950)
Receivables from non-exchange - Availability charges	(13 329 567)	(40 197 850)
Payables from exchange transactions	140 084 720	(169 269 227)
VAT	53 863 174	(26 737 709)
Payables from non-exchange transactions	15 747 224	347 503 725
Unspent conditional grants and receipts	(11 821 532)	10 364 661
Consumer deposits	690 221	768 600
	64 177 790	**23 538 187**

61. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

61. Financial instruments disclosure (continued)

	At amortised cost	Total
Other trade receivables from exchange transactions	4 205 985	4 205 985
Receivables from non-exchange transactions	133 531 023	133 531 023
Receivables from exchange transactions	333 390 555	333 390 555
Cash and cash equivalents	13 939 400	13 939 400
Other trade receivables from non-exchange transactions	215 203	215 203
Other trade receivables from exchange transactions	16 349 465	16 349 465
Other trade receivables from non-exchange transactions	1 960 023	1 960 023
	503 591 654	**503 591 654**

Financial liabilities

	At amortised cost	At cost	Total
Other financial liabilities	7 510 042	-	7 510 042
Payables from exchange transactions	488 482 426	-	488 482 426
Payables from non-echange	-	47 424 894	47 424 894
Eskom Debt	358 409 545	-	358 409 545
Consumer deposits	-	8 985 231	8 985 231
	854 402 013	**56 410 125**	**910 812 138**

The municipality has a repayment agreement that contains an element of concessionary loan (Eskom Debt) that emanates from the approval of the municipality application to benefit from the National Treasury's Municipal Debt Relief Programe. This programme has terms and conditions, stipulated on MFMA Circular 124, that the municipality must abide to and they are as follows:

1. The municipality should demontrates to the National Treasuty that it met all the conditions for a consecutive period of 12 months, Mational Treasury will request Eskom to write off a municipality's arrear debt.

2. The municipality must maintain the Eskom bulk current account. Supporting documents of the payment must be submitted to National Treasury and Eskom.

The municipality must table and adopt a funded Medium Term Revenue and Expenditure Framework (MTREF) aligning to the National Treasury's Budget Funding Guidelines. If MTREF is not funded, the municipality must table and adopt a credible Budget Funding Plan as part of the MTREF budget (MFMA Budget Circular 122)

3. The municipality must include its completed tariff tool as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF.

61. Financial instruments disclosure (continued)

4. The municipality should demonstrae, through its by-laws and budget related policies that the municipality is enforcing its credit control and debt collection policy in order to achieve a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2024 during any quarter and 85 per cent average quarterly collection with effect fro 01 April 2024 during any quarter..

5. The municipality must demonstrate by completing the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll and/or any subsequent supplementary GVR and demonstrate the steps taken to correct the variances identified.

6. The municipal council and senior management team must closely monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant.

7. The municipality should be monitored in terms of these conditions by the provincial treasury and be issued with compliance certificate

8. The municipality is not allowed to borrow for a period of 3 consecutive municipal years from the date of initial benefit in terms of the municipal debt support programme.

9. Municpality to ensure proper management of resources. The municipality must monthly first apply the revenue in the sub-account to pay its current Eskom account and then secondly its bulk water current account before it may apply the revenue in the sub-account for any other purpose

10. The municipality must fully account for and correctly report on the write-off of its Eskom arrear debt as per the written instruction of the National Treasury.

In case, the municipality default or fail to meet set conditions, the benefits will immediately cease. This entails Eskom will be obliged to implement its credit control and debt management policy on the defaulting municipality and the municipality must immediately start repaying its Eskom arrears, interest and penalties. Eskom, in addition, may resume legal proceedings against the municipality, including attaching the municipal bank account.

2024

Financial assets

	At amortised cost	Total
Other trade receivables from exchange transactions	3 454 834	3 454 834
Receivables from non-exchange transactions	131 949 209	131 949 209
Receivables from exchange transactions	296 622 815	296 622 815
Cash and cash equivalents	14 310 211	14 310 211
Other trade receivables from non-exchange transactions	662 370	662 370
Other trade receivables from exchange transactions	5 606 193	5 606 193
Other trade receivables from non-exchange transactions	2 467 978	2 467 978
	455 073 610	**455 073 610**

Financial liabilities

	At amortised cost	At cost	Total
Other financial liabilities	7 510 043	-	7 510 043
Payables from exchange transactions	346 822 951	-	346 822 951
Eskom Debt	339 538 211	-	339 538 211

Figures in Rand		2025	2024
61. Financial instruments disclosure (continued)			
Payables from non-exchange	-	50 549 003	50 549 003
Consumer deposits	-	8 295 011	8 295 011
	693 871 205	**58 844 014**	**752 715 219**

62. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Infrastructure	42 446 034	8 685 371
• Correction of prior period error	-	20 644 845
	42 446 034	**29 330 216**
Total capital commitments		
Already contracted for but not provided for	42 446 034	29 330 216

Authorised operational expenditure

Total commitments

	2025	2024
Total commitments		
Authorised capital expenditure	42 446 034	29 330 216

This committed expenditure relates to infrastructre projects and some are grant funded.

The commitments are exclusive of VAT.

Correction of prior period error

The Construction of Sewer Network for 797 Stands in Dibeng, Phase 4 project was previously not included in the prior year commitment balance due to the extension letter for the contractor not being signed by the Municipal Manager.

Figures in Rand	2025	2024

63. Risk management

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

At 30 June 2025	Less than 1 year	Greater than 1 year
Payables from exchange transactions	488 482 426	-
Payables from non-exchange transactions	47 424 894	-
Other financial liabilities	7 510 042	-
Consumer deposits	8 985 231	-
Employee benefit obligation	3 396 000	71 113 000

At 30 June 2024	Less than 1 year	Greater than 1 year
Payables from exchange transactions	346 822 951	-
Payables from non-exchange transactions	50 549 003	-
Other financial liabilities	7 510 043	-
Consumer deposits	8 295 010	-
Employee benefit obligation	3 517 000	59 798 000
Unspent conditional grants	11 821 532	-

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 evaluates credit risk relating to these 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 group of customers, taking into account their financial position, past experience and other factors

Credit risk arises from cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2025	2024
Receivables from exchange	415 878 273	368 005 708
Impairment on receivables from exchange transactions	(82 487 718)	(71 382 893)
Receivables from non-exchange transactions	166 389 936	161 751 301
Impairment on receivables from non-exchange transactions	(33 164 894)	(29 950 245)
Cash and cash equivalents	13 939 400	14 310 211

Market risk

63. 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 and alternative financing. Based on these scenarios, the municipalty 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.

The municipality does not have any financial assets and financial liabilities on a variable interest rate and therefore there is currently no exposure to the interest rate risk.

64. 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 standarised 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 isused 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 and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	Goods and/or services
Energy sources	This segment consists of all services for energy supply to the community
Environmental protection	This segment consists of environmental services such as planning & development, environmental protectin and roads & storm water
Executive and council	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
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
Sport and recreation	Provision of advancement of participation in sport and recreation, Fast-tracking the revival ofsport, Talent identification and optimization of talent, Empowerment programmes
Waste water management	This segment consists of services for the management of waste water in the municipal area.
Waste management	This segment consists of services for the management of refuse in the municipal area.
Water management	This segment consists of services for the management of water, refuse in the municipal area.

64. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste management	Water management	Total
Revenue												
Revenue from non-exchange transactions												
Property rates	-	-	-	-	160 338 969	-	-	-	-	-	-	160 338 969
Government grants and subsidies	1 098 000	4 825 000	-	66 070 326	2 420 652	-	1 217 000	-	-	-	23 236 207	98 867 186
Licences and permits	-	-	27 396	-	-	-	1 656 003	-	-	-	-	1 683 399
Interest received from non-exchange transactions	-	-	-	-	22 396 456	-	-	-	-	-	-	22 396 456
Public contributions and donations	-	-	-	-	(0)	-	75 796 742	-	-	-	-	75 796 742
Fines, penalties and forfeits	914	275 425	-	-	-	374 798	1 225 351	-	-	-	-	1 876 488
Availability charges	-	15 904 016	-	-	-	-	-	-	13 123 112	-	13 956 711	42 983 838
Revenue from exchange transactions												
Rendering of services	-	223 980 299	753	-	-	-	-	-	29 589 495	38 601 255	39 848 066	332 019 868
Rental of facilities and equipment	-	-	-	1 064 029	1 464 039	-	-	-	-	-	-	2 528 068
Interest received	-	16 293 432	-	-	54 408	1 045 196	-	-	5 254 124	11 009 237	7 264 740	40 921 136
Agency fees	-	-	-	-	-	-	432 082	-	-	-	-	432 082
Interest received - investment	-	-	-	-	500 498	-	-	-	-	-	-	500 498
Other income	64 749	1 663 061	-	-	739 435	3 033 441	-	-	78 820	-	459 383	6 038 889
Total segment revenue	**1 163 663**	**262 941 233**	**28 148**	**67 134 355**	**187 914 457**	**4 453 434**	**80 327 178**	**-**	**48 045 550**	**49 610 492**	**84 765 107**	**786 383 619**

Notes to the Annual Financial Statements

Figures in Rand

64. Segment information (continued)

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste management	Water management	Total
Expenditure												
Employee costs	(20 180 639)	(15 565 276)	-	(13 483 054)	(77 494 766)	(21 147 254)	(20 419 296)	(31 609 962)	(16 982 471)	(14 910 431)	(1 227 726)	233 020 875)
Remuneration of councillors	-	-	-	(6 981 485)	-	-	-	-	-	-	-	(6 981 485)
Depreciation, amortisation and impairment	(374 064)	(8 053 445)	-	-	(24 930 416)	-	(8 981 503)	(4 306 722)	(8 491 253)	(4 880 577)	(12 013 278)	(72 031 259)
Finance costs	-	(56 411 499)	-	-	(7 850 494)	-	-	-	-	(8 872 856)	-	(73 134 849)
Bulk purchases	-	197 949 416)	-	-	-	-	-	-	-	-	-	197 949 416)
Repairs and maintenance	-	(3 995 869)	-	-	(2 248 114)	-	(63 933)	(33 769)	(6 596 365)	-	(9 509 313)	(22 447 364)
Bad debts written off	-	(83 539)	-	-	(13 810 371)	-	-	-	(1 303 584)	(5 495 623)	(8 322 934)	(29 016 051)
General expenses	(39 828 101)	(2 110 349)	-	(12 280 092)	101 386 400)	(2 476 335)	(1 174 275)	(383 794)	(779 230)	(89 344)	(30 875 128)	191 383 049)
Lease rentals on operating lease	-	-	-	-	(3 990 998)	-	-	-	-	-	-	(3 990 998)
Interest discount	-	-	-	-	(3 559 322)	-	-	-	-	-	-	(3 559 322)
Loss on disposal of assets and liabilities	-	-	-	-	(21 727 345)	-	-	-	-	-	-	(21 727 345)
Fair value adjustments	-	-	-	-	8 695 011	-	-	-	-	-	-	8 695 011
Actuarial gains/losses	-	-	-	-	(1 697 931)	-	-	-	-	-	-	(1 697 931)
Debt impairment	-	(9 253 359)	-	-	(4 250 550)	-	-	-	-	(3 307 155)	(2 168 294)	(18 979 358)
Water inventory consumed	-	-	-	-	-	-	-	-	-	-	(5 301 762)	(5 301 762)
Inventory losses/write down	-	-	-	-	-	-	-	-	-	-	(24 126 068)	(24 126 068)
Total segment expenditure	**(60 382 804)**	**293 422 752)**	**-**	**(32 744 631)**	**254 251 696)**	**(23 623 589)**	**(30 639 008)**	**(36 334 247)**	**(34 152 903)**	**(37 555 987)**	**(93 544 504)**	**896 652 121)**
Surplus for the year	**(59 219 141)**	**(46 073 313)**	**28 148**	**34 389 724**	**(66 337 238)**	**(19 170 155)**	**49 688 170**	**(36 334 247)**	**13 892 647**	**12 054 506**	**(8 779 397)**	**125 860 296)**

64. Segment information (continued)

2024

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sport and recreation	Waste water management	Waste managment	Water management	Water management	Total
Revenue													
Revenue from non-exchange transations													
Property rates	-	-	-	-	153 083 679	-	-	-	-	-	-		153 083 679
Government grants and subsidies	1 043 000	-	-	61 684 000	2 276 636	-	950 000	-	-	-	12 955 467		78 909 103
Licences and permits	-	-	4 841	-	-	-	1 702 775	-	-	-	-		1 707 616
Interest received from non-exchange transactions	-	-	-	-	14 610 866	-	-	-	-	-	-		14 610 866
Public contributions and donations	-	-	-	-	121 269 934	-	15 964 696	-	-	-	-		137 234 630
Fines, penalties and forfeits	1 210	193 938	-	-	-	236 490	942 700	-	-	-	10 000		1 384 338
Availability charges	-	15 158 825	-	-	-	-	-	-	6 941 029	-	11 130 108		33 229 962
Revenue from exchange transactions													
Rendering of services	-	200 983 271	-	-	-	-	-	-	31 239 437	41 896 357	42 214 851		316 333 915
Rental of facilities and equipment	-	-	-	1 053 344	1 011 902	-	-	-	-	-	-		2 065 246
Interest received	-	19 903 318	-	-	(753 819)	180 449	-	-	4 635 238	9 812 084	7 181 455		40 958 725
Agency fees	-	-	-	-	-	-	546 906	-	-	-	-		546 906
Interest received - investment	-	-	-	-	603 611	-	-	-	-	-	-		603 611
Other income	57 524	623 064	-	-	502 059	2 435 536	25 400	-	40 106	-	773 016		4 456 706
Discount received	-	-	-	2 234 314	-	-	-	-	-	-	-		2 234 314
Total segment revenue	**1 101 734**	**236 862 416**	**4 841**	**64 971 659**	**292 604 870**	**2 852 475**	**20 132 477**	**-**	**42 855 810**	**51 708 441**	**74 264 897**		**787 359 617**

64. Segment information (continued)

	Community and social services	Energy sources	Environmental protection	Executive and council	Finance and administration	Planning and development	Road transport	Sports and recreation	Waste water management	Waste management	Water management	Total
Expenditure												
Employee costs	(19 245 841)	(13 920 112)	-	(11 951 728)	(74 474 840)	(19 259 331)	(18 497 215)	(29 991 378)	(13 079 096)	(15 379 149)	(1 283 233)	217 081 921)
Remuneration of councillors	-	-	-	(7 038 958)	-	-	-	-	-	-	-	(7 038 958)
Depreciation, amortisation and impairment	85 315	(9 062 068)	-	-	(17 278 053)	-	(8 217 620)	(4 806 220)	(8 724 672)	(4 477 369)	(10 882 187)	(63 362 874)
Finance costs	-	(56 265 800)	-	-	(7 054 675)	-	-	-	-	(8 144 330)	-	(71 464 806)
Bulk purchases	-	173 543 308)	-	-	-	-	-	-	-	-	-	173 543 308)
Repairs and maintenance	-	(3 152 523)	-	-	(2 145 907)	-	(64 001)	(55 928)	(4 001 360)	-	(4 045 158)	(13 464 877)
Bad debts written off	-	(109 401)	-	-	(6 191 306)	-	-	-	(1 710 114)	(2 607 475)	(2 177 043)	(12 795 339)
General expenses	(32 705 548)	(913 249)	-	(8 166 660)	(95 607 826)	(619 217)	(1 361 791)	(354 789)	(473 815)	(44 709)	(28 427 262)	168 674 864)
Lease rentals on operating lease	-	-	-	-	(3 990 998)	-	-	-	-	-	-	(3 990 998)
Loss on disposalof assets and liabilities	-	-	-	-	(896 846)	-	-	-	-	-	-	(896 846)
Fair value adjustments	-	-	-	-	4 289 494	-	-	-	-	-	-	4 289 494
Actuarial gains/losses	-	-	-	-	143 668	-	-	-	-	-	-	143 668
Debt impairment	-	(9 991 643)	-	-	(6 150 731)	-	-	-	-	(1 748 483)	(751 608)	(18 642 465)
Interest discount	-	-	-	-	(3 993 162)	-	-	-	-	-	-	(3 993 162)
Water inventory consumed	-	-	-	-	-	-	-	-	-	-	(2 359 794)	(2 359 794)
Inventory losses/write down	-	-	-	-	-	-	-	-	-	-	(27 447 667)	(27 447 667)
Total segment expenditure	**(51 866 074)**	**266 958 106)**	**-**	**(27 157 346)**	**213 351 181)**	**(19 878 548)**	**(28 140 627)**	**(35 208 314)**	**(27 989 056)**	**(32 401 514)**	**(77 373 951)**	**780 324 717)**
(Deficit)/Surplus for the year	**(50 764 339)**	**(30 095 690)**	**4 841**	**37 814 312**	**79 253 689**	**(17 026 073)**	**(8 008 150)**	**(35 208 314)**	**14 866 754**	**19 306 928**	**(3 109 055)**	**7 034 904**

Measurement of segment surplus or deficit, assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for

64. Segment information (continued)

decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed

The nature and effect of any asymmetrical allocations to reportable segments

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes to the structure of its internal organisation in a manner that caused thecomposition of its reportable segments to change from the prior year.

Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e.wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area

Figures in Rand	2025	2024

65. Events after the reporting date

The municipality has identified material non-adjusting events listed below:

1. **35% reduction in the property rates tariff**

After year-end, on the 28 Augus 2025, Council approved a 35% reduction in the property rates tariff applicable to the 2025/26 financial year. This decision does not relate to conditions existing at the reporting date and has therefore not resulted to the financial statements for the year ended 30 June 2025. The reduction is expected to have a significant impact on the municipality's future property rates revenue, coupled with a significant increase in the valuation roll rand value. The financial effect of the reduction can be reliably estimated to the amount of R16 672 688.

2. **Approval to acquire land for the development of cemetries in Olifantshoek and Dibeng**

On the 28th of Agust 2025, council approved the acquisition of land for the development of cemetries in Olifantshoek and Deben. This approval occured after the reporting date and does not relate to conditions that existed as at 30 June 2025. Accordingly, no adjustments have been made to these financial statements. The transaction is expected to have a material impact on future capital expenditure. The financial effect cannot be reliably estimated at the date of authorisation for issue however council has budgeted for a initial capital outlay of R1 580 000 for environmental assessment, rezoning, cleaning, fencing and onsite ablution.

3. **Transfer to land parcels in Olifantshoek and Kathu to the Northern Cape Provincial Government for Health and Educational facilities purposes.**

On the 28th of August 2025, Councili resolved to transfer identified land parcels in Olifantshoek and Kathu, currently registered in the name of Gamagara Local Municipality, to Northern Cape Provincial Government (Department of Roads and Public Works), for the purpose of regularising health and educational facility ownership, subject to the following conditions:

That the transfer shall be at no cost to the Municipality, all incidental costs, including but not limited to conveyancing, surveying, and registration fees, shall be borne by the Department of Roads and Public Works;

That the Department of Roads and Public Works shall be responsible for rezoning the affected land parcels to the appropriate land use category where applicable.

That, as a gesture of reciprocal support, the Department of Roads and Public Works shall sign a Power of Attorney authorising the Municipality to initiate the acquisition of Erven 231 and 232 in Olifantshoek, which were previously donated by the Department to the Municipality but remain untransferred.

The transfer of the land parcels to Department of Roads and Public Works will have a financial impact R161 000 to the carrying amount of Land.

66. Eskom Long-term debt

This relates to change of the Eskom debt to a repayment arrangement due to the Municpal Debt Relief programme by the National Treasury.

	2025	2024
Eskom debt - Non-current portion	358 409 545	237 090 970
	358 409 545	**237 090 970**
Eskom debt - Current portion	-	102 447 241
	-	**102 447 241**

67. Licences and permits (non-exchange)

	2025	2024
Licences and Permits (Non-exchange)	1 683 399	1 707 616

68. Interest discount allowed

	2025	2024
Interest discount		
Cash discount	3 559 322	3 993 162

68. Interest discount allowed (continued)

The municipality give customers a cash discount on full settlement of the outstanding debt. The municipality started in July 2022 to allow these discounts.

69. Change in estimate

Property, plant and equipment

Remaining Useful Life Adjustment

During the review of the remaining useful lives (RUL) of assets, 1 570 assets were identified for adjustment. These assets were identifies at the beginning of the reporting period and are either in use with zero RUL or are expected to depreciate to zero within the next 24 months.

The assets meeting this criterion were adjusted to reflect their condition rating as of year-end.

Adjusting the RUL of an asset is considered a subsequent measurement (as it constitutes a change in estimate). In accordance with GRAP 3, paragraph 38-40, a change in accounting estimate may affect only the current period's surplus or deficit or the surplus or deficit of both the current period and future periods.

The table below illustates the depreciation effect per asset class resulting from the adjustments conducted for the 2024/25 financial year.

Asset Class	Asset Count	Depreciation 23/24 (Before Adjustment)	Current year Depreciation and future prospected depreciation based on revised remaining useful life
Infrastructure Assets	519,00	-660 896,00	-158 788,00
Land and Buildings	45,00	-111 087,00	-27 038,00
Other Assets	1006,00	-1 244 355,00	-425 244,00
Grand Total	**1570,00**	**-2 016 338,00**	**-611 070,00**