CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2024/25

NELSON MANDELA BAY MUNICIPALITY
30 JUNE 2025

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General Information

General information		Details
Country of incorporation and domicile	:	South Africa
Legal form of entity	:	It is a Metropolitan Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	:	Local Government The principal activities are: - To provide democratic and accountable government for the local communities; - To ensure sustainable service delivery to communities; - To promote social and economic development; - To promote a safe and healthy environment; and - To encourage the involvement of communities and community organisations in the matters of local government.
Area of Jurisdiction	:	Nelson Mandela Bay
Legislation governing the municipality's operations	:	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Executive/ Mayoral committee		
Portfolio:		**Councillor Name as at 30 June 2025**
Executive Mayor	:	Cllr B Lobishe
Deputy Executive Mayor	:	Cllr G Van Niekerk
Speaker	:	Cllr E Johnson
Chief Whip	:	Cllr W Jikeka
MMC Infrastructure and Engineering	:	Cllr B Mafaya
MMC Roads and Transport	:	Cllr Y Pali-Jongilanga
MMC Human Settlements	:	Cllr T Mafana
MMC Safety and Security	:	Cllr L Lawu
MMC Electricity and Energy	:	Cllr Z Mnqokoyi
MMC Budget and Treasury	:	Cllr K Ngqisha
MMC Public Health	:	Cllr T Buyeye
MMC Sports, Recreation, Arts and Culture	:	Cllr S Kwatsha
MMC Economic Development, Tourism and Agriculture	:	Cllr B Kamana
MMC Corporate Services	:	Cllr M Jack
MSA Section 79 Committees		
Chairperson (Rules and Ethics Committee)	:	Cllr N Wala
Chairperson (Municipal Public Accounts Committee)	:	Cllr L Namette
Executive Management		
Position		**Name as at 30 June 2025**
City Manager (CM)	:	Mr DM Pillay (Acting)
Chief Financial Officer (CFO)	:	Mr J Ngcelwane
Chief Operating Officer (COO)	:	Mr L Ngoqo (Acting)
Chief of Staff	:	Mr M Lumka
Metro Police Chief	:	Mr A Moses (Acting)
Executive Directors:		
Corporate Services	:	Ms N Xhego
Economic Development, Tourism and Agriculture	:	Mr W Makwabe (Acting)
Sport, Recreation, Arts and Culture	:	Ms V Gwintsa (Acting)
Public Health	:	Ms A Dyakala (Acting)
Human Settlements	:	Mr T Mfeya
Electricity and Energy	:	Mr T Biyela (Acting)
Infrastructure and Engineering	:	Mr B Martin (Acting)
Safety and Security	:	Mr S Sibiya (Acting)
Members of the Audit Committee		
Chairperson	:	M Wait
Members	:	R Shaw
	:	S Nyenyiso
	:	Y Rini
	:	S Zamisa
Grading of local authority	:	Grade 8
Demarcation Code	:	NMA

General information (continued)

Council Members

Nr.	Surname	Initials	Nr.	Surname	Initials	Nr.	Surname	Initials
1	Adams	TP	41	Lovemore	AT	81	Notshe	XL
2	Basson	RD	42	Ludwabe	LR	82	Nqakula	NE
3	Bell	AH	43	Mabuda	M	83	Nyati	XN
4	Best	JS	44	Mabuda	SM	84	Pali	YM
5	Blaauw	TFM	45	Mafana	TB	85	Pegram	BS
6	Boggenpoel	VN	46	Mafaya	BN	86	Peter	L
7	Booysen	LA	47	Mafumana	NA	87	Phezisa	N
8	Breakfast	MS	48	Majola	MJ	88	Qupe	MB
9	Buyeye	TCS	49	Makwenkwe	N	89	Qwazi	N
10	De Andre	MJ	50	Makunga	ML	90	Rafani	S
11	Dlova-Namupluma	NA	51	Makwetu	LN	91	Ranyele	IF
12	Doda	PT	52	Mani	BG	92	Rautenbach	G
13	Engelbrecht	GJS	53	Mani	K	93	Senekal	W
14	Faldtman	GJS	54	Maqula	GD	94	Sidina	MB
15	Faltain	T	55	Maswana	NI	95	Sijadu	S
16	Fillis	S	56	Matenjwa	B	96	Sikawuti	N
17	Gelderbloem	GH	57	Mbambo	NM	97	Stander	T
18	Grobbelaar	J	58	Meyer	R	98	Steyn	MG
19	Grootboom	LP	59	Mfana	L	99	Swanepoel	EF
20	Harrington	WB	60	Miggels	GG	100	Tappan	SB
21	Hayselden	DA	61	Minyayo	L	101	Terblanche	PW
22	Hendricks	AC	62	Mitchell	JM	102	Troon	L
23	Hermaans	P	63	Mlangazi	SN	103	Tsotso	ZP
24	Higgins	NR	64	Mleve	S	104	Tukani	S
25	Jack	MJ	65	Mnqokoyi	ZP	105	Van de Linde	FA
26	Jakuja	MR	66	Mnyandu	LB	106	Van der Westhuyzen	A
27	James	PL	67	Momo	MP	107	Van Niekerk	GS
28	Jikeka	W	68	Monks	DJS	108	Van Wyk	IL
29	Johnson	E	69	Moodley	G	109	Vani	PB
30	Jonas	GF	70	Moodley	NR	110	Vencencie	RC
31	Kalani	Z	71	Mosi	TS	111	Vinqi	XM
32	Kamana	MB	72	Mpehlo	K	112	Von Buchenroder	MR
33	Kayser	RC	73	Namette	L	113	Wala	N
34	Kepe	OH	74	Ndamse	L	114	Wolf	BF
35	Koko	NN	75	Ngabase	MM	115	Yanie	C
36	Kwatsha	S	76	Ngqisha	K	116	Zinto	MM
37	Lawu	LN	77	Ngwane	L	117		
38	Lobishe	B	78	Ngxenge	RK	118		
39	Longbooi	LZ	79	Nkosi	MM	119		
40	Lötter	JM	80	Nomnqa	B	120		

Registered office

1st Floor City Hall
Govan Mbeki Avenue
Gqeberha
6001

Business address :

1st Floor City Hall
Govan Mbeki Avenue
Gqeberha
6001

General information (continued)

Postal address	:	P O Box 116 Gqeberha 6000
Telephone Number	:	041-506 3208/9
E-mail address		cm@mandelametro.gov.za
Municipal Website		https://www.nelsonmandelabay.gov.za/
Bankers	:	ABSA
Auditors	:	Auditor-General of South Africa (AGSA)
Physical Address of Auditors	:	14 St Helena Road Beacon Bay East London 5201
Postal Address of Auditors	:	P O Box 13252 East London 5217
Preparer	:	Chief Financial Officer

Abbreviations

ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DSACR	Department of Sport, Arts, Culture and Recreation
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Services Sector Education and Training Authority
MBDA	Mandela Bay Development Agency
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSIG	Municipal System Improvement grant
*m*SCOA	Municipal Standard Chart of Accounts
NMBS	Nelson Mandela Bay Stadium
NMBM	Nelson Mandela Bay Municipality
SALGA	South African Local Government Association
COGTA	Cooperative Governance and Traditional Affairs
SAPS	South African Police Services
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal System Act
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture

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 consolidated annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the consolidated 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 consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The consolidated annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board

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

I, as the Accounting Officer, acknowledge that I am 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 me to meet these responsibilities, I have set 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.

I am 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I have reviewed the economic entity's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, I am satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances, and benefits of Councillors, as disclosed in note 36 of these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa (108 of 1996), read in conjunction with the Remuneration of Public Officer Bearers Act (20 of 1998) and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with the Act.

The consolidated annual financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out on pages 1 to 153, which have been prepared on the going concern basis, were approved on 30 November 2025.

ADV L NGOQO **30 November 2025**

Acting City Manager (Accounting Officer)
LLB and B Juris

Statement of Financial Position as at 30 June 2025

		ECONOMIC ENTITY		MUNICIPALITY	
	Note	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
ASSETS					
Current Assets					
Cash and cash equivalents	2	744,211,670	1,022,395,081	703,907,784	934,111,410
Call deposits and Investments	3	3,066,909,255	3,407,265,413	3,066,909,255	3,407,265,413
Trade and other receivables from exchange transactions	4	6,417,586,544	5,644,114,802	6,404,948,050	5,702,434,019
Receivables from non-exchange Transactions	5	370,381,178	329,578,569	370,375,718	329,574,469
Inventory	6	213,248,474	163,397,052	212,684,263	163,222,456
VAT Receivable	7	42,657,081	35,886,341	42,657,081	29,774,778
Construction Contracts and Receivables	8	0	0	0	0
Total Current Assets		**10,854,994,202**	**10,602,637,258**	**10,801,482,151**	**10,566,382,545**
Non-Current Assets					
Non-Current trade and other receivables from exchange	9.1	82,887,814	81,595,800	82,887,814	81,595,800
Non-Current receivables from non-exchange transactions	9.2	63,201,518	53,986,482	63,201,518	53,986,482
Investment property	10	134,272,323	138,357,004	134,272,323	138,357,004
Property, plant and equipment	11	19,970,523,780	19,491,076,939	19,911,293,604	19,451,020,467
Heritage assets	12	264,722,555	226,440,887	264,472,055	226,190,387
Intangible assets	13	39,672,727	56,783,993	39,183,222	55,900,231
Total Non-current Assets		**20,555,280,717**	**20,048,241,105**	**20,495,310,536**	**20,007,050,371**
TOTAL ASSETS		**31,410,274,919**	**30,650,878,363**	**31,296,792,687**	**30,573,432,916**
LIABILITIES					
Current Liabilities					
Financial Liabilities	14	129,103,887	213,697,820	129,103,887	213,697,820
Consumer deposits	15	156,622,503	157,479,719	156,300,296	157,184,512
Trade and other payables from exchange transactions	16	5,283,718,322	4,454,365,194	5,255,209,914	4,437,997,803
Trade and other payables from non-exchange transactions	17	460,954,292	336,091,069	452,278,243	327,267,994
VAT Payable	16.5	3,630,158	0	0	0
Current Provisions	18	469,584,431	514,738,113	464,071,371	509,866,633
Defined Benefit Obligations	19	96,470,000	109,057,453	96,470,000	109,057,453
Total Current Liabilities		**6,600,083,593**	**5,785,429,368**	**6,553,433,711**	**5,755,072,215**
Non-current Liabilities					
Financial liabilities	14	796,000,788	929,834,256	796,000,788	929,834,256
Trade and other payables from exchange transactions	16.2	3,250,994	2,931,855	0	0
Non-Current Provisions	18	1,487,633,526	1,302,978,957	1,487,633,526	1,302,978,957
Defined Benefit Obligations	19	1,476,324,000	1,451,239,999	1,476,324,000	1,451,239,999
Total Non-Current Liabilities		**3,763,209,308**	**3,686,985,067**	**3,759,958,314**	**3,684,053,212**
TOTAL LIABILITIES		**10,363,292,901**	**9,472,414,435**	**10,313,392,025**	**9,439,125,427**
Net Assets		**21,046,982,018**	**21,178,463,928**	**20,983,400,662**	**21,134,307,489**
Net assets represented by:					
Reserves and funds		548,987,616	501,687,339	548,987,616	501,687,339
Accumulated Surplus/ (Deficit)		20,497,994,402	20,676,776,589	20,434,413,046	20,632,620,150
TOTAL NET ASSETS		**21,046,982,018**	**21,178,463,928**	**20,983,400,662**	**21,134,307,489**

Statement of Financial Performance for the year ended 30 June 2025

		ECONOMIC ENTITY		MUNICIPALITY	
	Note	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Revenue					
Exchange Revenue					
Service charges - Electricity	20	5,773,722,166	4,902,586,306	5,775,320,152	4,903,991,974
Service charges - Water	20	2,372,533,704	2,839,676,422	2,372,533,704	2,839,676,422
Service charges – Waste Water Management	20	605,997,359	604,131,640	605,997,359	604,131,640
Service charges – Waste Management	20	310,490,719	290,782,750	310,490,719	290,782,750
Sale of Goods and Rendering of Services	21	123,818,978	78,046,155	123,818,978	78,046,155
Agency services	22	3,968,365	3,902,484	3,968,365	3,902,484
Interest earned from receivables	23.1	1,282,033,272	1,011,288,330	1,282,033,272	1,011,288,330
Interest earned from external investments	24	341,063,719	367,901,014	336,463,287	364,327,352
Dividends received	25	188,887	169,785	188,887	169,785
Dividends unrealised gain	25	317,122	923,542	317,122	923,542
Licences and permits	26.1	22,447,780	21,519,060	22,447,780	21,519,060
Rental from fixed assets	27	43,492,597	34,019,289	43,492,597	34,019,289
Operational revenue	28	50,890,686	35,968,127	41,957,153	32,658,982
Transfers and subsidies – Capital	31	20,302,112	48,700,737	20,302,112	48,700,737
Gains	33	35,404	39,130	0	0
Total Exchange Revenue		**10,951,302,870**	**10,239,654,771**	**10,939,331,487**	**10,234,138,502**
Non-Exchange Revenue					
Property rates by Usage	29	3,041,098,733	2,875,600,162	3,041,098,733	2,875,600,162
Fines, penalties and forfeits	30	169,886,857	97,506,958	169,886,857	97,506,958
Licences and permits	26.2	708	708	708	708
Transfers and Subsidies – Operational	31	1,786,166,043	1,712,897,427	1,785,181,257	1,711,871,572
Transfers and subsidies – Capital	31	1,029,744,035	1,083,354,442	1,029,744,035	1,083,354,442
Interest earned from receivables	23.2	213,590,235	199,672,891	213,590,235	199,672,891
Fuel levy	32	824,005,000	783,478,000	824,005,000	783,478,000
Gains	33	0	1,281,801	0	1,281,801
Service Charges - Availability Charges	34	538,185,420	473,525,052	538,185,420	473,525,052
Total Non-Exchange Revenue		**7,602,677,031**	**7,227,317,441**	**7,601,692,245**	**7,226,291,586**
Expenditure					
Employee related costs	35	4,169,895,490	3,928,615,190	4,116,071,974	3,889,773,365
Remuneration of councillors	36	85,932,922	82,053,377	85,932,922	82,053,377
Bulk Purchases	37	6,500,312,179	5,635,672,552	6,500,312,179	5,635,672,552
Inventory consumed	38	550,228,431	517,688,177	550,228,431	517,688,177
Debt impairment	39	3,822,443,854	1,249,158,280	3,822,334,944	1,249,660,858
Depreciation and amortisation	40	783,560,900	887,876,074	780,095,059	885,798,441
Impairment losses	41	8,889,977	0	8,889,977	0
Interest	42	65,706,562	110,393,878	65,706,562	110,393,878
Operating Leases	43	41,156,140	34,477,819	41,156,140	34,477,819
Contracted services	44	1,076,455,681	987,834,318	1,059,646,567	975,092,483
Transfers and subsidies	45	81,059,106	88,518,141	232,561,888	211,079,333
Irrecoverable debts written off	46	430,676,368	2,838,021,100	430,676,368	2,838,021,100
Operational costs	47	672,995,330	664,530,863	602,168,672	594,854,663
Losses	33	395,285,208	374,031,230	395,285,208	374,031,230
Total Expenditure		**18,684,598,148**	**17,398,871,000**	**18,691,066,891**	**17,398,597,277**
Surplus/(Deficit) for the year		**-130,618,247**	**68,101,212**	**-150,043,159**	**61,832,811**

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

		ECONOMIC ENTITY	MUNICIPALITY
		Accumulated Funds	Accumulated Funds
Restated Balance as at 30 June 2024		21,178,463,933	**21,134,307,489**
Surplus / (Deficit) for the period		-130,618,247	-150,043,159
Transfer to Revenue		-863,667	-863,667
Balance as at 30 June 2025		**21,046,982,019**	**20,983,400,663**

Statement of Changes in Net Assets for the year ended 30 June 2024

		ECONOMIC ENTITY	MUNICIPALITY
		Accumulated Funds	Accumulated Funds
Balance as at 30 June 2023 as previously reported		21,111,141,308	**21,073,253,273**
Correction of error	**56.1**	**3,480,243**	3,480,243
Balance as at 30 June 2023 as restated		**21,114,621,551**	**21,076,733,516**
Surplus / (Deficit) as previously reported		-20,927,994	-27,196,398
Increase in Surplus	**56.1**	**89,029,207**	89,029,207
Restated Surplus for the year		**68,101,213**	**61,832,809**
Transfer to Payables		-3,266,555	-3,266,555
Transfer to Revenue		-992,281	-992,281
Restated Balance as at 30 June 2024		**21,178,463,928**	**21,134,307,489**

RESERVES GOVERNED BY AN ACT:

COID RESERVE

	2024/2025 R	2023/2024 R
Balance at the beginning of the year	**63,999,901**	**59,576,051**
Premiums received - transfer from accumulated surplus	9,386,871	9,253,402
Expenditure funded during the year - transfer to accumulated surplus	(5,543,141)	(4,829,552)
Balance at the end of the year	**67,843,631**	**63,999,901**

The amount for this note has been included in the Total Accumulated Funds - Refer Appendix A

The COID Reserve is required in terms of Section 84 of the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993) as the Nelson Mandela Bay Municipality (NMBM) has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases.

Cash Flow Statement for the year ended 30 June 2025

		ECONOMIC ENTITY		MUNICIPALITY	
	Note	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Sale of goods, services and taxes levied		10,113,013,210	9,621,768,311	9,891,740,906	9,399,216,442
Transfers and Subsidies		2,734,244,680	2,819,608,940	2,960,237,653	2,985,934,594
Interest		341,670,447	367,831,013	336,463,287	364,327,352
Dividends		188,887	169,785	188,887	169,785
Payments					
Suppliers and Employees		-12,149,957,170	-11,470,273,915	-11,972,197,995	-11,317,710,128
Finance Charges		-100,793,213	-110,393,878	-100,793,213	-110,393,878
Transfers and Subsidies		-81,059,106	-88,518,141	-232,561,888	-211,079,333
NET CASH FROM(USED) OPERATING ACTIVITIES	48	**857,307,735**	**1,140,192,115**	**883,077,637**	**1,110,464,834**
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on Disposal of Fixed and Intangible Assets		35,404	39,130	0	0
Decrease (Increase) in Non-current Receivables		0	0	0	0
Loss on Disposal of Fixed and Intangible Assets		0	0	0	0
Payments					
Capital Assets		-1,262,953,710	-1,336,630,898	-1,240,708,423	-1,328,787,413
NET CASH FROM(USED) INVESTING ACTIVITIES		**-1,262,918,306**	**-1,336,591,768**	**-1,240,708,423**	**-1,328,787,413**
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing Long-term		0	0	0	0
Payments					
Repayment of Borrowing		-213,246,121	-192,286,800	-213,246,121	-192,286,800
NET CASH FROM(USED) FINANCING ACTIVITIES		**-213,246,121**	**-192,286,800**	**-213,246,121**	**-192,286,800**
NET INCREASE (DECREASE) IN CASH		**-618,856,692**	**-388,686,453**	**-570,876,907**	**-410,609,379**
Cash and Cash Equivalents at beginning of year		4,426,349,329	4,815,035,782	4,338,065,658	4,748,675,037
Cash and Cash Equivalents at year end	2 and 3	**3,807,492,637**	**4,426,349,329**	**3,767,188,751**	**4,338,065,658**

Comparison of Budget and Actual Amounts for the year ended 30 June 2025

ECONOMIC ENTITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance	%	No
Financial Performance									
Revenue									
Exchange Revenue									
Service charges - Electricity	-5,828,779,860	97,973,940	-5,730,805,920	0	-5,730,805,920	-5,773,722,166	42,916,246	-1%	
Service charges - Water	-2,937,778,920	26,299,320	-2,911,479,600	0	-2,911,479,600	-2,372,533,704	-538,945,896	19%	1
Service charges – Waste Water Management	-920,612,000	39,550,490	-881,061,510	0	-881,061,510	-605,997,359	-275,064,151	31%	1
Service charges – Waste Management	-330,538,630	21,890,430	-308,648,200	0	-308,648,200	-310,490,719	1,842,519	-1%	
Sale of Goods and Rendering of Services	-117,431,580	-3,986,480	-121,418,060	-47,520	-121,465,580	-123,818,978	2,353,398	-2%	
Agency services	-4,063,920	0	-4,063,920	0	-4,063,920	-3,968,365	-95,555	2%	
Interest earned from receivables	-990,740,000	-80,062,250	-1,070,802,250	0	-1,070,802,250	-1,282,033,272	211,231,022	-20%	2
Interest earned from external investments	-226,156,000	-50,699,000	-276,855,000	0	-276,855,000	-341,063,719	64,208,719	-23%	3
Dividends		0			0	-188,887	188,887	0%	
Dividends unrealised gain						-317,122	317,122	0%	
Licences and permits	-20,137,270	-2,055,970	-22,193,240	0	-22,193,240	-22,447,780	254,540	-1%	
Rental from fixed assets	-38,567,000	-3,470,200	-42,037,200	0	-42,037,200	-43,492,597	1,455,397	-3%	
Operational revenue	-32,550,000	-1,107,000	-33,657,000	-102,170	-33,759,170	-50,890,686	17,131,516	-51%	4
Transfers and subsidies – Capital	0	0	0	0	0	-20,302,112	20,302,112	0%	
Gains						-35,404	35,404	0%	
Total Exchange Revenue	**-11,447,355,180**	**44,333,280**	**-11,403,021,900**	**-149,690**	**-11,403,171,590**	**-10,951,302,870**	**-451,868,720**		
Non-Exchange Revenue									
Property rates	-3,142,251,020	0	-3,142,251,020	-15,000	-3,142,266,020	-3,041,098,733	-101,167,287	3%	
Fines, penalties and forfeits	-64,222,940	5,139,380	-59,083,560	0	-59,083,560	-169,886,857	110,803,297	-188%	5
Licences and permits	-1,050	0	-1,050	0	-1,050	-708	-342	33%	6
Transfers and Subsidies – Operational	-2,639,328,400	188,426,520	-2,450,901,880	-260,880	-2,451,162,760	-1,786,166,043	-664,996,717	27%	7
Transfers and subsidies – Capital	-1,159,095,000	-127,361,000	-1,286,456,000	-475,000	-1,286,931,000	-1,029,744,035	-257,186,965	20%	8
Interest earned from receivables	0	-149,009,130	-149,009,130	0	-149,009,130	-213,590,235	64,581,105	-43%	2
Fuel levy	-824,005,000	0	-824,005,000	0	-824,005,000	-824,005,000	0	0%	
Gains	0	-16,700	-16,700	0	-16,700	0	-16,700	100%	9
Service Charges - Availability Charges					0	-538,185,420	538,185,420	0%	1
Total Non-Exchange Revenue	**-7,828,903,410**	**-82,820,930**	**-7,911,724,340**	**-750,880**	**-7,912,475,220**	**-7,602,677,031**	**-309,798,189**		
Expenditure									
Employee costs	4,752,685,000	-166,450,000	4,586,235,000	-62,741,401	4,523,493,599	4,169,895,490	353,598,109	8%	10
Remuneration of councillors	94,452,050	223,400	94,675,450	0	94,675,450	85,932,922	8,742,528	9%	
Bulk Purchases	6,338,216,080	118,949,840	6,457,165,920	0	6,457,165,920	6,500,312,179	-43,146,259	-1%	
Inventory consumed	355,361,480	26,510,960	381,872,440	-10,275,603	371,596,837	550,228,431	-178,631,594	-48%	
Debt impairment	1,836,239,000	84,000	1,836,323,000	0	1,836,323,000	3,822,443,854	-1,986,120,854	-108%	11
Depreciation and amortisation	1,049,901,960	-31,459,960	1,018,442,000	0	1,018,442,000	783,560,900	234,881,100	23%	
Impairment Losses		0			0	8,889,977	-8,889,977	0%	
Interest	111,217,480	0	111,217,480	1,350,000	112,567,480	65,706,562	46,860,918	42%	12
Operating Leases		0			0	41,156,140	-41,156,140	0%	13
Contracted services	1,751,625,000	-120,926,000	1,630,699,000	45,478,719	1,676,177,719	1,076,455,681	599,722,038	36%	14
Transfers and subsidies	84,452,000	9,520,000	93,972,000	-925,000	93,047,000	81,059,106	11,987,894	13%	45
Irrecoverable debts written off	582,995,000	70,000,000	652,995,000	0	652,995,000	430,676,368	222,318,632	34%	11
Operational costs	905,934,000	5,777,000	911,711,000	27,249,905	938,960,905	672,995,330	265,965,575	28%	13
Losses	252,982,010	0	252,982,010	0	252,982,010	395,285,208	-142,303,198	-56%	15
Total Expenditure	**18,116,061,060**	**-87,770,760**	**18,028,290,300**	**136,620**	**18,028,426,920**	**18,684,598,148**	**-656,171,228**		
(Surplus)/Deficit	**-1,160,197,530**	**-126,258,410**	**-1,286,455,940**	**-763,950**	**-1,287,219,890**	**130,618,247**	**-1,417,838,137**		

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (continued)

ECONOMIC ENTITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance		
Current Assets									
Cash and cash equivalents	5,032,445,000	-708,489,000	4,323,956,000	0	4,323,956,000	744,211,670	-3,579,744,330	-83%	16
Call deposits and Investments		0		0	0	3,066,909,255	3,066,909,255	0%	
Trade and other receivables from exchange transactions	3,159,969,000	-141,521,000	3,018,448,000	0	3,018,448,000	6,417,586,544	3,399,138,544	113%	17
Receivables from non-exchange Transactions	248,070,000	139,583,000	387,653,000	0	387,653,000	370,381,178	-17,271,822	-4%	
Inventory	345,859,000	-179,461,940	166,397,060	0	166,397,060	213,248,474	46,851,414	28%	18
Other Current Receivables	0	243,294,370	243,294,370	0	243,294,370	0	-243,294,370	-100%	19
VAT Receivable	1,401,903,000	-1,261,456,290	140,446,710	0	140,446,710	42,657,081	-97,789,629	-70%	20
Construction Contracts and Receivables		0		0	0	0	0	0%	
Total Current Assets	**10,188,246,000**	**-1,908,050,860**	**8,280,195,140**	**0**	**8,280,195,140**	**10,854,994,202**	**2,574,799,062**		
Non-Current Assets									
Non-Current Trade and other receivables from exchange transactions	115,638,000	81,371,560	197,009,560	0	197,009,560	82,887,814	-114,121,746	-58%	21
Non-Current Trade and other receivables from non-exchange transactions	45,182,000	9,028,700	54,210,700	0	54,210,700	63,201,518	8,990,818	17%	22
Investment property	156,763,000	-18,406,000	138,357,000	0	138,357,000	134,272,323	-4,084,677	-3%	
Property, plant and equipment	21,141,409,000	487,589,000	21,628,998,000	0	21,628,998,000	19,970,523,780	-1,658,474,220	-8%	23
Heritage assets	220,197,450	6,243,440	226,440,890	0	226,440,890	264,722,555	38,281,665	17%	24
Intangible assets	71,801,000	-57,862,000	13,939,000	0	13,939,000	39,672,727	25,733,727	185%	25
Total Non-current Assets	**21,750,990,450**	**507,964,700**	**22,258,955,150**	**0**	**22,258,955,150**	**20,555,280,717**	**-1,703,674,433**		
TOTAL ASSETS	**31,939,236,450**	**-1,400,086,160**	**30,539,150,290**	**0**	**30,539,150,290**	**31,410,274,919**	**871,124,629**		
Current Liabilities									
Financial Liabilities	-188,490,130	-25,207,700	-213,697,830	0	-213,697,830	-129,103,887	84,593,943	-40%	26
Consumer deposits	-180,779,000	2,780,690	-177,998,310	0	-177,998,310	-156,622,503	21,375,807	-12%	27
Trade and other payables from exchange transactions	-3,006,246,000	663,525,000	-2,342,721,000	0	-2,342,721,000	-5,283,718,322	-2,940,997,322	126%	28
Trade and other payables from non-exchange transactions	-313,007,000	-27,198,280	-340,205,280	0	-340,205,280	-460,954,292	-120,749,012	35%	29
Current Provisions	-396,155,000	-209,368,000	-605,523,000	0	-605,523,000	-469,584,431	135,938,569	-22%	30
VAT	-1,740,464,000	1,740,464,000	0		0	-3,630,158	-3,630,158	0%	
Other Current Liabilities	0	-18,221,000	-18,221,000		-18,221,000	0	18,221,000	0%	31
Defined Benefit Obligations		0	0		0	-96,470,000	-96,470,000	0%	31
Total Current Liabilities	**-5,825,141,130**	**2,126,774,710**	**-3,698,366,420**	**0**	**-3,698,366,420**	**-6,600,083,593**	**-2,901,717,173**		
Non-current Liabilities									
Financial liabilities	-1,232,620,000	298,548,000	-934,072,000	0	-934,072,000	-796,000,788	138,071,212	-15%	32
Trade and other payables from exchange transactions						-3,250,994	-3,250,994	0%	
Non-Current Provisions	-3,200,928,000	-270,356,000	-3,471,284,000	0	-3,471,284,000	-1,487,633,526	1,983,650,474	-57%	33
Other Non-Current Liabilities	-1,385,829,000	584,727,160	-801,101,840	0	-801,101,840	-1,476,324,000	-675,222,160	84%	34
Total Non-Current Liabilities	**-5,819,377,000**	**612,919,160**	**-5,206,457,840**	**0**	**-5,206,457,840**	**-3,763,209,308**	**1,443,248,532**		
TOTAL LIABILITIES	**-11,644,518,130**	**2,739,693,870**	**-8,904,824,260**	**0**	**-8,904,824,260**	**-10,363,292,901**	**-1,458,468,641**		
NET ASSETS	**20,294,718,320**	**1,339,607,710**	**21,634,326,030**	**0**	**21,634,326,030**	**21,046,982,018**	**-587,344,012**		
COMMUNITY WEALTH/ EQUITY									
Reserves and funds	-585,129,000	398,926,000	-186,203,000	0	-186,203,000	-548,987,616	-362,784,616	195%	35
Accumulated Surplus/ (deficit)	-18,595,493,000	-1,564,288,000	-20,159,781,000	0	-20,159,781,000	-20,497,994,402	-338,213,402	2%	
TOTAL COMMUNITY WEALTH/ EQUITY	**-19,180,622,000**	**-1,165,362,000**	**-20,345,984,000**	**0**	**-20,345,984,000**	**-21,046,982,018**	**-700,998,018**		

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (continued)

ECONOMIC ENTITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance		
CASHFLOW FROM OPERATING ACTIVITIES									
Receipts									
Sale of goods, services and taxes levied	0	0	0	0	0	10,113,013,210	10,113,013,210	0%	36
Property Rates	2,828,026,000	-471,338,000	2,356,688,000	0	2,356,688,000		-2,356,688,000	-100%	36
Service Charges	9,293,524,000	-444,728,000	8,848,796,000	0	8,848,796,000		-8,848,796,000	-100%	36
Other Revenue	2,200,281,000	-339,251,000	1,861,030,000	0	1,861,030,000		-1,861,030,000	-100%	36
Transfers and Subsidies						2,734,244,680	2,734,244,680	100%	37
Transfers and Subsidies – Capital	1,210,250,000	-52,439,000	1,157,811,000	0	1,157,811,000		-1,157,811,000	-100%	37
Transfers and Subsidies – Operational	2,138,293,000	263,591,000	2,401,884,000	0	2,401,884,000	0	-2,401,884,000	-100%	37
Interest	226,156,000	50,699,000	276,855,000	0	276,855,000	341,670,447	64,815,447	23%	38
Dividends		0		0	0	188,887	188,887	0%	
Payments									
Suppliers and Employees	-14,697,330,000	1,338,089,000	-13,359,241,000	0	-13,359,241,000	-12,149,957,170	1,209,283,830	-9%	
Finance Charges	-111,217,000	0	-111,217,000	0	-111,217,000	-100,793,213	10,423,787	-9%	39
Transfers and Subsidies	-84,452,000	-9,520,000	-93,972,000	0	-93,972,000	-81,059,106	12,912,894	-14%	45
NET CASH FROM(USED) OPERATING ACTIVITIES	**3,003,531,000**	**335,103,000**	**3,338,634,000**	**0**	**3,338,634,000**	**857,307,735**	**-2,481,326,265**		
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of Fixed and Intangible Assets	0	1,347,000	1,347,000		1,347,000	35,404	-1,311,596	-97%	40
Decrease (Increase) in Non-current Receivables	-160,820,000	0	-160,820,000		-160,820,000	0	160,820,000	-100%	41
Loss on Disposal of Fixed and Intangible Assets	0	0	0		0	0	0	0%	
Payments									
Capital Assets	-2,012,773,000	111,546,000	-1,901,227,000		-1,901,227,000	-1,262,953,710	638,273,290	-34%	42
NET CASH FROM(USED) INVESTING ACTIVITIES	**-2,173,593,000**	**112,893,000**	**-2,060,700,000**	**0**	**-2,060,700,000**	**-1,262,918,306**	**797,781,694**		
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Borrowing Long-term	-130,229,000	0	-130,229,000		-130,229,000	0	130,229,000	-100%	43
Increase (Decrease) in Consumer Deposits	0	0	0		0	0	0	0%	
Payments									
Repayment of Borrowing	-213,799,000	0	-213,799,000		-213,799,000	-213,246,121	552,879	0%	
NET CASH FROM(USED) FINANCING ACTIVITIES	**-344,028,000**	**0**	**-344,028,000**	**0**	**-344,028,000**	**-213,246,121**	**130,781,879**		
NET INCREASE (DECREASE) IN CASH	**485,910,000**	**447,996,000**	**-102,393,000**	**0**	**-102,393,000**	**-618,856,692**	**-1,552,762,692**		
Cash and Cash Equivalents at beginning of year	4,575,873,000	-149,524,000	4,426,349,000	0	4,426,349,000	4,426,349,329	329	0%	
Cash and Cash Equivalents at year end	5,061,783,000	-737,827,000	4,323,956,000	0	4,323,956,000	3,807,492,637	-516,463,363	-12%	44

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (continued)

MUNICIPALITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance	%	No
Financial Performance									
Revenue									
Exchange Revenue									
Service charges - Electricity	-5,828,779,860	97,973,940	-5,730,805,920	0	-5,730,805,920	-5,775,320,152	44,514,232	-1%	
Service charges - Water	-2,937,778,920	26,299,320	-2,911,479,600	0	-2,911,479,600	-2,372,533,704	-538,945,896	19%	1
Service charges – Waste Water Management	-920,510,510	39,449,000	-881,061,510	0	-881,061,510	-605,997,359	-275,064,151	31%	1
Service charges – Waste Management	-330,538,630	21,890,430	-308,648,200	0	-308,648,200	-310,490,719	1,842,519	-1%	
Sale of Goods and Rendering of Services	-117,431,580	-3,986,480	-121,418,060	-47,520	-121,465,580	-123,818,978	2,353,398	-2%	
Agency services	-4,063,920	0	-4,063,920	0	-4,063,920	-3,968,365	-95,555	2%	
Interest earned from receivables	-990,740,000	-80,062,250	-1,070,802,250	0	-1,070,802,250	-1,282,033,272	211,231,022	-20%	2
Interest earned from external investments	-222,156,000	-52,699,000	-274,855,000	0	-274,855,000	-336,463,287	61,608,287	-22%	3
Dividends		0			0	-188,887	188,887	0%	
Dividends unrealised gain						-317,122	317,122	0%	
Licences and permits	-20,137,270	-2,055,970	-22,193,240	0	-22,193,240	-22,447,780	254,540	-1%	
Rental from fixed assets	-38,017,330	-4,019,870	-42,037,200	0	-42,037,200	-43,492,597	1,455,397	-3%	
Operational revenue	-31,040,370	2,383,430	-28,656,940	-102,170	-28,759,110	-41,957,153	13,198,043	-46%	4
Transfers and subsidies – Capital	0	0	0	0	0	-20,302,112	20,302,112		
Total Exchange Revenue	**-11,441,194,390**	**45,172,550**	**-11,396,021,840**	**-149,690**	**-11,396,171,530**	**-10,939,331,487**	**-456,840,043**		
Non-Exchange Revenue									
Property rates	-3,142,251,020	0	-3,142,251,020	-15,000	-3,142,266,020	-3,041,098,733	-101,167,287	3%	
Fines, penalties and forfeits	-64,222,940	5,139,380	-59,083,560	0	-59,083,560	-169,886,857	110,803,297	-188%	5
Licences and permits	-1,050	0	-1,050	0	-1,050	-708	-342	33%	6
Transfers and Subsidies – Operational	-2,639,328,400	188,426,520	-2,450,901,880	-260,880	-2,451,162,760	-1,785,181,257	-665,981,503	27%	7
Transfers and subsidies – Capital	-1,097,997,000	-188,459,000	-1,286,456,000	-475,000	-1,286,931,000	-1,029,744,035	-257,186,965	20%	8
Interest earned from receivables	0	-149,009,130	-149,009,130	0	-149,009,130	-213,590,235	64,581,105	-43%	2
Fuel levy	-824,005,000	0	-824,005,000	0	-824,005,000	-824,005,000	0	0%	
Gains	0	-16,700	-16,700	0	-16,700	0	-16,700	100%	9
Service Charges - Availability Charges					0	-538,185,420	538,185,420	0%	1
Total Non-Exchange Revenue	**-7,767,805,410**	**-143,918,930**	**-7,911,724,340**	**-750,880**	**-7,912,475,220**	**-7,601,692,245**	**-310,782,975**		
Expenditure									
Employee costs	4,708,312,590	-163,341,690	4,544,970,900	-62,741,401	4,482,229,499	4,116,071,974	366,157,525	8%	10
Remuneration of councillors	94,452,050	223,400	94,675,450	0	94,675,450	85,932,922	8,742,528	9%	
Bulk Purchases	6,338,216,080	118,949,840	6,457,165,920	0	6,457,165,920	6,500,312,179	-43,146,259	-1%	
Inventory consumed	355,361,480	26,510,960	381,872,440	-10,275,603	371,596,837	550,228,431	-178,631,594	-48%	
Debt impairment	1,836,239,000	0	1,836,239,000	0	1,836,239,000	3,822,334,944	-1,986,095,944	-108%	11
Depreciation and amortisation	1,049,901,960	-32,626,000	1,017,275,960	0	1,017,275,960	780,095,059	237,180,901	23%	
Impairment Losses		0			0	8,889,977	-8,889,977	0%	
Interest	111,217,480	0	111,217,480	1,350,000	112,567,480	65,706,562	46,860,918	42%	12
Operating Leases		0			0	41,156,140	-41,156,140	0%	13
Contracted services	1,737,761,970	-119,927,940	1,617,834,030	45,478,719	1,663,312,749	1,059,646,567	603,666,182	36%	14
Transfers and subsidies	222,000,720	7,520,010	229,520,730	-925,000	228,595,730	232,561,888	-3,966,158	-2%	
Irrecoverable debts written off	582,995,000	70,000,000	652,995,000	0	652,995,000	430,676,368	222,318,632	34%	11
Operational costs	882,659,800	4,921,070	887,580,870	27,249,905	914,830,775	602,168,672	312,662,103	34%	13
Losses	252,982,010	0	252,982,010	0	252,982,010	395,285,208	-142,303,198	-56%	15
Total Expenditure	**18,172,100,140**	**-87,770,350**	**18,084,329,790**	**136,620**	**18,084,466,410**	**18,691,066,891**	**-606,600,481**		
Surplus/(Deficit)	**-1,036,899,660**	**-186,516,730**	**-1,223,416,390**	**-763,950**	**-1,224,180,340**	**150,043,159**	**-1,374,223,499**		

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (continued)

MUNICIPALITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance		
Current Assets									
Cash and cash equivalents	5,032,445,000	-708,489,000	4,323,956,000	0	4,323,956,000	703,907,784	-3,620,048,216	-84%	16
Call deposits and Investments		0		0	0	3,066,909,255	3,066,909,255	0%	
Trade and other receivables from exchange transactions	3,159,969,000	-231,521,000	2,928,448,000	0	2,928,448,000	6,404,948,050	3,476,500,050	119%	17
Receivables from non-exchange Transactions	248,070,000	119,583,000	367,653,000	0	367,653,000	370,375,718	2,722,718	1%	
Inventory	345,859,000	-179,461,940	166,397,060	0	166,397,060	212,684,263	46,287,203	28%	18
Other Current Receivables	0	243,294,370	243,294,370	0	243,294,370	0	-243,294,370	-100%	19
VAT Receivable	1,401,903,000	-1,261,456,290	140,446,710	0	140,446,710	42,657,081	-97,789,629	-70%	20
Construction Contracts and Receivables		0		0	0	0	0	0%	
Total Current Assets	**10,188,246,000**	**-2,018,050,860**	**8,170,195,140**	**0**	**8,170,195,140**	**10,801,482,151**	**2,631,287,011**		
Non-Current Assets									
Non-Current Trade and other receivables from exchange transactions	115,638,000	81,371,560	197,009,560	0	197,009,560	82,887,814	-114,121,746	-58%	21
Non-Current Trade and other receivables from non-exchange transactions	45,182,000	9,028,700	54,210,700	0	54,210,700	63,201,518	8,990,818	17%	22
Investment property	156,763,000	-18,406,000	138,357,000	0	138,357,000	134,272,323	-4,084,677	-3%	
Property, plant and equipment	21,141,409,000	476,589,000	21,617,998,000	0	21,617,998,000	19,911,293,604	-1,706,704,396	-8%	23
Heritage assets	220,197,450	6,243,440	226,440,890	0	226,440,890	264,472,055	38,031,165	17%	24
Intangible assets	71,801,000	-60,862,000	10,939,000	0	10,939,000	39,183,222	28,244,222	258%	25
Total Non-current Assets	**21,750,990,450**	**493,964,700**	**22,244,955,150**	**0**	**22,244,955,150**	**20,495,310,536**	**-1,749,644,614**		
TOTAL ASSETS	**31,939,236,450**	**-1,524,086,160**	**30,415,150,290**	**0**	**30,415,150,290**	**31,296,792,687**	**881,642,397**		
Current Liabilities									
Financial Liabilities	-188,490,130	-25,207,700	-213,697,830	0	-213,697,830	-129,103,887	84,593,943	-40%	26
Consumer deposits	-180,779,000	2,780,690	-177,998,310	0	-177,998,310	-156,300,296	21,698,014	-12%	27
Trade and other payables from exchange transactions	-3,006,246,000	675,525,000	-2,330,721,000	0	-2,330,721,000	-5,255,209,914	-2,924,488,914	125%	28
Trade and other payables from non-exchange transactions	-313,007,000	-27,198,280	-340,205,280	0	-340,205,280	-452,278,243	-112,072,963	33%	29
Current Provisions	-396,155,000	-207,368,000	-603,523,000	0	-603,523,000	-464,071,371	139,451,629	-23%	30
VAT	-1,740,464,000	1,740,464,000	0		0	0	0	0%	
Other Current Liabilities	0	-18,221,000	-18,221,000		-18,221,000	0	18,221,000	0%	31
Defined Benefit Obligations		0	0		0	-96,470,000	-96,470,000	0%	31
Total Current Liabilities	**-5,825,141,130**	**2,140,774,710**	**-3,684,366,420**	**0**	**-3,684,366,420**	**-6,553,433,711**	**-2,869,067,291**		
Non-current Liabilities									
Financial liabilities	-1,232,620,000	298,548,000	-934,072,000	0	-934,072,000	-796,000,788	138,071,212	-15%	32
Non-Current Provisions	-3,200,928,000	-270,356,000	-3,471,284,000	0	-3,471,284,000	-1,487,633,526	1,983,650,474	-57%	33
Other Non-Current Liabilities	-1,385,829,000	584,727,160	-801,101,840	0	-801,101,840	-1,476,324,000	-675,222,160	84%	34
Total Non-Current Liabilities	**-5,819,377,000**	**612,919,160**	**-5,206,457,840**	**0**	**-5,206,457,840**	**-3,759,958,314**	**1,446,499,526**		
TOTAL LIABILITIES	**-11,644,518,130**	**2,753,693,870**	**-8,890,824,260**	**0**	**-8,890,824,260**	**-10,313,392,025**	**-1,422,567,765**		
NET ASSETS	**20,294,718,320**	**1,229,607,710**	**21,524,326,030**	**0**	**21,524,326,030**	**20,983,400,662**	**-540,925,368**		
COMMUNITY WEALTH/ EQUITY									
Reserves and funds	-585,129,000	398,926,000	-186,203,000	0	-186,203,000	-548,987,616	-362,784,616	195%	35
Accumulated Surplus/ (deficit)	-18,595,493,000	-1,564,288,000	-20,159,781,000	0	-20,159,781,000	-20,434,413,046	-274,632,046	1%	
TOTAL COMMUNITY WEALTH/ EQUITY	**-19,180,622,000**	**-1,165,362,000**	**-20,345,984,000**	**0**	**-20,345,984,000**	**-20,983,400,662**	**-637,416,662**		

Comparison of Budget and Actual Amounts for the year ended 30 June 2025 (continued)

MUNICIPALITY	Original Budget	Budget adjustments	Final adjustments budget	Shifting of funds or Virement	Final Budget	Actual Outcome	Variance		
CASHFLOW FROM OPERATING ACTIVITIES									
Receipts									
Sale of goods, services and taxes levied	0	0	0	0	0	9,891,740,906	9,891,740,906	0%	36
Property Rates	2,828,026,000	-471,338,000	2,356,688,000	0	2,356,688,000		-2,356,688,000	-100%	36
Service Charges	9,293,524,000	-444,728,000	8,848,796,000	0	8,848,796,000		-8,848,796,000	-100%	36
Other Revenue	2,200,281,000	-343,251,000	1,857,030,000	0	1,857,030,000		-1,857,030,000	-100%	36
Transfers and Subsidies – Capital	1,210,250,000	-52,439,000	1,157,811,000	0	1,157,811,000	2,960,237,653	1,802,426,653	156%	37
Transfers and Subsidies – Operational	2,138,293,000	263,591,000	2,401,884,000	0	2,401,884,000	0	-2,401,884,000	-100%	37
Interest	224,156,000	50,699,000	274,855,000	0	274,855,000	336,463,287	61,608,287	22%	38
Dividends		0		0	0	188,887	188,887	0%	
Payments									
Suppliers and Employees	-14,635,585,000	1,276,344,000	-13,359,241,000	0	-13,359,241,000	-11,972,197,995	1,387,043,005	-10%	
Finance Charges	-111,217,000	0	-111,217,000	0	-111,217,000	-100,793,213	10,423,787	-9%	39
Transfers and Subsidies	-84,452,000	-145,069,000	-229,521,000	0	-229,521,000	-232,561,888	-3,040,888	1%	
NET CASH FROM(USED) OPERATING ACTIVITIES	**3,063,276,000**	**133,809,000**	**3,197,085,000**	**0**	**3,197,085,000**	**883,077,637**	**-2,314,007,363**		
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of Fixed and Intangible Assets	0	1,347,000	1,347,000		1,347,000	0	-1,347,000	-100%	40
Decrease (Increase) in Non-current Receivables	-160,820,000	0	-160,820,000		-160,820,000	0	160,820,000	-100%	41
Loss on Disposal of Fixed and Intangible Assets	0	0	0		0	0	0	0%	
Payments									
Capital Assets	-1,959,139,000	57,912,000	-1,901,227,000		-1,901,227,000	-1,240,708,423	660,518,577	-35%	42
NET CASH FROM(USED) INVESTING ACTIVITIES	**-2,119,959,000**	**59,259,000**	**-2,060,700,000**	**0**	**-2,060,700,000**	**-1,240,708,423**	**819,991,577**		
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Borrowing Long-term	-130,229,000	0	-130,229,000		-130,229,000	0	130,229,000	-100%	43
Increase (Decrease) in Consumer Deposits	0	0	0		0	0	0	0%	
Payments									
Repayment of Borrowing	-213,799,000	0	-213,799,000		-213,799,000	-213,246,121	552,879	0%	
NET CASH FROM(USED) FINANCING ACTIVITIES	**-344,028,000**	**0**	**-344,028,000**	**0**	**-344,028,000**	**-213,246,121**	**130,781,879**		
NET INCREASE (DECREASE) IN CASH	**599,289,000**	**193,068,000**	**792,357,000**	**0**	**792,357,000**	**-570,876,907**	**-1,363,233,907**		
Cash and Cash Equivalents at beginning of year	4,670,877,000	-294,528,000	4,376,349,000	0	4,376,349,000	4,338,065,658	-38,283,342	-1%	
Cash and Cash Equivalents at year end	5,270,166,000	-946,210,000	4,323,956,000	0	4,323,956,000	3,767,188,751	-556,767,249	-13%	44

Reportable Segments for the year ended 30 June 2025

	2024/2025 R											
	Water Management	**Waste Water Management**	**Waste Management**	**Energy Sources**	**Municipal Governance And Administration**	**Community And Public Safety**	**Economic And Environmental Services**	**Inter Segment Offsetting**	**Municipality TOTAL**	**MBDA**	**Inter-company Offsetting**	**Economic Entity TOTAL**
Revenue												
Exchange Revenue												
Service charges - Electricity				-5,789,067,947					-5,789,067,947		1,597,986	-5,787,469,961
Service charges - Water	-2,372,533,704								-2,372,533,704			-2,372,533,704
Service charges – Waste Water Management		-605,997,360							-605,997,360			-605,997,360
Service charges – Waste Management			-310,490,718						-310,490,718			-310,490,718
Sale of Goods and Rendering of Services		-260,024		-594,464	-58,566,707	-37,859,917	-26,537,866		-123,818,977			-123,818,977
Agency services					-3,967,474		-891		-3,968,365			-3,968,365
Interest earned from receivables	-767,165,070	-132,158,856	-65,629,038	-316,836,973	-243,335				-1,282,033,272			-1,282,033,272
Interest earned from external investments					-336,370,532		-92,755		-336,463,287	-4,600,432		-341,063,719
Dividends received					-188,887				-188,887			-188,887
Dividends unrealised gain					-317,122				-317,122			-317,122
Licences and permits						-18,546,791	-3,900,989		-22,447,780			-22,447,780
Rental from fixed assets	-890,040		-4,953,943	-15,763	-19,184,701	-16,458,397	-1,989,751		-43,492,597			-43,492,597
Operational revenue	-17,171	-4,080,819		-395,361	-10,405,243	-1,439,814	-25,618,746		-41,957,154	-8,933,533		-50,890,687
Gains									0	-35,404		-35,404
Transfers and subsidies – Capital				-20,302,112					-20,302,112	-66,337,303	66,337,303	-20,302,112
Total Exchange Revenue	**-3,140,605,986**	**-742,497,058**	**-381,073,700**	**-6,127,212,620**	**-429,244,000**	**-74,304,919**	**-58,140,998**		**-10,953,079,281**	**-79,906,672**	**67,935,289**	**-10,965,050,664**
Non-Exchange Revenue												
Property rates					-3,041,098,733				-3,041,098,733			-3,041,098,733
Fines, penalties and forfeits				-1,984,974	-28,367,297	-139,477,412	-57,173		-169,886,857			-169,886,857
Licences and permits							-708		-708			-708
Transfers and Subsidies – Operational	-181,922,360	-254,187,445	-91,754,000	-35,433,570	-213,171,023	-902,516,931	-106,195,928		-1,785,181,257	-160,640,456	159,655,670	-1,786,166,043
Transfers and subsidies – Capital	-218,713,901	-90,272,193		-114,339,374	-69,910,661	-205,931,738	-330,576,167		-1,029,744,034			-1,029,744,034
Interest earned from receivables					-213,590,235				-213,590,235			-213,590,235
Fuel levy					-540,648,980	-275,671,950	-7,684,070		-824,005,000			-824,005,000
Gains									0			0
Service Charges - Availability Charges	-232,789,948	-226,669,046		-64,978,631					-524,437,625			-524,437,625
Total Non-Exchange Revenue	**-633,426,209**	**-571,128,684**	**-91,754,000**	**-216,736,550**	**-4,106,786,928**	**-1,523,598,031**	**-444,514,046**		**-7,587,944,449**	**-160,640,456**	**159,655,670**	**-7,588,929,235**
TOTAL SEGMENT REVENUE	**-3,774,032,195**	**-1,313,625,742**	**-472,827,700**	**-6,343,949,170**	**-4,536,030,928**	**-1,597,902,950**	**-502,655,045**		**-18,541,023,730**	**-240,547,128**	**227,590,959**	**-18,553,979,899**

Reportable Segments for the year ended 30 June 2025 (continued)

	2024/2025 R											
	Water Management	**Waste Water Management**	**Waste Management**	**Energy Sources**	**Municipal Governance And Administration**	**Community And Public Safety**	**Economic And Environmental Services**	**Inter Segment Offsetting**	**Municipality TOTAL**	**MBDA**	**Inter-company Offsetting**	**Economic Entity TOTAL**
Expenditure												
Employee related costs	189,413,814	244,197,369	90,306,363	434,671,743	964,264,330	1,498,151,944	695,066,410		4,116,071,974	53,823,516		4,169,895,490
Remuneration of councillors					85,932,922				85,932,922			85,932,922
Bulk Purchases				6,500,312,179					6,500,312,179			6,500,312,179
Inventory consumed	349,254,642	8,928,187	6,110,068	85,633,341	13,513,726	43,907,644	42,880,823		550,228,429			550,228,429
Debt impairment	2,564,980,428	345,833,493	161,195,606	128,701,146	476,916,806	144,707,464			3,822,334,943	108,910		3,822,443,853
Depreciation and amortisation	10,940,124	79,845,678		118,949,724	56,512,174	67,950,528	445,896,831		780,095,059	3,465,841		783,560,900
Impairment losses						8,889,977			8,889,977			8,889,977
Interest	34,141,816	17,575,265		26,256,488	292,852	1,118,050	-13,677,909		65,706,562			65,706,562
Operating Leases	251,819	395,329		1,102,530	26,824,764	6,492,483	6,089,215		41,156,140			41,156,140
Contracted services	106,528,514	177,724,650	1,941,617	98,480,444	162,971,179	232,164,006	279,836,155		1,059,646,566	16,809,114		1,076,455,680
Transfers and subsidies					169,661,091	47,883,124	15,017,673		232,561,888		-151,502,782	81,059,106
Irrecoverable debts written off	242,982,945	45,942,947	23,266,219	5,046,001	113,439,684	-1,429			430,676,367			430,676,367
Operational costs	36,649,573	19,338,404	115,211,177	29,720,615	210,990,432	80,218,818	110,039,655		602,168,673	146,914,835	-76,088,177	672,995,331
Losses	394,007,501				1,277,707				395,285,208			395,285,208
TOTAL SEGMENT EXPENDITURE	**3,929,151,174**	**939,781,322**	**398,031,049**	**7,428,874,211**	**2,282,597,668**	**2,131,482,609**	**1,581,148,854**		**18,691,066,886**	**221,122,216**	**-227,590,959**	**18,684,598,143**
(Surplus)/Deficit for the year	**155,118,979**	**-373,844,420**	**-74,796,650**	**1,084,925,041**	**-2,253,433,261**	**533,579,659**	**1,078,493,809**		**150,043,157**	**-19,424,912**	**0**	**130,618,245**
Internal revenue	-228,884,613	-19,579,928	-4,015,337	-240,468,812	-835,293,467	-81,717,331	-39,683,590	-1,449,643,077				
Internal charges	300,828,672	138,114,758	21,992,831	158,045,469	271,735,799	373,869,211	185,056,337	1,449,643,077				
Surplus/deficit for the year	**227,063,038**	**-255,309,590**	**-56,819,156**	**1,002,501,698**	**-2,816,990,929**	**825,731,539**	**1,223,866,556**	**0**	**150,043,157**	**-19,424,912**	**0**	**130,618,245**
Capital Expenditure	310,780,532	109,289,600	95,314,382	187,316,353	19,013,028	143,860,267	437,873,373		1,303,447,534	22,245,287		1,325,692,821
Other Information												
Segment assets	6,528,518,282	1,913,837,964	1,231,406,494	4,839,548,705	4,151,330,431	8,102,314,592	4,529,836,219		31,296,792,687	258,382,831	-144,900,599	31,410,274,919
Segment liabilities	-2,184,381,286	-750,711,273	-66,402,299	-2,356,216,276	-2,913,432,929	-313,147,359	-1,729,100,602		-10,313,392,025	-194,801,475	144,900,599	-10,363,292,901

Notes to the Consolidated Annual Financial Statements

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Notes to the Consolidated Annual Financial Statements

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Notes to the Consolidated Consolidated Annual Financial Statements

Accounting Policies

1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Consolidated Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003). In addition, these Consolidated Annual Financial Statements include mandatory disclosures in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and related regulations.

The Consolidated Annual Financial Statements are prepared on the accrual basis of accounting and the transactions, assets and liabilities included in the financial statements are measured at historical cost unless specified otherwise.

With respect to accounting standards for material transactions, events or conditions not covered by Directive 5, the Economic Entity has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3, as read with Directive 5.

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

The accounting policies applied are consistent with those used to present the previous year's Consolidated Annual Financial Statements, unless explicitly stated.

New standards not yet effective:

Standard number	Standard name	Effective date from (if applicable)
GRAP 104	Financial Instruments (revised)	01-Apr-25
IGRAP 22	Foreign Currency Transactions and Advance Consideration	01-Apr-25

GRAP 104 establishes principles for recognising, measuring, presenting and disclosing financial instruments.

IGRAP 22 relates to the effects of changes in foreign exchange rates.

Accounting Policies (continued)

1.1 CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Annual Financial Statements incorporate the financial statements of the parent entity, Nelson Mandela Bay Municipality and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

The controlled entities have the same reporting date and reporting period as the controlling entity.

All inter-entity transactions and balances, unrealised gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate, the accounting policies of controlled entities conform to the policies adopted by the Economic Entity.

1.2 MUNICIPAL ENTITIES

Municipal entities are all controlled entities over which the Economic Entity has ownership control or effective control to govern the financial and operating policies of such controlled entities to benefit from its activities.

2 PRESENTATION AND FUNCTIONAL CURRENCY

These Consolidated Annual Financial Statements are presented in South African Rand.

The functional currency of the Economic Entity is South African Rand. Financial values are rounded to the nearest one Rand.

3 GOING CONCERN ASSUMPTION

These Consolidated Annual Financial Statements have been prepared on a going concern basis.

Accounting Policies (continued)

4 COMPARATIVE INFORMATION

4.1 Current year comparatives (Budget):

In accordance with GRAP 1 and 24, the Budget information has been presented in a separate Budget Statement in the Consolidated Annual Financial Statements.

4.2 Prior year comparatives:

When the presentation or classification of items in the Consolidated Annual Financial Statements is amended, prior period comparative amounts are reclassified and restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year and the standards require retrospective adjustment, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The nature and reasons for the reclassifications and restatements are disclosed in Note 56 of the Consolidated Annual Financial Statements.

5 SIGNIFICANT JUDGEMENTS

The use of judgement, estimates and assumptions is inherent to the process of preparing Consolidated Annual Financial Statements. These judgements affect the amounts presented in the Consolidated Annual Financial Statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Management has made the following significant judgement:

Heritage Assets, Property, plant and Equipment and Investment property:

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date of acquisition.

Where an asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an asset is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated deemed cost is the carrying amount of the asset given up.

Revenue from Exchange transactions:

Revenue from the sale of electricity prepaid meter cards is recognised at point of sale, as the Economic Entity does not have a system in place to be able to recognise how much was consumed of the amount purchased at a given time and the bulk of the electricity revenue is based on the standard consumption through the use of normal meters.

Accounting Policies (continued)

Allowances for Credit losses

Impairment loss on Consumer Debtors is recognised in surplus and deficit, when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the estimated future cash flows based on the historical payment trend.

Other key judgements

Provisions and contingent liabilities

Management judgement is required when disclosing and measuring provisions and contingent liabilities. Provisions have been discounted where the effect of discounting is material.

Operating lease commitments – the Economic Entity as lessor
The Economic Entity has entered into commercial property leases on its investment property portfolio. The Economic Entity has determined that it retains all the significant risks and rewards of ownership of these properties and therefore has continued to recognise the investment properties.

Management's Going Concern Assessment:
Management considered the following matters relating to the Going Concern:

On 26 June 2024, the Council adopted the 2024/25 to 2026/27 Budget. This three-year Medium-Term Revenue and Expenditure Framework (MTREF) supports the on-going delivery of municipal services to residents reflecting that the Budget was funded over the three-year period.

Management has thus prepared the Consolidated Annual Financial Statements on the Going Concern basis.

6 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In the process of preparing the Economic Entity's Consolidated Annual Financial Statements, management has made the following key estimates and assumptions:

Presentation of a comparison of budget and actual amounts

The Economic Entity presents a comparison of the budget amounts for which it is held publicly accountable for and actual amounts in the financial statements currently presented, in accordance with Standard of GRAP 24. The comparison of budget and actual amounts is presented in the Comparison of Budget and Actual amounts Statement.

Provision for Rehabilitation of Refuse Landfill Sites

The Economic Entity has an obligation to rehabilitate its waste landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost to rehabilitate the landfill sites in the future. The cost factors, as determined, have been applied and projected at an inflation rate of 3% (2024: 5.1%) and discounted to the present value:

a) For Arlington and Koedoeskloof landfill sites, at the average short-term borrowing cost of 10.54% (2024: 10.54%).

Accounting Policies (continued)

b) The determined cost to rehabilitate IBhayi landfill site represents the present value.

Provision for Rehabilitation of Swartkops River

The provision is in relation to the Economic Entity's obligation to address the environmental pollution of the Swartkops River. The provision is based on the estimated costs to carry out the rehabilitation work of the wetland beside the Swartkops River, which was present valued at a rate of 10.54% (2024: 10.54%). The discount rate of 10.54% represents the Economic Entity's average borrowing costs rate and is applied as a discount rate.

Pension and other post-employment benefits

The cost of defined benefit pension plans (ex gratia pensions), other post-employment medical benefits, and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. For key assumptions, refer to Note 19 of the Consolidated Annual Financial Statements.

Provision for gratuity pensions

Employees that were employed prior to the introduction of the Port Elizabeth Municipal Pension Benefit Fund and who subsequently joined the fund are eligible to be paid a standard gratuity, provided they have at least 10 years of service when they retire.

Employees that were employed prior to the introduction of the Port Elizabeth Municipal Pension Benefit Fund and who chose not to join the fund are eligible to be paid an Enhanced Gratuity for the years of service that they were not a member of the fund.

If an Employee eligible for a Gratuity Pension dies in service, half of the Gratuity Pension (including the monetary enhancement) as calculated at date of death, is paid.

Property, plant and equipment including Investment Properties and Intangible Assets

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

The Economic Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain and thus residual values are determined to be nil for all assets, including Motor Vehicles.

Cash and non-cash-generating assets

The Economic Entity is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff.

As such, management has determined that none of the Economic Entity's assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all the Economic Entity's assets.

Accounting Policies (continued)

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer to accounting policy Note 14.

7 ACCUMULATED FUNDS

The Economic Entity maintains various internal reserves in terms of specific requirements, which include:

- Capital Replacement Reserve (CRR): Internal reserve administered within the Accumulated Surplus for future capital commitments and capital asset replacements.

- Donations and Public Contributions Reserve: Internal reserve administered within the Accumulated Surplus. It is the cumulative balance of assets purchased with public contributions received.

- Self-Insurance Reserve: Internal reserve administered within the Accumulated Surplus. This is an internal insurance fund, managed by the Economic Entity for certain asset claims.

- Government Grant Reserve: Internal reserve administered within the Accumulated Surplus. It is the cumulative balance of assets purchased with Government Grants received.

- Compensation for Occupational Injuries and Diseases (COID) Reserve.

The Economic Entity has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act, but is required to maintain a reserve of at least R61.7 million. This reserve is subject to annual review by the Commissioner.

The certificate of exemption issued by the Commissioner and as prescribed by the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), requires that the Economic Entity deposit cash and/or securities relating to COID with the Commissioner. The combined market values shall not be less than the capitalised value of the continuing liability of the Economic Entity as at 31 December of each year.

The continuing liability is that of pensions, with the capitalised value being determined based on an actuarial determination as prescribed by the Commissioner. A COID reserve has been established to be equal to or greater than the value of the continuing liability. The Commissioner determines the market value of the securities annually and the Economic Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December.

Monthly pensions are funded by allocating funds out of the COID portion of Accumulated Surplus to general Accumulated Surplus

Accounting Policies (continued)

8 EMPLOYEE BENEFITS

Recognition and measurement

Short term employee benefits

Remuneration to employees is recognised as an expense in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs.

The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Short-term employee benefits are measured on an undiscounted basis.

Short term compensated absences

The expected cost of compensated absences is recognised as follows:

Accumulating compensated absence:
When employees render services that increase their entitlement to future compensated absences; and

Non-accumulating absences:
When absences occur.

Leave pay provision
The liability for accumulating compensated absences is based on the total amount of leave days accumulated by employees at reporting date and on the total remuneration package of the employees. The leave days are limited to 48 days in terms of the collective agreement.

Bonus incentive and performance related payments
The Economic Entity recognises the expected cost of performance bonus when, and only when, it has a present legal or constructive obligation to make such payments, as a result of past events and a reliable estimate of the obligation can be made.

A provision in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees is raised once the timing and amount of such provision can be reliably determined. The provision is based on the performance of each S57 employee against the performance scorecard set and agreed upon for each financial year. If on assessment of the respective S57 employees it is decided that a bonus will be paid out, the S57 employee is entitled to receive this bonus irrespective of whether they are still in the service of the Economic Entity, or not.

Accounting Policies (continued)

Post-employment benefits

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method. Actuarial valuations are conducted on an annual basis for each plan. In the event, that an independent actuarial valuation is not performed, Management will assess whether the assumptions used in the previous valuation remain applicable. If so, the valuation will be based on the previous independent valuation. If not, an adjustment is made, to take into account any changes in assumptions.

Recognition and measurement

The actuarial gains or losses are recognised in the Statement of Financial Performance in the year incurred.

The past service costs are recognised as an expense immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (further detail is available in the Annual Financial Statement, Note 19), less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Economic Entity, nor can they be paid directly to the Economic Entity.

Fair value is based on market price information and in the case of quoted securities; it is the published bid price. It should be noted that there are currently no plan assets.

Medical Aid: Continued Members

The Economic Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the Medical Aid Funds with which the Economic Entity is associated, a member, on retirement, is entitled to remain a continued member of such medical aid fund. Should the member opt to remain on the fund, the member is liable for the portion, as determined by Council from time to time, of the medical aid membership fee and the Economic Entity for the remaining portion.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

The actuarial gains or losses are recognised in the Statement of Financial Performance in the year incurred. Actuarial valuations are conducted on an annual basis for each plan. In the event that an independent actuarial valuation is not performed, Management will assess whether the assumptions used in the previous valuation remain applicable. If so, the valuation will be based on the previous independent valuation. If not, an adjustment is made to take into account any changes in assumptions.

Accounting Policies (continued)

Gratuity Provision

A provision in respect of the liability relating to gratuities payable to employees that were not previously members of a pension fund is maintained. The gratuity is payable by Council to wage earners who joined the Economic Entity before 1988. The Council decided to make gratuity payments to these employees upon retirement. The amount payable is based on the individual employee wage rate and the number of years in service until the employee joined a pension fund. The provision is determined with reference to minimum wage rate applicable immediately prior to joining the pension fund multiplied by number of years' service and adjusted annually based on the average interest earned on investments.

Long service awards

Employees who have completed 25 years unbroken service are entitled to receive a once-off cash award not exceeding R2 500. The cash award is included in the employee's salary in the month of the service anniversary.

Defined contribution plans

The Economic Entity has used GRAP 25 as guidance for treatment of multi-employer plans as sufficient information was not available to use defined-benefit accounting. The Economic Entity has therefore accounted for the Cape Joint Pension Fund and the SALA Pension Fund as defined contribution plans. It is impracticable to disclose as a defined benefit plan because the funds do not determine a separate actuarial valuation per Economic Entity but do it, as a whole for all the Municipalities together.

Retirement benefits

The Economic Entity provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Economic Entity has a present obligation (legal or constructive) as a result of past events, and 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 amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date (for example in the case of obligations for the rehabilitation of land). The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects the risk of the liability.

Accounting Policies (continued)

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

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

With respect to litigation and claims against the Economic Entity, the Economic Entity's Legal Counsel assesses the list of claims against the Economic Entity on an annual basis. The Economic Entity recognises a provision for all claims/cases for which the outflow of economic resources is probable, and the amount can be reliably estimated.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

10 FINANCIAL INSTRUMENTS

Initial Recognition
The Economic Entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Economic Entity becomes party to the contractual provisions of the instrument.

The Economic Entity recognises financial assets using trade date accounting.

Distinguishing liabilities and residual interests
A financial instrument or its component parts is classified on initial recognition as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

Compound financial instruments
The Economic Entity evaluates the terms of a financial instrument to determine whether it contains both a liability and residual interest component. Such components are classified separately as financial liabilities or residual interests.

Initial Measurement of financial assets and financial liabilities
When a financial asset or financial liability is recognised initially, the Economic Entity measures it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example where interest free credit is granted or where credit is granted at a below market rate of interest.

Accounting Policies (continued)

Concessionary loans
The Economic Entity first assesses whether the substance of a concessionary loan meets the definition of a financial instrument. On initial recognition, the Economic Entity analyses a concessionary loan into its component parts and accounts for each component separately. The Economic Entity accounts for that part of a concessionary loan that is:

a) A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

b) Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition, an entity measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments. Concessionary Loans were not granted or received during the current financial year. There were no defaults relating to any loans payable for the current financial year.

Subsequent Measurement of financial assets and financial liabilities
Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) **Financial instruments at fair value**
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) **Financial instruments at amortised cost**
- Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the Economic Entity designates at fair value at initial recognition or are held for trading.

c) **Financial instruments at cost**
- Investments in residual interests that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The Economic Entity assesses which instruments should be subsequently measured at fair value, amortised cost, or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

All financial assets measured at amortised cost, or cost, are subject to an impairment review. Embedded derivatives were not applicable for the current financial year.

Accounting Policies (continued)

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 of financial assets

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

The Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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 (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced 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 (such as an improvement in the debtor‘s credit rating), the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal may 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.

Accounting Policies (continued)

Derecognition of financial assets:
The Economic Entity derecognises financial assets using trade date accounting.

The Economic Entity derecognises a financial asset only when:

a) The contractual right to the cash flow from the financial asset expire, are settled or waived;
b) The Economic Entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another party.

Derecognition of financial liabilities:
The Economic Entity derecognises a financial liability from its statement of financial position when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation:

Interest, losses and gains
Interest, 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.

Offsetting a financial asset and a financial liability
The Economic Entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right to set-off exists and the parties intend to settle on a net basis or to realise the asset and settle the liability simultaneously.

Policies relating to specific financial instruments:
Investments at amortised cost
Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost, using effective interest method.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

Investments at fair value
Investments, which represent investments in equity for which fair value can be measured reliably, are subsequently measured at fair value. The fair value is based on market values at valuation date.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Accounting Policies (continued)

For the purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand and deposits held on call with banks.

Trade and other receivables and Long-term receivables
Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost. Amounts that are receivable within 12 months from the reporting date are classified as current and those receivable after 12 months from reporting date are classified as non-current. Interest is charged on overdue accounts.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the Council.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method.

11 PROPERTY, PLANT AND EQUIPMENT

Initial recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity and the cost or fair value of the item can be measured reliably.

There are no circumstances, which we are aware off, where NMBM is not the legal owner / custodian but controls the land and vice versa.

Measurement at recognition
Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 the Economic Entity. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Accounting Policies (continued)

Where an item of property, plant and equipment is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an item of property, plant and equipment is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated deemed cost is the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with a specific item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment (other than land) are measured at cost less accumulated depreciation and impairment losses.

Subsequent to initial recognition, land is measured at cost and is not depreciated because it has an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the net book value over the remaining useful life of the component assets. Residual values are assumed to be zero, unless otherwise stated. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The component assets', useful lives and depreciation methods are reviewed at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in estimate in accordance with the standard of GRAP on accounting policies, changes in accounting estimates and errors.

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

All assets are depreciated using the straight-line method, with no residual value.

The annual depreciation rates for the current and previous year are based on the following average asset useful lives:

Land & Buildings	Useful Life Range in Years
Buildings	5 – 50
Land	Indefinite Life

Accounting Policies (continued)

Infrastructure Assets	Useful Life Range in Years
Fencing, Roads, Sidewalks & Stormwater Networks	5 – 100
Beach Developments	30 – 50
Electricity Reticulation & Supply	10 – 80
Sewerage Mains & Purification Works	15 – 80
Waste Disposal Facilities	20 – 100
Water Supply & Reticulation	10 – 50
Dams & Treatment Works	25 – 100

Other Assets	Useful Life Range in Years
Bins & Containers	5 – 15
Air Monitoring, Emergency & Medical Equipment	5 – 20
Vehicles & Plant	4 – 30
Office Furniture & Fittings	3 – 20
Landfill Sites	50
Security Systems	5 – 15
Tip Sites	30
Computer Hardware	3 – 8

Community Assets	Useful Life Range in Years
Libraries	10 – 50
Fire Stations	10 – 50
Library Books	5 – 20
Cemeteries	10 – 50
Clinics	10 – 50
Community Centres	10 – 50
Public Conveniences	10 – 50
Swimming Pools	10 – 50
Recreational Facilities	10 – 50
Selling & Letting Schemes	10 – 50

Impairment:
Recognition and measurement of an impairment loss for an item of property, plant and equipment.

The Economic Entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Economic Entity shall estimate the recoverable amount of the asset.

The carrying amount of an asset is reduced to its recoverable amount if, and only if, its recoverable amount is less than its carrying amount.

The impairment loss is recognised immediately in surplus and deficit.

Derecognition
The carrying amount of an item of property, plant and equipment is 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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Accounting Policies (continued)

12 HERITAGE ASSETS

Initial recognition and measurement

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

Heritage assets are recognised when it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity and the cost or fair value of the item can be measured reliably.

When an asset, does not meet the initial recognition criteria of a heritage asset, the Economic Entity discloses the relevant and useful information about such assets in the notes to the financial statements.

Heritage assets are initially recognised at cost on acquisition date.

The cost 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 the Economic Entity.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an asset is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated deemed cost is the carrying amount of the asset given up.

Subsequent measurement

Subsequent to initial recognition, the Economic Entity uses the cost model to measure its heritage assets, which is cost less any accumulated impairment losses.

The entire heritage assets disclosed are being used as a heritage asset. No initial costs incurred to assess the heritage asset. No compensation is due for Heritage Assets impaired, lost or given up.

The table below reflects the class of heritage assets and the estimated useful life range in years:

Classes of Heritage assets	Useful Life Range in Years
Land	Indefinite Life
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collections of rare books and manuscripts	Indefinite Life

Accounting Policies (continued)

Impairment

The Economic Entity does not depreciate its heritage assets, but at each financial year end, it assesses whether there is an indication that the assets may be impaired. If such an indication exists, the Economic Entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

Heritage assets 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 on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

13 INTANGIBLE ASSETS

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), its initial cost at the date of acquisition is measured at its fair value as the date of acquisition.

Internally generated intangible assets:
Research phase

The Economic Entity does not recognise any intangible asset arising from a research phase of an internal project. Expenditure on research phase of an internal project is recognised as an expense when incurred.

Development phase

An intangible asset arising from development phase is recognised if, and only if the Economic Entity can demonstrate all of the following:

a) The technical feasibility of completing the intangible asset so it will be available for use or resale;
b) Its intention to complete the intangible asset and use it or sell it;
c) Its ability to use or sell the intangible asset;
d) How the intangible asset will generate probable future economic benefits or service potential;
e) The availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

No research and development expenditure were recognised as an expense during the period

Accounting Policies (continued)

Exchanges of assets

The cost of an intangible asset acquired in exchange for another is measured at fair value unless the fair value of neither the asset received, nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent measurement

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

The cost of an intangible asset is amortised over its useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The probability of expected future economic benefits or serviced 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 are assessed at each reporting date.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the net book value of intangible assets over their remaining useful lives. Amortisation of an asset begins when it is available for use.

The annual amortisation rates are based on the following estimated average asset useful lives:

Classes of Intangible assets	Useful Life Range in Years
Computer Software	3 – 5
Website Development	3 – 5

The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. All Intangible assets are amortised using the straight-line method with no residual value.

Accounting Policies (continued)

Derecognition

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

14 INVESTMENT PROPERTY

Initial recognition and measurement

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

Investment property is initially recognised as an asset when, and only when, it is probable that future economic benefits and or service potential will flow to the Economic Entity and the cost or fair value can be measured reliably.

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where the Economic Entity acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The costs of day-to-day servicing of investment properties are recognised in the Statement of Financial Performance as incurred.

The cost of self-constructed investment property is the cost at date of completion.

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

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
(d) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. If investment property becomes owner-occupied property, the Economic Entity accounts for such property in accordance with the policy stated under investment property up to the date of change in use.

There are no circumstances, which we are aware of, where NMBM is not the legal owner / custodian but controls the land and vice versa.

Accounting Policies (continued)

Subsequent measurement

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation
Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the net book value over the remaining useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average asset lives:

Investment Property	Useful Life Range in Years
Land	Indefinite Life
Buildings	15 - 50

The investment property's useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year-end.

Land is not depreciated.

Derecognition

Investment property is derecognised when it is disposed of or when no future economic benefits or service potential are to be derived from the use of the asset. All gains or losses from the disposal of investment property are determined as the difference between the sales proceeds and the carrying value of the asset and are recognised in the Statement of Financial Performance.

15 INVENTORIES

Initial recognition and measurement

Inventories comprise assets held for sale, consumption, or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes (other than VAT), transport costs and any other direct costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed, or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is measured at its fair value as at the date of acquisition.

Accounting Policies (continued)

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, water and finished goods (FG), are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is first-in, first-out (FIFO) method for all inventory categories except water. Water is measured on the weighted average method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

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

The Economic Entity purchases its water. The cost of water purchased and not yet sold as reflected in the statement of financial position comprises the purchase price and other direct costs attributable to the acquisition. The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. There are no items not ordinarily inter-changeable / segregated for specific projects.

16 IMPAIRMENT

Recognition

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where any such indication exists, the Economic Entity estimates the recoverable service amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An asset’s recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value-in-use of the asset.

The Economic Entity classifies the asset/identifiable group of assets as cash-generating if the key purpose of such asset/group of assets is to derive a commercial return from continuing use and are independent of the cash inflows from other assets or groups of assets. The Economic Entity will classify all other assets that do not meet the definition of cash-generating assets/group of assets as non-cash generating assets.

Accounting Policies (continued)

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's, or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash-generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash-generating unit.

An asset is part of a cash-generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset, the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets, the value in use is determined as a function of the discounted future cash flows from the asset.

Where the asset is a non-cash generating asset, the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach: The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.

- Restoration cost approach: The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.

- Service-units approach: The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity makes an estimate of the assets or cash-generating unit's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, a Economic Entity shall consider, as a minimum, the following indications:

Accounting Policies (continued)

External sources of information

(a) During the period, an asset's market value has declined significantly more than would be expected, as a result of the passage of time or normal use.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

(d) Evidence is available of obsolescence or physical damage of an asset.

(e) Significant changes with an adverse effect on the entity have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(f) A decision to halt the construction of the asset before it is complete or in a usable condition.

(g) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Impairment of non-cash generating units:

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) Cessation, or near cessation, of the demand or need for services provided by the asset.

(b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

(c) Evidence is available of physical damage of an asset.

(d) Significant long-term changes with an adverse effect on the entity have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

(e) A decision to halt the construction of the asset before it is complete or in a usable condition.

Accounting Policies (continued)

(f) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

17 REVENUE

17.1 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the Economic Entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

The recognition criteria are usually applied separately to each transaction.

Rendering of services

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

(a) the amount of revenue can be measured reliably;
(b) it is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity;
(c) the stage of completion of the transaction at the reporting date can be measured reliably; and
(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
(a) the Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;

Accounting Policies (continued)

(b) the Economic Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Specific exchange-revenue sources

Service charges relating to electricity, water and sewerage are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read and the related revenue adjustment is recognised in the same period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

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

Revenue arising from the application of the approved tariffs, fees and charges is recognised when the relevant service is rendered.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied monthly based on the costs of providing the refuse removal service.

Rental income arising from the use of investment properties, facilities and equipment is accounted for on a straight-line basis over the lease term on on-going leases.

Revenue from the issue of permits and licenses is recognised at point and time of issue.

Interest income is recognised in surplus or deficit on a time proportionate basis, using the effective interest method (i.e. based on the effective interest rate of the individual investments).

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated to the fund concerned; and
- Interest earned on unutilised conditional grants is allocated to the liability (i.e. recognised as an obligation), if grant conditions indicate that interest is payable to the funder.

Accounting Policies (continued)

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

The Economic Entity has an obligation in terms of legislation to collect all revenue and as such, the Economic Entity does not consider the collective collectability of the revenue on initial recognition on a portfolio basis. The Economic Entity assesses collectability subsequent to initial measurement and should the receivable be impaired the impairment loss is recognised as an expense.

17.2 Revenue from Non-Exchange Transactions

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

Recognition of revenue

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

Recognition of assets

An inflow of resources from a non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the Economic Entity and the fair value of the asset can be measured reliably.

The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Specific non-exchange-revenue sources

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the Economic Entity, the costs can be reliably measured, and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue in the invoicing period, therefore an accrual is raised at the end of the financial year based on the average collection of fines throughout the year.

Accounting Policies (continued)

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualify for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and first becomes available for use by the Economic Entity.

Fuel levy is recognised in revenue when the income is received.

Grants, transfers, or donations received, or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is no corresponding liability in respect of related conditions. Where the grant, transfer or donation has been received but the Economic Entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Availability charges are charged to recoup the costs of delivering water, electricity and sewer connections to your property. These charges are levied where the services are made available to consumers, regardless of actual usage.

Measurement of revenue from non-exchange transactions

Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets, recognised by the Economic Entity.

Fines

Assets arising from fines are measured at the best estimate of the inflow of resources to the Economic Entity.

Bequests

Bequests are measured at the fair value of the resources received or receivable.

Gifts, Grants and donations

On initial recognition, gifts and donations are measured at their fair value as at the date of acquisition, which may be ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession that holds a recognised and relevant professional qualification.

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met. Therefore, the best estimate of the amount required to settle the present obligation at the reporting date will be recognised as a liability.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Accounting Policies (continued)

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability.

The Economic Entity has an obligation in terms of legislation to collect all revenue and as such, the Economic Entity does not consider the collective collectability of the revenue on initial recognition on a portfolio basis. The Economic Entity assesses collectability subsequent to initial measurement and should the receivable be impaired, the impairment loss is recognised as an expense.

Expenditure from Non-exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

Expenditure from non-exchange transactions is recognised when the resources have been transferred to the beneficiaries. A corresponding asset is raised to the extent that conditions attached to the expenditure have not been met. The asset is transferred to the Statement of Financial Performance once the conditions are met.

18 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Economic Entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred are recognised as an expense in the Statement of Financial Performance using the effective interest method.

19 LEASES

Leases in the financial statements of lessees

Operating leases

Recognition

Assets subject to operating leases, that is. those leases where substantially, all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. Lease payments under an operating lease are recognised as an expense in the statement of financial performance, on a straight-line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be.

Accounting Policies (continued)

Measurement

The resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Derecognition

The operating lease liability is derecognised when the Economic Entity’s obligation to settle the liability is extinguished. The operating lease asset is derecognised when the Economic Entity no longer anticipates economic benefits to flow from the asset.

Leases in the financial statements of Lessor

Operating leases

The Economic Entity presents assets subject to operating leases in its Statement of Financial Position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred by the Economic Entity in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, on a straight-line basis over the lease period.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Accounting Policies (continued)

The depreciation policy for depreciable leased assets is consistent with the Economic Entity's normal depreciation policy for similar assets, and depreciation is calculated in accordance with the Standards of GRAP on Property, Plant and Equipment, Investment Property and Intangible Assets.

Derecognition

Operating lease liabilities are derecognised when the Economic Entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the Economic Entity's right to the underlying cash flows expire, or the Economic Entity no longer expects economic benefits to flow from the operating lease asset.

20 REPORTING FOREIGN CURRENCY TRANSACTIONS IN THE FUNCTIONAL CURRENCY

Initial Recognition

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Reporting at subsequent reporting dates

At each reporting date:

(a) foreign currency monetary items shall be translated using the closing rate;

(b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and

(c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Recognition of exchange differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in surplus or deficit in the period in which they arise.

21 VALUE ADDED TAX (VAT) AND TAXATION

The Economic Entity accounts for Value Added Tax on the payments' basis. Revenue, expenses and assets are recognised net of the amount of VAT (where applicable). The net amount of VAT refundable from or payable to, the taxation authority is disclosed on the face of the statement of financial position.

The Economic Entity has a tax exemption and therefore not liable for income tax.

Accounting Policies (continued)

22 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Economic Entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but forms part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

23 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 incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but forms part of disclosure inclusive of VAT of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

24 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but forms part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the financial statements.

25 RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

26 TRANSFER OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

Common Control

For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

The Economic Entity uses the acquisition method in accounting for transactions relating to transfer of functions, between entities not under common control.

Accounting Policies (continued)

Applying the acquisition method requires:
a) Identifying the acquirer.
b) Determining the acquisition date.
c) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.
d) Recognising the difference between (c) and the consideration transferred to the seller.

The acquisition date is the date on which the acquirer obtains control of the acquiree.

Economic Entity as the acquirer:

At acquisition date, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree shall be recognised if:

a) The assets taken on and the liabilities assumed meets the definitions of an asset and liability as set out in the Framework for the Preparation and Presentation of Financial Statements.
b) These assets and liabilities relate to the binding agreement between the parties to the transaction and may not relate to separate transactions.

Assets and liabilities not previously recognised by the acquiree will be recognised if these assets and liabilities now meet the recognition criteria (for example internal generated intangible assets not previously recognised).

The acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

27 EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Consolidated Annual 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 is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Adjusting events after reporting date

The Economic Entity adjusts the amounts recognised in the Consolidated Annual Financial Statements to reflect adjusting events after the reporting date.

Non-adjusting events after the reporting date

The Economic Entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. The Economic Entity discloses 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 Consolidated Annual Financial Statements.

Accounting Policies (continued)

28 RELATED PARTIES

The Economic Entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the Economic Entity and one or more related parties, and those transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Economic Entity to have adopted if dealing with that individual entity or person in the same circumstances; and

- Terms and conditions within the normal operating parameters established by the Economic Entity's legal mandate.

Further details about those transactions are disclosed in the notes to the financial statements.

29 PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

Presentation of a comparison of budget and actual amounts:
The Economic Entity presents a comparison of the budget amounts for which it is held publicly accountable for and actual amounts as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP 24. The comparison of budget and actual amounts presents separately for each level of legislative oversight:

(a) the approved and final budget amounts;
(b) the actual amounts on a comparable basis; and
(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

Presentation and disclosure

The Economic Entity presents a comparison of budget and actual amounts in the primary financial statements because the financial statements and the budget are prepared on a comparable basis.

Changes from approved to final budget

The Economic Entity presents an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget or of other factors:

(b) in a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements.

Comparable basis

All comparisons of budget and actual amounts are presented on a comparable basis to the budget.

Accounting Policies (continued)

The Economic Entity is 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 the Economic Entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Comparative information is not required.

30 COMMITMENTS

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

Disclosure is done to the extent that it has not already been recognised elsewhere in the financial statements.

Capital commitments are treated as follows:

- The aggregate amount of capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year.

Commitments are disclosed in the following circumstances:

- Unrecorded capital expenditure approved and contracted for before/at reporting date;
- Unrecorded capital expenditure approved but not yet contracted for at reporting date; and
- Unrecorded capital expenditure approved after reporting date.

31 GRANTS-IN-AID

The Economic Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Economic Entity does not:

- Receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

Accounting Policies (continued)

32. CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date exceed capital grants received, the surplus is shown as amounts due from funders for contract work. For contracts where capital grants received exceed contract costs incurred to date, the surplus is shown as the amounts due to funders for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as unspent project funding received. Amounts billed for work performed but not yet paid by the funder are included in the statement of financial position under trade and other receivables.

Unutilised project funding is reflected on the Statement of Financial Position as a Current Liability - Unspent Project Funding. The cash received is invested until it is utilised.

33. PRINCIPAL AGENT TRANSACTIONS

The Accounting Standard of GRAP 109 outlines the principles to be used by an entity to assess whether it is party to a Principal-Agent Arrangement and whether it is a Principal or an Agent.

The Economic Entity is party to Principal-Agent Arrangements with the Eastern Cape Department of Transport. In terms of the arrangements, the NMBM is appointed as both the Driving Licence Testing Centre and Vehicle Testing Station.

The Service Level Agreements specifically states that the Economic Entity is appointed as an Agent.

According to the standard of GRAP 109 When an entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

A principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

An agent recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal.

Accounting Policies (continued)

34. SERVICE CONCESSION ARRANGEMENTS

No service concession arrangements have been entered into.

35. SEGMENT REPORTING

Basis for segmentation

Nelson Mandela Bay Economic Entity is a complex metropolitan Economic Entity with a wide variety of goods and services managed by various Directorates. Operations are structured to achieve optimum service delivery and the Economic Entity produces various reports in which its activities are presented in a variety of ways.

Segments were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature or services are sufficiently similar, to warrant aggregation. The component of each aggregated segment is explained under the description of operations of the segments.

Reportable segments are identified based on activities of the Economic Entity that generates economic benefits or service potential including internal services that contribute to achieving the Economic Entity’s objectives without necessarily generating net cash inflows.

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the Economic Entity’s accounting policies.

Inter-segment pricing is determined on an arm’s length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the “elimination of intersegment transactions” column of the segment report.

Geographic information

All the Economic Entity’s operations are located in the Republic of South Africa in the Nelson Mandela Bay area. Information to report on different geographical areas is not available and the cost to develop it would be excessive.

36. GRAP STATUTORY RECEIVABLES

Statutory receivables thus include Property Rates, Traffic Fines, National Treasury Grants and VAT (if receivable from SARS).

No other transactions outside of the standards of GRAP have been concluded.

Accounting Policies (continued)

37. ELECTRICITY LOSSES

The Economic Entity have two types of losses that can occur in the distribution of electricity.

• Technical Losses: These losses occur due to heat dissipation when electricity flows through the system conductors which consists of either copper or aluminium. (Network / infrastructure related losses)

• Non – Technical Losses: These losses occur due to theft (illegal connections, meter tampering) and incorrect metering.

It is the policy of the Economic Entity to calculate and report on electricity losses within the Consolidated Annual Financial Statements split between technical and non-technical losses. Technical electricity losses are estimated as an 8% of electricity purchases. Non-Technical losses are calculated as the difference between Total electricity losses, and Technical losses.

38. WATER LOSSES

The Economic Entity has a number causes for water losses, such as aging infrastructure, pipe bursts and undetected underground water leaks.

The causes are grouped into technical losses (network / infrastructure related) and non-technical losses (Theft / illegal connections, unmetered, illegal, and tampering).

Water losses are calculated as follows:

Opening Inventory volume plus volume of water treated for the year, less the sum of the sales volume, unbilled authorised consumption and closing inventory volumes.

The cost applied to the volume of water losses includes an apportionment of bulk water costs, employee and contracted services costs, depreciation, repairs and maintenance costs and other direct water treatment costs.

Notes to the Consolidated Annual Financial Statements

2. Cash and cash equivalents

2.1 Cash and cash equivalents

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Cash and cash equivalents consist of the following:				
Cash at Bank				
Primary Bank account	713,579,130	934,341,177	703,828,969	934,032,595
Current account	6,027,752	6,005,270		
Call account	24,520,452	81,959,232		
Cash on hand				
Cashier Floats and Other	84,336	89,402	78,815	78,815
Total cash and cash equivalents	**744,211,670**	**1,022,395,081**	**703,907,784**	**934,111,410**

2.1 .1 Cash at Bank

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
The NMBM operates the following bank accounts with ABSA:				
ABSA - Current account - Greenacres:4079534961	702,197,893	934,032,595	702,197,893	934,032,595
ABSA - Market Current account - Greenacres:4079533957	1,631,076	0	1,631,076	0
MBDA operates the following bank accounts with Nedbank:				
Account Number - 1084853833 (Nedbank, PE) - Primary Account	9,750,161	308,582		
Account Number - 1084866064 (Nedbank, PE) - Current Account	850	1,141		
Account Number - 1106700856 (Nedbank, PE) - Current Account	1,414,040	1,192,607		
Account Number - 1140185322 (Nedbank, PE) - Current Account	4,612,862	4,811,522		
Account Number - 037881142189 (Nedbank, PE) - Call Account	15,817	14,698		
Account Number - 037881116285 (Nedbank, PE) - Call Account	24,504,635	81,944,534		
Total	**703,828,969**	**934,032,595**	**703,828,969**	**934,032,595**

Notes to the Consolidated Annual Financial Statements (continued)

2.1.2 Cash Book and Bank Statement balances

	Economic Entity		Municipality	
	2024/2025 R		2024/2025 R	
	Cash book	Bank Statement	Cash book	Bank Statement
The NMBM operates the following bank accounts with ABSA:				
Bank account	703,828,969	664,357,416	703,828,969	664,357,416
MBDA operates the following bank accounts with Nedbank:				
Account Number - 1084853833 (Nedbank, PE) - Primary Account	9,750,161	9,750,161		
Account Number - 1084866064 (Nedbank, PE) - Current Account	850	850		
Account Number - 1106700856 (Nedbank, PE) - Current Account	1,414,040	1,414,040		
Account Number - 1140185322 (Nedbank, PE) - Current Account	4,612,862	4,612,862		
Account Number - 037881142189 (Nedbank, PE) - Call Account	15,817	15,817		
Account Number - 037881116285 (Nedbank, PE) - Call Account	24,504,635	24,504,635		
Total	**744,127,334**	**704,655,781**	**703,828,969**	**664,357,416**

	Economic Entity		Municipality	
	2023/2024 R		2023/2024 R	
	Cash book	Bank Statement	Cash book	Bank Statement
The NMBM operates the following bank accounts with ABSA:				
Bank account			934,032,595	912,197,412
MBDA operates the following bank accounts with Nedbank:				
Account Number - 1084853833 (Nedbank, PE) - Primary Account	308,582	308,582		
Account Number - 1084866064 (Nedbank, PE) - Current Account	1,141	1,141		
Account Number - 1106700856 (Nedbank, PE) - Current Account	1,192,607	1,192,607		
Account Number - 1140185322 (Nedbank, PE) - Current Account	4,811,522	4,811,522		
Account Number - 037881142189 (Nedbank, PE) - Call Account	14,698	14,698		
Account Number - 037881116285 (Nedbank, PE) - Call Account	81,944,534	81,944,534		
Total	**88,273,084**	**88,273,084**	**934,032,595**	**912,197,412**

Notes to the Consolidated Annual Financial Statements (continued)

	Economic Entity		Municipality	
Banking facilities with ABSA:	**2024/2025** **R**	**2023/2024** **R**	**2024/2025** **R**	**2023/2024** **R**
- Financial guarantees	8,402,000	8,402,000	8,402,000	8,402,000
- Automated Clearing Bureau Credits limit	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
- Daily limit	350,000,000	350,000,000	350,000,000	350,000,000
- Automated Clearing Bureau Debits limit	15,000,000	15,000,000	15,000,000	15,000,000
Banking Securities with ABSA:				
- Financial guarantees	7,646,969	7,646,969	7,646,969	7,646,969
- Outward guarantees	0	0	0	0

No fee was paid for the financial guarantees. All guarantees except the one amounting to R761 352 are secured by cash.

Notes to the Consolidated Annual Financial Statements (continued)

3. Call deposits and investments

			Economic Entity and Municipality	
			2024/2025 R	2023/2024 R
Call deposits and investments consist of the following:				
Call deposits and investments				
Deposit taking institutions			3,063,280,967	3,403,954,248
Other Investments			3,628,288	3,311,165
Total Call deposits and investments			**3,066,909,255**	**3,407,265,413**

Refer Restatement note 56.3.1

3.1 Deposit taking institutions

			2024/2025 R	2023/2024 R
Call Deposits and Investments are held with the following banking institutions:				
ABSA Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7.45%, 5.5% and 7.00% (2024: 8.45%, 6.5% and 8.0%) during the current audit period.			472,676,969	507,676,969
First National Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7.57 (2024: 8.82%) during the current audit period.			590,000,000	640,000,000
Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7% (2024: 8.0%) during the current audit period.			198,144,341	183,817,622
Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7.59% and 7.0% (2024: 8.89% and 8.0%) during the current audit period.			1,040,500,000	1,345,500,000
Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7.95% (2024: 8.94%) during the current audit period.			761,700,000	726,700,000
Standard Bank Stanlib Investment Account - interest receivable on monthly basis at the average annual interest rate of 2025: 7.553% (2024: 8.507%) during the current audit period.			259,657	259,657
Total			**3,063,280,967**	**3,403,954,248**

Notes to the Consolidated Annual Financial Statements (continued)

3.2 Other Investments

			Economic Entity and Municipality	
			2024/2025 R	2023/2024 R
Sanlam Shares - Financial Instruments			3,628,288	3,311,165
Total			**3,628,288**	**3,311,165**

The Municipality's Investment Policy and Investment Regulations, require local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

All deposits are invested in call accounts with all of the above banks as per the above-mentioned interest rate options. Short-term investment deposits form part of cash and cash equivalents for purposes of the cash flow statement.

Short-term Investment Deposits amounting to R129 103 887 (2024: R213 697 820) are ring-fenced and attributable to repaying long-term loans.

The NMBM is the holder of 40 919 shares in Sanlam Ltd received or allotted for no cost, of which the market value is R3 628 288 (2024: R3 311 165) determined on the open market share price as at 30 June 2025. The shares were awarded to the NMBM as the beneficiary of an insurance endowment policy, which matured during October 1998.

No Investments were pledged as security.

Notes to the Consolidated Annual Financial Statements (continued)

4. Trade and other receivables from exchange transactions

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Related Parties	4.1	38,953,716	17,986,654	132,377,198	130,186,619
Prepayments and Advances	4.2	20,968,704	19,894,406	20,968,704	19,894,406
Trading Service and Consumer Service Debtors	4.3	3,167,920,495	3,138,304,280	3,167,920,495	3,138,304,280
Other Receivables	4.4	3,189,743,629	2,467,929,462	3,083,681,653	2,414,048,714
Total Trade and other receivables from Exchange Transactions		**6,417,586,544**	**5,644,114,802**	**6,404,948,050**	**5,702,434,019**

Refer Restatement Note 56.3.2

4.1 Related Parties

	Economic Entity 2024/2025 R			Economic Entity 2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
MBDA	0	0	0	0	0	0
MBDA (Administration of Stadium)	38,953,716	0	38,953,716	17,986,654	0	17,986,654
Total	**38,953,716**	**0**	**38,953,716**	**17,986,654**	**0**	**17,986,654**

	Municipality 2024/2025 R			Municipality 2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
MBDA	99,182,895	0	99,182,895	111,615,592	0	111,615,592
MBDA (Administration of Stadium)	33,194,303	0	33,194,303	18,571,027	0	18,571,027
Total	**132,377,198**	**0**	**132,377,198**	**130,186,619**	**0**	**130,186,619**

4.1.1 Ageing of Related Parties

	2024/2025 R						
	Total		30 days	60 days	90 days	120 days	120+ days
Economic Entity:							
MBDA	0		0				0
MBDA (Administration of Stadium)	38,953,716		20,967,062				17,986,654
	38,953,716		**20,967,062**				**17,986,654**
Municipality:							
MBDA	99,182,895		0			20,046,273	79,136,622
MBDA (Administration of Stadium)	33,194,303		14,623,276				18,571,027
Total	**132,377,198**		**14,623,276**			**20,046,273**	**97,707,649**

Notes to the Consolidated Annual Financial Statements (continued)

4.1.2 Ageing of Related Parties (Continued)

	2023/2024 R						
	Total		30 days	60 days	90 days	120 days	120+ days
Economic Entity:							
MBDA	0		0				0
MBDA (Administration of Stadium)	17,986,654		0				17,986,654
	17,986,654		**0**				**17,986,654**
Municipality:							
MBDA	111,615,592			14,786,854		40,354,975	56,473,763
MBDA (Administration of Stadium)	18,571,027						18,571,027
Total	**130,186,619**			**14,786,854**		**40,354,975**	**75,044,790**

No Related Parties were pledged as security.

4.2 Prepayments and Advances

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Prepayments and Advances	20,968,704	0	20,968,704	19,894,406	0	19,894,406
Total	**20,968,704**	**0**	**20,968,704**	**19,894,406**	**0**	**19,894,406**

4.2.1 Ageing of Prepayments and Advances

	2024/2025 R						
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Prepayments and Advances	20,968,704	20,968,704	0	0	0	0	0
Total	**20,968,704**	**20,968,704**	**0**	**0**	**0**	**0**	**0**

No Prepayments and Advances were pledged as security

Notes to the Consolidated Annual Financial Statements (continued)

4.3 Trading Service and Consumer Service Debtors

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Trading Service and Consumer Service Debtors						
Electricity	2,097,987,988	-921,030,150	1,176,957,838	1,754,052,236	-773,023,832	981,028,404
Waste Management	1,041,618,256	-927,728,436	113,889,820	845,135,691	-742,353,490	102,782,201
Waste Water Management	2,031,573,761	-1,748,023,801	283,549,960	1,624,052,343	-1,350,315,284	273,737,059
Water	12,581,533,402	-11,116,297,071	1,465,236,331	9,852,235,017	-8,166,569,580	1,685,665,437
Property Rental Debtors	86,213,637	-77,667,918	8,545,719	65,500,045	-60,527,981	4,972,064
Other Services	688,623,074	-568,882,247	119,740,827	573,974,933	-483,855,818	90,119,115
Total Trading Service and Consumer Service Debtors	**18,527,550,118**	**-15,359,629,623**	**3,167,920,495**	**14,714,950,265**	**-11,576,645,985**	**3,138,304,280**

4.3.1 Impairment Reconciliation of Trading Service and Consumer Service Debtors

	Economic Entity and Municipality							
	2024/2025 R				2023/2024 R			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Trading Service and Consumer Service Debtors								
Electricity	-773,023,832	-143,615,083	-4,391,235	-921,030,150	-707,319,736	-67,421,463	1,717,367	-773,023,832
Waste Management	-742,353,490	-209,022,122	23,647,176	-927,728,436	-764,128,063	-143,992,328	165,766,901	-742,353,490
Waste Water Management	-1,350,315,284	-443,227,616	45,519,099	-1,748,023,801	-1,230,352,774	-381,741,994	261,779,484	-1,350,315,284
Water	-7,419,329,870	-3,936,903,180	239,935,979	-11,116,297,071	-6,766,846,314	-3,208,828,261	1,809,104,995	-8,166,569,580
Property Rental Debtors	-60,527,981	-7,345,051	-9,794,886	-77,667,918	-51,540,594	-6,305,171	-2,682,216	-60,527,981
Other Services	-483,855,818	-568,882,247	483,855,818	-568,882,247	-529,537,296	-483,855,818	529,537,296	-483,855,818
Total Trading Service and Consumer Services Debtors	**-10,829,406,275**	**-5,308,995,299**	**778,771,951**	**-15,359,629,623**	**-10,049,724,777**	**-4,292,145,035**	**2,765,223,827**	**-11,576,645,985**

Notes to the Consolidated Annual Financial Statements (continued)

4.3.2 Ageing of Trading Service and Consumer Services Debtors

	Economic Entity and Municipality						
	2024/2025 R						
	Total		0-30 days	60 days	90 days	120 days	120+ days
Trading Service and Consumer Services Debtors from exchange transactions:							
Ageing by debt type							
Electricity	2,097,980,015		957,426,253	79,860,960	120,701,375	25,961,739	914,029,688
Waste Management	1,041,618,256		47,148,336	32,148,669	22,526,798	17,683,106	922,111,347
Waste Water Management	2,031,573,761		108,366,133	73,121,941	60,586,942	54,479,642	1,735,019,103
Water	12,581,533,402		1,004,560,271	372,658,670	362,019,911	335,449,114	10,506,845,436
Property Rental Debtors	86,213,637		2,753,820	3,693,882	1,757,862	534,366	77,473,707
Other Services	688,604,743		22,892,481	11,291,535	9,899,924	8,405,874	636,114,929
Total by debt type	**18,527,523,814**		**2,143,147,294**	**572,775,657**	**577,492,812**	**442,513,841**	**14,791,594,210**
Ageing per customer group							
Organs of State	241,106,079		33,160,771	13,682,904	9,044,039	5,967,568	179,250,797
Commercial Customers	3,559,392,775		1,190,207,888	124,931,058	138,487,594	45,809,283	2,059,956,952
Households	14,727,024,960		919,778,635	434,161,695	429,961,179	390,736,990	12,552,386,461
Total by customer group	**18,527,523,814**		**2,143,147,294**	**572,775,657**	**577,492,812**	**442,513,841**	**14,791,594,210**

4.3.3 Ageing of Trading Service and Consumer Services Debtors (Continued)

	Economic Entity and Municipality						
	2023/2024 R						
	Total		0-30 days	60 days	90 days	120 days	120+ days
Trading Service and Consumer Services Debtors from exchange transactions:							
Ageing by debt type							
Electricity	1,754,052,236		853,838,534	72,521,021	36,911,356	27,571,980	763,209,345
Waste Management	845,135,690		48,518,191	22,449,395	19,659,608	20,569,936	733,938,560
Waste Water Management	1,624,052,345		125,868,072	59,295,668	51,924,587	51,587,595	1,335,376,423
Water	9,852,235,017		1,153,023,294	388,080,666	365,130,489	387,565,292	7,558,435,276
Property Rental Debtors	65,500,045		2,740,533	1,075,828	1,063,760	1,070,352	59,549,572
Other Services	573,974,932		13,489,568	8,416,601	9,363,187	7,684,903	535,020,673
Total by debt type	**14,714,950,265**		**2,197,478,192**	**551,839,179**	**484,052,987**	**496,050,058**	**10,985,529,849**
Ageing per customer group							
Organs of State	265,056,951		33,535,267	12,770,670	6,052,016	14,235,329	198,463,669
Commercial Customers	5,357,759,935		1,667,682,226	96,607,286	66,481,758	1,790,881,692	1,736,106,973
Households	9,092,133,379		496,260,699	442,461,223	411,519,213	-1,309,066,963	9,050,959,207
Total by customer group	**14,714,950,265**		**2,197,478,192**	**551,839,179**	**484,052,987**	**496,050,058**	**10,985,529,849**

Notes to the Consolidated Annual Financial Statements (continued)

4.3.6 Collection Rate of Trading Service and Consumer Services Debtors

	2024/2025	2023/2024
Electricity	103.40%	118.40%
Waste Management	53.10%	50.40%
Waste Water Management	64.10%	62.40%
Water	30.90%	37.60%
Property Rental Debtors	83.30%	84.20%
Other Services	29.60%	29.60%
Overall collection rate	**71.10%**	**75.60%**

4.4 Other Receivables

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Other Receivables - NMBM						
Accrued Income: Market	0	0	0	1,620,589	0	1,620,589
Accrued Income: Interest Receivable	28,219,797	0	28,219,797	46,964,337		46,964,337
Accrued Income: Other	64,333,520	0	64,333,520	52,485,639		52,485,639
Input VAT accrual	2,982,541,097		2,982,541,097	2,304,117,439		2,304,117,439
Operating Leases - Straight Lining	8,587,239	0	8,587,239	8,860,710		8,860,710
	3,083,681,653	**0**	**3,083,681,653**	**2,414,048,714**	**0**	**2,414,048,714**
Other Receivables - MBDA:						
Trade Debtors	107,948,519	2,669,820	105,278,699	55,659,161	2,903,575	52,755,586
Sundry Debtors	783,277		783,277	1,125,162		1,125,162
Total Other Receivables	**3,192,413,449**	**2,669,820**	**3,189,743,629**	**2,470,833,037**	**2,903,575**	**2,467,929,462**

No Trading Service and Consumer Services Debtors and Other Receivables were pledged as security.

Financial Assets have been classified as loans and receivables.

The consumer service debtors are billed at a gazetted rate of (11.75% (July 2024 to October 2024), 11.5% (November 2024 to December 2024), 11.25% (January 2025 to February 2025), 11% (March 2025 to June 2025)) per annum on overdue accounts.

Notes to the Consolidated Annual Financial Statements (continued)

5. Receivables from Non-Exchange Transactions

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Property Rates		341,315,439	307,332,848	341,315,439	307,332,848
Traffic Fines		20,654,619	20,298,638	20,654,619	20,298,638
Accrued Income - Transfers and Subsidies	**5.1**	7,945,925	0	7,945,925	0
Service Charges		459,735	1,942,983	459,735	1,942,983
Deposits		5,460	4,100		
Total Receivables from Non-Exchange Transactions		**370,381,178**	**329,578,569**	**370,375,718**	**329,574,469**

Refer Restatement Note 56.3.3

5.1 Receivables from Non-Exchange Transactions

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
NMBM:						
Property Rates	2,585,524,875	-2,244,209,436	341,315,439	2,138,127,220	-1,830,794,372	307,332,848
Traffic Fines	235,242,601	-214,587,982	20,654,619	110,642,717	-90,344,079	20,298,638
Accrued Income - Transfers and Subsidies	25,058,886	-17,112,961	7,945,925	17,112,961	-17,112,961	0
Service Charges	60,298,398	-59,838,663	459,735	72,215,928	-70,272,945	1,942,983
	2,906,124,760	**-2,535,749,042**	**370,375,718**	**2,338,098,826**	**-2,008,524,357**	**329,574,469**
MBDA:						
Deposits	5,460	0	5,460	4,100	0	4,100
Total	**2,906,130,220**	**-2,535,749,042**	**370,381,178**	**2,338,102,926**	**-2,008,524,357**	**329,578,569**

5.1.1 Impairment Reconciliation of Receivables from Non-Exchange Transactions

	2024/2025 R				2023/2024 R			
	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance
Property Rates	-1,830,794,372	-2,244,209,436	1,830,794,372	-2,244,209,436	-1,562,587,952	-1,830,794,372	1,562,587,952	-1,830,794,372
Traffic Fines	-90,344,079	-124,243,903		-214,587,982	-34,433,525	-55,910,554	0	-90,344,079
Accrued Income - Transfers and Subsidies	-17,112,961			-17,112,961	-17,112,961			-17,112,961
Service Charges	-70,272,945	-59,838,663	70,272,945	-59,838,663	-14,366,400	-70,272,945	14,366,400	-70,272,945
Total	**-2,008,524,357**	**-2,428,292,002**	**1,901,067,317**	**-2,535,749,042**	**-1,628,500,838**	**-1,956,977,871**	**1,576,954,352**	**-2,008,524,357**

Notes to the Consolidated Annual Financial Statements (continued)

5.1.2 Ageing of Receivables from Non-Exchange Transactions

	Economic Entity and Municipality						
	2024/2025						
	Total		0-30 days	60 days	90 days	120 days	120+ days
Property Rates	2,585,524,875		224,400,682	70,356,763	34,587,634	28,060,170	2,228,119,626
Traffic Fines	235,242,601		19,282,700	24,069,800	22,297,950	11,356,550	158,235,601
Accrued Income - Transfers and Subsidies	25,058,886			1,172,133		5,060,086	18,826,667
Service Charges	60,298,398		99,831	166,157	90,986	6,844	59,934,580
Deposits	5,460		5,460				
Total	**2,906,130,220**	**0**	**243,788,673**	**95,764,853**	**56,976,570**	**44,483,650**	**2,465,116,474**

5.1.3 Ageing of Receivables from Non-Exchange Transactions (Continued)

	Economic Entity and Municipality						
	2023/2024 R						
	Total		0-30 days	60 days	90 days	120 days	120+ days
Property Rates	2,138,127,219		233,945,164	35,536,326	28,046,914	30,447,267	1,810,151,548
Traffic Fines	110,642,717		10,400	639,350	4,701,200	5,153,750	100,138,017
Accrued Income - Transfers and Subsidies	17,112,961						17,112,961
Service Charges	72,215,928		248,431	171,080	124,005	87,241	71,585,171
Deposits	4,100		4,100				
Total	**2,338,102,925**	**0**	**234,208,095**	**36,346,756**	**32,872,119**	**35,688,258**	**1,998,987,697**

5.1.4 Ageing of Receivables from Non-Exchange Transactions Past Due Not Impaired

	Economic Entity and Municipality					
	2024/2025 R					
	Total	30 days	60 days	90 days	120 days	120+ days
Traffic Fines	20,654,619	1,693,047	2,113,361	1,957,790	997,121	13,893,300
Accrued Income - Transfers and Subsidies	7,945,925	0	1,172,133	0	5,060,086	1,713,706
Deposits	5,460	5,460				
Total	**28,606,004**	**1,698,507**	**3,285,494**	**1,957,790**	**6,057,207**	**15,607,006**

5.1.5 Ageing from Receivables Non-Exchange Transactions Past Due Not Impaired

	Economic Entity and Municipality					
	2023/2024 R					
	Total	30 days	60 days	90 days	120 days	120+ days
Traffic Fines	20,298,638	1,908	117,296	862,487	945,513	18,371,434
Accrued Income - Transfers and Subsidies	0	0	0	0	0	0
Deposits	4,100	4,100				
Total	**20,302,738**	**6,008**	**117,296**	**862,487**	**945,513**	**18,371,434**

No Receivables from Non-Exchange Transactions was pledged as security.

Notes to the Consolidated Annual Financial Statements (continued)

5.1.6 Statutory Receivables

	Economic Entity and Municipality	
	2024/2025	2023/2024
Property Rates	341,315,439	307,332,848
Traffic Fines	20,654,619	20,298,638
VAT Receivable	42,657,081	35,886,341
Longterm Receivables - Non-Exchange	63,090,788	53,880,803
Accrued Income - Transfers and Subsidies	7,945,925	0
Total Statutory Receivables	**475,663,852**	**417,398,630**

Notes to the Consolidated Annual Financial Statements (continued)

6. Inventory

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Materials and Supplies		201,469,107	151,177,589	201,469,107	151,177,589
Water	**6.1**	4,903,286	5,665,086	4,903,286	5,665,086
Finished Goods		6,311,870	6,379,781	6,311,870	6,379,781
MBDA - Inventory		564,211	174,596		
Total Inventories		**213,248,474**	**163,397,052**	**212,684,263**	**163,222,456**

The amount of write-down of inventories recognized as an expense is R5 719 643 (2023/2024: R4 441 936).

No Inventory were pledged as security.

6.1 Water

Water into the system	Volume	Unit value	2024/2025 R	Volume	Unit value	2023/2024 R
	kl pa	Rand / kl		kl pa	Rand / kl	
Opening Balance	856,560	5.80	4,970,995	887,990	5.20	4,616,352
Water purchased	127,970,887	5.78	739,342,751	113,865,594	5.80	660,420,446
Other water into the distribution system						
Total system input volume (SIV)	**128,827,447**		**744,313,746**	**114,753,584**		**665,036,798**
Water sold (**Sales**)	54,229,326	5.78	313,445,502	52,835,136	5.80	306,443,790
Non-revenue water (**NRW**)	5,805,601	5.78	33,556,373	5,228,066	5.80	30,322,783
Non-revenue water % (**NRW/SIV**)	57.59%		57.59%			
Free basic water allocation not included in water sales (**FBWA**)						
Non-revenue water:	67,946,945	5.78	392,558,669	55,833,822	5.80	324,028,245
Closing Balance	**845,575**		**4,753,202**	**856,560**		**4,241,980**

Notes to the Consolidated Annual Financial Statements (continued)

6.1.1 Water Losses

	2024/2025 R	2023/2024 R
Water Losses		
Apparent Losses: Unauthorised Consumption	63,459	182,402
Apparent Losses: Customer Meter Inaccuracies	113,823,611	93,915,294
Real Losses: Leakage on Transmission and Distribution Mains		
Real Losses: Leakage and Overflows at Storage Tanks/Reservoirs		
Real Losses: Leakage on Service Connections up to the point of Customer Meter	278,671,599	229,930,549
Data Transfer and Management Errors		
Unavoidable Annual Real Losses		
Total	**392,558,669**	**324,028,245**

The NMBM suffered water losses of 67,946 megalitres (52.74%) amounting to R392.6 million during the 2024/25 financial year. The comparative figures for the 2023/24 were 55,833 megalitres (48.66%) amounting to R324.0 million. The value of the water losses have been based on cost for both years. Various water demand management interventions are being implemented to curb water losses.

The 52.74% water losses are made up of apparent (commercial) losses (15.04%) and real (physical) losses (37.70%).
Apparent losses include unauthorised consumption from theft or illegal use, plus all technical and administrative inaccuracies associated with customer metering.

	2024/2025		2023/2024	
	ML	R	ML	R
Units Purchased	127,970,887	739,342,751	113,865,594	660,420,446
Units sold	60,034,926	347,001,875	58,063,202	336,766,573
Total Loss	**67,935,961**	**392,340,876**	**55,802,392**	**323,653,873**
Comprising of:				
Technical losses	18,027,315	104,197,880	11,394,810	66,089,899
Non-technical losses	49,908,646	288,471,974	44,407,582	257,563,974
Total	**67,935,961**	**392,669,854**	**55,802,392**	**323,653,873**
Percentage Loss:				
Technical losses	15.04%		10.01%	
Non-technical losses	37.70%		38.65%	
Total	**52.74%**		**48.66%**	

Notes to the Consolidated Annual Financial Statements (continued)

7. VAT Receivable

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Net VAT Receivable - Vat 201 - NMBM		42,657,081	29,774,778	42,657,081	29,774,778
Net VAT Receivable - Vat 201 - MBDA		0	6,111,563		
		42,657,081	**35,886,341**	**42,657,081**	**29,774,778**

Refer Restatement Note 56.3.7

8. Construction Contracts and Receivables

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Gross amounts due from customers for contract work		**0**	**0**	**0**	**0**

8.1 Construction Contracts and Receivables

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Gross amounts due from customers for contract work	210,320,725	-210,320,725	0	210,320,725	-210,320,725	0
Total	**210,320,725**	**-210,320,725**	**0**	**210,320,725**	**-210,320,725**	**0**

8.1.1 Impairment Reconciliation of Construction Contracts and Receivables

	2024/2025 R				2023/2024 R			
	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt w/off	Closing balance
Gross amounts due from customers for contract work	210,320,725			210,320,725	210,320,725			210,320,725
Total	**210,320,725**			**210,320,725**	**210,320,725**			**210,320,725**

Notes to the Consolidated Annual Financial Statements (continued)

8.1.2 Ageing of Impaired Construction Contracts and Receivables

	2024/2025 and 2023/2024 R						
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Gross amounts due from customers for contract work	210,320,725						210,320,725
Total	**210,320,725**						**210,320,725**

8.1.3 Construction Contracts and Receivables

	Economic Entity and Municipality		
		2024/2025 R	2023/2024 R
Amount of revenue recognised - Operating		71,142,556	116,436,926
Amount of revenue recognised - Capital		162,161,011	118,828,655
Aggregate amount of Costs incurred and recognised surpluses (less recognised deficits) to date for houses not yet transferred		1,181,918,320	1,142,874,356
Amount of advances received		51,856,618	72,947,450

Method used to determine the Revenue
Revenue is determined on a claims basis where the Municipality submit claims to the ECDoHS for expenditure incurred.

Method used to determine the stage of completion of contracts in progress:
Subsidies are approved per site for a set amount, which is determined by ECDoHS. Projects are implemented per stage and the contractors are also paid per stage.

Gross amounts due to customers for contract work and Retentions are included with Trade and Other Payables.

Notes to the Consolidated Annual Financial Statements (continued)

9. Non-Current Trade and Other Receivables from Exchange transactions and Non-Exchange transactions

9.1 Non-Current Trade and Other Receivables from Exchange transactions

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Trading Service Debtors						
Electricity	22,109,527	0	22,109,527	24,547,950	0	24,547,950
Waste Management	8,331,662	0	8,331,662	7,317,823	0	7,317,823
Waste Water Management	12,586,176	0	12,586,176	11,667,804	0	11,667,804
Water	34,955,991	0	34,955,991	33,817,062	0	33,817,062
Property rental debtors	94,898	0	94,898	230,571	0	230,571
Service Charges	4,809,560	0	4,809,560	4,014,590		4,014,590
Total	**82,887,814**	**0**	**82,887,814**	**81,595,800**	**0**	**81,595,800**

9.2 Non-Current Receivables from Non-Exchange Transactions

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Gross	Impairment	Total	Gross	Impairment	Total
Other	110,730	0	110,730	105,679	0	105,679
Property Rates	63,090,788	0	63,090,788	53,880,803	0	53,880,803
Total	**63,201,518**	**0**	**63,201,518**	**53,986,482**	**0**	**53,986,482**

Refer Restatement Note 56.3.9 and 56.3.10

No Non-Current Receivables from Exchange and Non-Exchange Transactions were pledged as security and no collateral given.

In the event of defaults on arrangements, the consumers may enter into a fresh arrangement upon making certain down payments.

Financial Assets - Receivables:
The consumer service debtors are billed at a gazetted rate of (11.75% (July 2024 to October 2024), 11.5% (November 2024 to December 2024), 11.25% (January 2025 to February 2025), 11% (March 2025 to June 2025)) per annum on overdue accounts.

The current portion is already included in the Total of Trade and Other Receivables from Exchange Transactions and Non-exchange Transactions - notes 4 and 5.

Notes to the Consolidated Annual Financial Statements (continued)

10. Investment Property

10.1 Reconciliation of Carrying Value

	Economic Entity and Municipality	
	2024/2025 **R**	**2023/2024** **R**
Opening Carrying Value		
Cost	226,767,881	226,767,881
Accumulated Depreciation and Impairment Losses	-88,410,877	-84,256,275
	138,357,004	**142,511,606**
Additions from Acquisitions		
Additions from Transfer of Functions and/or Mergers		
Capitalised Costs (including WIP)		
Depreciation	-4,084,681	-4,154,602
Carrying Value of Disposals / Transfers		
Cost		
Accumulated Depreciation and Impairment Losses		
Impairment Loss / Reversal of Impairment Loss		
Other Changes		0
Closing Carrying Value	**134,272,323**	**138,357,004**
Cost	226,767,881	226,767,881
Accumulated Depreciation and Impairment Losses	-92,495,558	-88,410,877

10.2 Investment Property Under Construction

	2024/2025 **R**	**2023/2024** **R**
Accumulated expenditure included in carrying value of investment property		
Of which:		
Accumulated borrowing costs included in the carrying amount of investment property	0	0
Carrying value of investment property taking significantly longer than expected		
Carrying value of investment property halted	0	0

Notes to the Consolidated Annual Financial Statements (continued)

10.3 Investment Property Contractual Commitments

	2024/2025 R	2023/2024 R
The following commitments exist at the reporting date:		
Commitments for the acquisition of investment property	**0**	**0**
Total	**0**	**0**

There are no restrictions on Investment Property

There are no Investment Property pledged as security

10.4 Maintenance of Investment Property

	2024/2025 R	2023/2024 R
The following maintenance costs were incurred:		
Preventative Maintenance *incurred on*		
Revenue generating investment property	0	0
Non-revenue generating investment property	0	0
Corrective Maintenance *incurred on*		
Revenue generating investment property	0	0
Non-revenue generating investment property	0	0
Total	**0**	**0**

10.5 Maintenance of Investment Property by Condition

	2024/2025 R	2023/2024 R
Preventative Maintenance		
Interval Based	0	0
Condition Based	0	0
Corrective Maintenance		
Planned	0	0
Emergency	0	0
Total	**0**	**0**

10.6 Funding of Investment Property Acquisitions

	Funding Type	2024/2025 R	2023/2024 R
Investment Properties funded		0	0
Total		**0**	**0**

The NMBM applies the Cost Model.

Notes to the Consolidated Annual Financial Statements (continued)

10.7 Market Value of Investment Properties

		2024/2025 R	2023/2024 R
Description of Investment Property:			
Nelson Mandela Bay Logistics Park		300,000,000	284,500,000
Mc Arthur Bath		5,900,000	5,900,000
Willows Resort		59,400,000	59,400,000
Beachview Resort		20,033,000	20,033,000
Van Stadens Resort		10,700,000	10,700,000
St Georges Park Resort and Wells estate		167,740,000	167,900,000
Motherwell Depot		2,400,000	2,400,000
Africa Timbers in Korsten		1,850,000	1,850,000
Mercado centre		25,400,000	25,400,000
Incinerator and Gas works		6,650,000	6,650,000
Something Good		4,400,000	4,400,000
Korsten Depot		2,050,000	2,050,000
Port Elizabeth RD Steeledale Reinforcing		0	3,900,000
PE Central Shop		1,650,000	1,650,000
North End Workshop		230,000	230,000
Moselville Old Post Office		1,200,000	1,200,000
Market Value of Investment Property		**609,603,000**	**598,163,000**

The market values disclosed for investment properties were determined by the Valuations Directorate within the Nelson Mandela Bay Metropolitan Municipality, who are qualified experts in the valuation of municipal properties.

The valuations are based on the 2021/2022 General Valuation Roll, which remains valid until 30 June 2026. Accordingly, the market values have been carried forward for the 2024/2025 financial year without change, except where supplementary valuations were issued.

During the current year, an adjustment was processed to reflect an updated supplementary valuation for the Nelson Mandela Bay Logistics Park, where additions to the property were recorded in the most recent supplementary roll. This resulted in an upward adjustment of R 15.5 million, increasing the market value from R 284.5 million to R 300.0 million.

All other investment properties remain valued in accordance with the approved 2021/2022 valuation roll, and no changes were identified or required in the current financial period.

Properties subject to Operating Leases:

		2024/2025 R	2023/2024 R
Rental revenue included in surplus for following Investment Properties:			
Beachview resort		240,000	240,000
Van Stadens Resort		240,000	240,000
Something Good		912,241	865,504
Nelson Mandela Bay Logistics Park		1	1
Willows Resort		24	24
Motherwell Depot		245,076	229,257
Africa Timbers in Korsten		26,571	24,155
Mercado centre		167,000	155,349

Rental revenue is included with Rental from Fixed Assets

Notes to the Consolidated Annual Financial Statements (continued)

11 Property, Plant and Equipment

11.1 Reconciliation Summary

	Economic Entity and Municipality					
	2024/2025 R			2023/2024 R		
	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Municipality:						
Land	1,360,279,241	0	1,360,279,241	1,349,737,746	0	1,349,737,746
Transport Assets	827,128,340	579,417,697	247,710,643	749,948,150	554,183,562	195,764,588
Electrical Infrastructure	4,521,223,466	1,831,820,273	2,689,403,193	4,347,297,825	1,725,529,382	2,621,768,443
Water Supply Infrastructure	6,837,092,147	2,099,613,974	4,737,478,173	6,528,275,739	1,923,901,164	4,604,374,575
Sanitation Infrastructure	3,577,848,544	1,866,203,778	1,711,644,766	3,480,459,062	1,790,507,112	1,689,951,950
Solid Waste Infrastructure	687,346,293	442,509,195	244,837,098	602,626,957	437,331,701	165,295,256
Rails Infrastructure	0	0	0	0	0	0
Machinery and Equipment	0	0	0	0	0	0
Furniture and Office Equipment	319,526,167	269,669,279	49,856,888	311,854,669	269,506,995	42,347,674
Computer Equipment	204,912,328	87,515,233	117,397,095	187,456,086	87,513,909	99,942,177
Information and Communication Infrastructure	17,339,351	17,040,011	299,340	17,175,226	17,000,487	174,739
Coastal Infrastructure	82,431,065	28,909,441	53,521,624	80,484,084	27,051,011	53,433,073
Roads Infrastructure	10,207,656,074	4,450,053,965	5,757,602,109	9,703,175,061	4,077,867,728	5,625,307,333
Storm water Infrastructure	0	0	0	0	0	0
Community Assets	3,867,018,035	1,619,703,116	2,247,314,919	3,822,867,492	1,520,750,612	2,302,116,880
Other Assets						
Operational Buildings	1,446,401,826	752,453,311	693,948,515	1,388,356,578	687,550,545	700,806,033
Housing	0		0	0		0
	33,956,202,877	**14,044,909,273**	**19,911,293,604**	**32,569,714,675**	**13,118,694,208**	**19,451,020,467**
MBDA						
Land	12,947,149	0	12,947,149	12,947,149	0	12,947,149
Buildings	27,371,082	1,113,293	26,257,789	19,614,935	659,466	18,955,469
Other Property, plant and equipment	29,036,662	9,011,424	20,025,238	14,796,884	6,643,030	8,153,854
Total	**34,025,557,770**	**14,055,033,990**	**19,970,523,780**	**32,617,073,643**	**13,125,996,704**	**19,491,076,939**

Refer Restatement Note 56.3.11

Notes to the Consolidated Annual Financial Statements (continued)

11.1.1 Reconciliation of Carrying Value

	Economic Entity and Municipality						
	2024/2025						
	Opening Balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Impairment Loss**	**Total**
Land	1,349,737,745	0	0	10,541,495	0	0	1,360,279,240
Transport Assets	195,764,588	77,999,479	0	0	-25,378,434	-674,988	247,710,645
Electrical Infrastructure	2,621,768,444	173,925,641	0	0	-106,290,892	0	2,689,403,193
Water Supply Infrastructure	4,604,374,576	308,816,408	0	0	-175,712,810	0	4,737,478,174
Sanitation Infrastructure	1,689,951,949	100,333,466	0	0	-78,134,016	-506,634	1,711,644,765
Solid Waste Infrastructure	165,295,255	3,669,266	0	81,050,070	-5,177,494	0	244,837,097
Rails Infrastructure	0	0	0	0	0	0	0
Machinery and Equipment	0	0	0	0	0	0	0
Furniture and Office Equipment	42,347,674	7,671,498	0	0	-162,284	0	49,856,888
Computer Equipment	99,942,176	17,456,242	0	0	-1,324	0	117,397,094
Information and Communication Infrastructure	174,739	164,124	0	0	-39,524	0	299,339
Coastal Infrastructure	53,433,073	1,946,980	0	0	-1,858,429	0	53,521,624
Roads Infrastructure	5,625,307,334	503,620,217	0	860,796	-372,186,238	0	5,757,602,109
Storm water Infrastructure	0	0	0	0		0	0
Community Assets	2,302,116,882	43,537,918		8,266,549	-98,952,503	-7,653,925	2,247,314,921
	0						0
Other Assets	0						0
Operational Buildings	700,806,032	55,970,295		2,255,948	-65,029,330	-54,430	693,948,515
Housing	0	0	0	0	0	0	0
	19,451,020,467	**1,295,111,534**	**0**	**102,974,858**	**-928,923,278**	**-8,889,977**	**19,911,293,604**
MBDA							
Land	12,947,149	0	0	0	0	0	12,947,149
Buildings	18,955,469	7,756,146	0	0	-453,826	0	26,257,789
Other Property, plant and equipment	8,153,854	14,489,141	0	0	-2,617,757		20,025,238
Total	**19,491,076,939**	**1,317,356,821**	**0**	**102,974,858**	**-931,994,861**	**-8,889,977**	**19,970,523,780**

Notes to the Consolidated Annual Financial Statements (continued)

11.1.2 Reconciliation of Carrying Value

	Economic Entity and Municipality						
	2023/2024						
	Opening Balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Impairment Loss**	**Total**
Land	1,188,894,668	3,429,496	0	157,413,581	0	0	1,349,737,745
Transport Assets	179,886,686	39,581,721	0	0	-23,246,910	-456,909	195,764,588
Electrical Infrastructure	2,515,556,187	236,652,823	0	0	-130,440,566	0	2,621,768,444
Water Supply Infrastructure	4,427,227,515	345,261,527	0	0	-168,114,466	0	4,604,374,576
Sanitation Infrastructure	1,720,725,897	92,729,986	0	0	-123,503,934	0	1,689,951,949
Solid Waste Infrastructure	266,377,868	6,175,658	0	-45,637,313	-61,620,958	0	165,295,255
Rails Infrastructure	0	0	0	0	0	0	0
Machinery and Equipment	0	0	0	0	0	0	0
Furniture and Office Equipment	35,823,198	6,524,476	0	0	0	0	42,347,674
Computer Equipment	86,298,010	7,858,838	0	5,786,652	-1,324	0	99,942,176
Information and Communication Infrastructure	0	174,739	0	0	0	0	174,739
Coastal Infrastructure	55,452,962	112,813	0	0	-2,132,702	0	53,433,073
Roads Infrastructure	5,474,271,391	477,527,276	0	23,844,778	-350,336,111	0	5,625,307,334
Storm water Infrastructure	0	0	0	0	0	0	0
Community Assets	2,333,253,184	54,539,342	0	15,766,244	-101,441,888	0	2,302,116,882
Other Assets							
Operational Buildings	737,799,441	34,030,440	0	231,929	-71,255,778	0	700,806,032
Housing	0	0	0	0	0	0	0
	19,021,567,007	**1,304,599,135**	**0**	**157,405,871**	**-1,032,094,637**	**-456,909**	**19,451,020,467**
MBDA							
Land	12,947,149	0	0	0	0	0	12,947,149
Buildings	16,721,982	2,591,203	0	0	-357,716	0	18,955,469
Other Property, plant and equipment	4,691,226	4,823,982	0	0	-1,361,354	0	8,153,854
Total	**19,055,927,364**	**1,312,014,320**	**0**	**157,405,871**	**-1,033,813,707**	**-456,909**	**19,491,076,939**

Notes to the Consolidated Annual Financial Statements (continued)

11.1.3 Construction work in progress

	Economic Entity and Municipality			
	2024/2025		2023/2024	
	Cost	Carrying Value	Cost	Carrying Value
Transport Assets	0	0	0	0
Electrical Infrastructure	149,490,968	149,490,968	284,680,621	284,680,621
Water Supply Infrastructure	112,301,162	112,301,162	95,421,868	95,421,868
Sanitation Infrastructure	25,231,440	25,231,440	20,632,499	20,632,499
Solid Waste Infrastructure	2,172,281	2,172,281	0	0
Rails Infrastructure	0	0	0	0
Machinery and Equipment	0	0	0	0
Furniture and Office Equipment	0	0	0	0
Computer Equipment	0	0	0	0
Information and Communication Infrastructure	0	0	0	0
Coastal Infrastructure	1,684,080	1,684,080	112,813	112,813
Roads Infrastructure	15,624,722	15,624,722	239,313,245	239,313,245
Storm water Infrastructure	0	0	0	0
Community Assets	17,142,143	17,142,143	21,344,589	21,344,589
				0
Other Assets				0
Operational Buildings	18,716,325	18,716,325	25,315,673	25,315,673
Housing			0	0
Total	**342,363,122**	**342,363,122**	**686,821,307**	**686,821,307**

11.1.4 Construction work in progress - Projects taking significantly longer than expected

	2024/2025		2023/2024	
	Cost	Carrying Value	Cost	Carrying Value
	0	0	0	0
Total				

11.1.5 Construction work in progress - Projects halted during the current or previous financial year

	2024/2025		2023/2024	
	Cost	Carrying Value	Cost	Carrying Value
	0	0	0	0
Total				

Notes to the Consolidated Annual Financial Statements (continued)

11.2 Property, Plant and Equipment Contractual Commitments

	Economic Entity and Municipality			
	2024/2025 R			
	Commitments			
	Acquisition of PPE	Construct or Develop PPE	Enhance existing PPP	Repair / Maintain PPE
Land	0	0	0	802,678
Transport Assets	14,420,492	0	0	46,926,044
Electrical Infrastructure	0		0	111,822,567
Water Supply Infrastructure	0	197,791,483	469,445,555	117,986,036
Sanitation Infrastructure	0	18,692,131	0	93,746,621
Solid Waste Infrastructure	0	0	0	348,603
Rails Infrastructure	0	0	0	0
Machinery and Equipment	0	0	0	0
Furniture and Office Equipment	0	0	0	0
Computer Equipment	0	0	0	0
Information and Communication	0	0	7,200,837	0
Coastal Infrastructure	0	0	0	0
Roads Infrastructure	0	20,575,459	67,287,762	73,024,117
Storm water Infrastructure	0	4,639,811	0	0
Community Assets	0	0	4,034,130	563,250
		0	0	0
Other Assets		0	0	0
Operational Buildings	0	0	0	0
Housing	0	0	0	0
Total	**14,420,492**	**241,698,884**	**547,968,284**	**445,219,917**

Notes to the Consolidated Annual Financial Statements (continued)

11.3 Property, Plant and Equipment Contractual Commitments (Continued)

	Economic Entity and Municipality			
	2023/2024 R			
	Commitments			
	Acquisition of PPE	Construct or Develop PPE	Enhance existing PPE	Repair / Maintain PPE
Land		0		743,470
Transport Assets		0		29,056,499
Electrical Infrastructure		0		123,867,271
Water Supply Infrastructure		3,376,241		136,979,593
Sanitation Infrastructure		22,086,338		91,863,624
Solid Waste Infrastructure		0		325,611
Rails Infrastructure		0		0
Machinery and Equipment		0		14,128,969
Furniture and Office Equipment		0		122,745
Computer Equipment		1,125		2,169,755
Information and Communication		0		728,778
Coastal Infrastructure		0		0
Roads Infrastructure		813,570		47,229,305
Storm water Infrastructure		1,719,149		13,854,739
Community Assets		11,018,004		14,459,517
Other Assets				
Operational Buildings				28,149,332
Housing		4,747,778		0
Total	**0**	**43,762,204**	**0**	**503,679,209**

The additional disclosure w.r.t Repairs and Maintenance commitments is a requirement in terms of the new MSCOA financial statements specimen.

Notes to the Consolidated Annual Financial Statements (continued)

11.4 Maintenance of Property, Plant and Equipment

	Economic Entity and Municipality			Economic Entity and Municipality		
	2024/2025 R			2023/2024 R		
	Preventative Maintenance	Corrective Maintenance	Total	Preventative Maintenance	Corrective Maintenance	Total
Buildings	1,562,030	18,785,573	20,347,604	1,660,553	19,989,368	21,649,921
Clinics		11,311	11,311	0	43,075	43,075
Community Centres	3,616,745	2,522,897	6,139,642	3,742,558	1,000,520	4,743,078
Computer Hardware		3,391,470	3,391,470	0	2,175,722	2,175,722
Electricity Reticulation & Supply	70,644	112,383,153	112,453,797	3,384	117,143,682	117,147,066
Libraries	178,920	63,517	242,437	205,804	389,558	595,363
Office Furniture and Fittings	25,723	534,644	560,367	114,061	366,398	480,459
Public Convenience		461,817	461,817	0	161,821	161,821
Recreational Facilities		10,554,824	10,554,824	986	8,854,158	8,855,145
Roads, Sidewalks & Stormwater Network		84,230,304	84,230,304	1,907,266	57,765,699	59,672,965
Sewerage Mains & Purification Works	282,632	92,507,084	92,789,716	453,247	85,302,316	85,755,563
Vehicles and Plant		58,126,912	58,126,912	0	50,654,996	50,654,996
Water Supply & Reticulation	31,679	105,840,577	105,872,256	71,816	129,523,667	129,595,483
Selling & Letting Schemes	0	0	0	107,490	735,838	843,328
Wi-fi Infrastructure	0	0	0	0	741,764	741,764
Total	**5,768,373**	**489,414,084**	**495,182,457**	**8,267,164**	**474,848,582**	**483,115,747**

Notes to the Consolidated Annual Financial Statements (continued)

11.5 Maintenance of Property, Plant and Equipment by Condition

	Economic Entity and Municipality				
	2024/2025 R				
	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Condition Based	Planned	Emergency	
Buildings	1,562,030		481,193	18,304,380	20,347,604
Clinics				11,311	11,311
Community Centres	3,404,631	212,113		2,522,897	6,139,642
Computer Hardware			394,500	2,996,970	3,391,470
Electricity Reticulation & Supply	15,204	55,440	33,350,805	79,032,349	112,453,797
Office Furniture and Fittings	25,723			534,644	560,367
Libraries	178,920			63,517	242,437
Public Convenience				461,817	461,817
Recreational Facilities				10,554,824	10,554,824
Roads, Sidewalks & Stormwater Network				84,230,304	84,230,304
Sewerage Mains & Purification Works	224,007	58,625	11,546,217	80,960,867	92,789,716
Vehicles and Plant			30,910,814	27,216,098	58,126,912
Water Supply & Reticulation		31,679	87,574,825	18,265,752	105,872,256
Selling & Letting Schemes	0	0	0	0	0
Wi-fi Infrastructure	0	0	0	0	0
Total	**5,410,516**	**357,857**	**164,258,354**	**325,155,730**	**495,182,457**

Notes to the Consolidated Annual Financial Statements (continued)

11.6 Maintenance of Property, Plant and Equipment by Condition

	Economic Entity and Municipality				
	2023/2024 R				
	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Condition Based	Planned	Emergency	
Buildings	1,660,553	0	1,033,559	18,955,809	21,649,921
Clinics	0	0	0	43,075	43,075
Community Centres	3,644,540	98,018	0	1,000,520	4,743,078
Computer Hardware	0	0	27,000	2,148,722	2,175,722
Electricity Reticulation & Supply	3,384	0	45,130,309	72,013,373	117,147,066
Libraries	205,804	0	0	389,558	595,363
Office Furniture and Fittings	114,061	0	0	366,398	480,459
Public Convenience	0	0	0	161,821	161,821
Recreational Facilities	986	0	0	8,854,158	8,855,145
Roads, Sidewalks & Stormwater Network	1,907,266	0	0	57,765,699	59,672,965
Selling & Letting Schemes	107,490	0	48,567	687,271	843,328
Sewerage Mains & Purification Works	388,050	65,197	5,655,493	79,646,823	85,755,563
Vehicles and Plant	0		25,778,243	24,876,753	50,654,996
Water Supply & Reticulation	220	71,596	115,263,529	14,260,138	129,595,483
Wi-fi Infrastructure	0	0	741,764	0	741,764
Total	**8,032,353**	**234,811**	**193,678,464**	**281,170,119**	**483,115,747**

Notes to the Consolidated Annual Financial Statements (continued)

11.7 Funding of Property, Plant and Equipment Acquisitions

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Land	0	3,429,496
Transport Assets	45,267,169	36,821,229
Electrical Infrastructure	180,780,700	281,128,308
Water Supply Infrastructure	307,983,724	342,652,380
Sanitation Infrastructure	110,121,284	99,349,994
Solid Waste Infrastructure	15,727,124	18,503,030
Machinery and Equipment	47,506,596	18,773,228
Furniture and Office Equipment	1,035,797	1,327,894
Computer Equipment	18,136,123	8,343,348
Information and Communication	1,884,120	
Roads Infrastructure	448,728,523	409,018,269
Storm water Infrastructure	47,018,553	41,560,152
Community Assets	69,166,125	61,622,728
Other Assets		
Operational Buildings	5,391,700	6,257,358
Housing		
Total	**1,298,747,537**	**1,328,787,413**

No assets were pledged as security and there were no restrictions.

A detailed register of Property, plant and equipment is maintained and is available for inspection.

11.8 Change in estimate

There was none

Notes to the Consolidated Annual Financial Statements (continued)

12 Heritage Assets

12.1 Reconciliation of Carrying Value

	2024/2025 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
Municipality:					
Opening Carrying Value at 1 July 2024					
Cost	160,020,578	48,070,066	18,043,979	55,764	226,190,387
Accumulated Impairment Losses	-	-	-	-	0
	160,020,578	**48,070,066**	**18,043,979**	**55,764**	**226,190,387**
Additions from Acquisitions					0
Take-On	33,886,785				33,886,785
Capitalised Costs (including WIP)	4,394,883				4,394,883
Carrying Value of Disposals / Transfers					
Cost					0
Accumulated Impairment Losses					0
Impairment Loss / Reversal of Impairment Loss					0
Closing Carrying Value at 30 June 2025	**198,302,246**	**48,070,066**	**18,043,979**	**55,764**	**264,472,055**
Cost	198,302,246	48,070,066	18,043,979	55,764	264,472,055
Accumulated Impairment Losses	0	0	0	0	0
MBDA:					
Opening Carrying Value at 1 July 2024					
Cost	0	0	250,500	0	250,500
Accumulated Impairment Losses					0
	0	**0**	**250,500**	**0**	**250,500**
ECONOMIC ENTITY					
Closing Carrying Value at 30 June 2025	**198,302,246**	**48,070,066**	**18,294,479**	**55,764**	**264,722,555**
Cost	198,302,246	48,070,066	18,294,479	55,764	264,722,555
Accumulated Impairment Losses	0	0	0	0	0

Notes to the Consolidated Annual Financial Statements (continued)

12.2 Reconciliation of Carrying Value

	2023/2024 R				
	Historic Buildings	**Monuments and Parks**	**Works of Art**	**Other Heritage Assets**	**Total**
Municipality:					
Opening Carrying Value at 1 July 2023					
Cost	153,776,384	48,070,066	18,043,979	55,764	219,946,193
Accumulated Impairment Losses	-				0
	153,776,384	**48,070,066**	**18,043,979**	**55,764**	**219,946,193**
Additions from Acquisitions	39,652				39,652
Take-On	6,204,542				6,204,542
Capitalised Costs (including WIP)					0
Carrying Value of Disposals / Transfers					
Cost					0
Accumulated Impairment Losses					0
Impairment Loss / Reversal of Impairment Loss					0
Closing Carrying Value at 30 June 2024	**160,020,578**	**48,070,066**	**18,043,979**	**55,764**	**226,190,387**
Cost	160,020,578	48,070,066	18,043,979	55,764	226,190,387
Accumulated Impairment Losses	0	0	0	0	0
MBDA:					
Opening Carrying Value at 1 July 2023					
Cost	0	0	250,500	0	250,500
Accumulated Impairment Losses	0	0	0	0	0
	0	**0**	**250,500**	**0**	**250,500**
ECONOMIC ENTITY					
Closing Carrying Value at 30 June 2024	**160,020,578**	**48,070,066**	**18,294,479**	**55,764**	**226,440,887**
Cost	160,020,578	48,070,066	18,294,479	55,764	226,440,887
Accumulated Impairment Losses	0	0	0	0	0

Notes to the Consolidated Annual Financial Statements (continued)

12.3 Heritage Assets Retired from Use

	Economic Entity and Municipality				
	2024/2025 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
Carrying value of heritage assets retired from active use and held for disposal	0	0	0	0	0
	Economic Entity and Municipality				
	2023/2024 R				
	Historic Buildings	**Monuments and Parks**	**Works for Art**	**Other Heritage Assets**	**Total**
Carrying value of heritage assets retired from active use and held for disposal	0	0	0	0	0

12.4 Heritage Assets Under Construction

	Economic Entity and Municipality				
	2024/2025 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
Accumulated expenditure included in carrying value of heritage assets		4,394,883			4,394,883
Total		**4,394,883**			**4,394,883**

12.5 Heritage Asset Contractual Commitments

	Economic Entity and Municipality				
	2024/2025 R				
	Historic Buildings	Monuments and Parks	Work of Art	Other Heritage Assets	Total
The following commitments exist at the reporting date:					
Commitments for the acquisition of heritage assets	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

No Heritage Assets were pledged as security and there were no restrictions.

Notes to the Consolidated Annual Financial Statements (continued)

12.6 Maintenance of Heritage Assets

	Economic Entity and Municipality				
	2024/2025 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
The following maintenance costs were incurred:					
Preventative Maintenance		69,910			69,910
Corrective Maintenance	168,099				168,099
Total	**168,099**	**69,910**			**238,009**

	Economic Entity and Municipality				
	2023/2024 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
The following maintenance costs were incurred:					
Preventative Maintenance		21,352			21,352
Corrective Maintenance	656,643				656,643
Total	**656,643**	**21,352**	**0**	**0**	**677,995**

12.7 Maintenance of Heritage Assets by Condition

	Economic Entity and Municipality				
	2024/2025 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
Preventative Maintenance					
Interval Based					
Condition Based		69,910			69,910
Corrective Maintenance					
Planned					
Emergency	168,099				168,099
Total	**168,099**	**69,910**	**0**	**0**	**238,009**

Notes to the Consolidated Annual Financial Statements (continued)

12.8 Maintenance of Heritage Assets by Condition (continued)

	Economic Entity and Municipality				
	2023/2024 R				
	Historic Buildings	Monuments and Parks	Works of Art	Other Heritage Assets	Total
Preventative Maintenance					
Interval Based					0
Condition Based		21,352			21,352
Corrective Maintenance					
Planned					
Emergency	656,643				656,643
Total	**656,643**	**21,352**	**0**	**0**	**677,995**

12.9 Funding of Heritage Asset Acquisitions

		Economic Entity and Municipality	
	Funding Type	2024/2025 R	2023/2024 R
Heritage Assets funding			
Historic Buildings	Internally Generated	38,281,668	6,244,194
Total		**38,281,668**	**6,244,194**

Notes to the Consolidated Annual Financial Statements (continued)

13 Intangible Assets

13.1.1 Reconciliation of Carrying Value

	Economic Entity			Municipality		
	2024/2025 R			2024/2025 R		
	Internally Generated	Other	Total	Internally Generated	Other	Total
Opening Carrying Value at 1 July 2024						
Cost	219,956,400	234,013,534	453,969,934	219,956,400	232,001,450	451,957,850
Accumulated Depreciation and Impairment	-195,300,413	-201,885,528	-397,185,941	-195,300,413	-200,757,206	-396,057,619
	24,655,987	**32,128,006**	**56,783,993**	**24,655,987**	**31,244,244**	**55,900,231**
Additions from Acquisitions		4,699,997	4,699,997		4,699,997	4,699,997
Additions from Internal Developments			0			0
Take-on						
Capitalised Costs (including WIP)			0			0
Amortisation	-4,655,740	-17,155,523	-21,811,263	-4,655,740	-16,761,266	-21,417,006
Carrying Value of Disposals / Transfers						
Cost			0			0
Accumulated Amortisation and Impairment			0			0
Impairment Loss / Reversal of Impairment			0			0
Other Changes			0			0
Closing Carrying Value at 30 June 2025	**20,000,247**	**19,672,480**	**39,672,727**	**20,000,247**	**19,182,975**	**39,183,222**
Cost	219,956,400	238,713,531	458,669,931	219,956,400	236,701,447	456,657,847
Accumulated Amortisation and Impairment	-199,956,153	-219,041,051	-418,997,204	-199,956,153	-217,518,472	-417,474,625

13.1.2 Reconciliation of Carrying Value (Continued)

	Economic Entity			Municipality		
	2023/2024 R			2023/2024 R		
	Internally Generated	Other	Total	Internally Generated	Other	Total
Opening Carrying Value at 1 July 2023						
Cost	219,956,400	208,866,307	428,822,707	219,956,400	207,282,523	427,238,923
Accumulated Amortisation and Impairment	-195,300,413	-190,112,796	-385,413,209	-195,300,413	-189,343,038	-384,643,451
	24,655,987	**18,753,511**	**43,409,498**	**24,655,987**	**17,939,485**	**42,595,472**
Additions from Acquisitions		25,147,227	25,147,227		24,718,927	24,718,927
Additions from Internal Developments			0			0
Take-On			0			0
Capitalised Costs (including WIP)			0			0
Amortisation		-11,772,732	-11,772,732		-11,414,168	-11,414,168
Carrying Value of Disposals / Transfers						
Cost			0			0
Accumulated Amortisation and Impairment			0			0
Impairment Loss / Reversal of Impairment - Current Year			0			0
Other Changes			0			0
Closing Carrying Value at 30 June 2024	**24,655,987**	**32,128,006**	**56,783,993**	**24,655,987**	**31,244,244**	**55,900,231**
Cost	219,956,400	234,013,534	453,969,934	219,956,400	232,001,450	451,957,850
Accumulated Amortisation and Impairment	-195,300,413	-201,885,528	-397,185,941	-195,300,413	-200,757,206	-396,057,619

Notes to the Consolidated Annual Financial Statements (continued)

13.2 Intangible Assets Under Development

	Economic Entity and Municipality		
	2024/2025 R		
	Internally Generated	Other	Total
Accumulated expenditure included in carrying value of intangible assets			
Internally generated intangible assets	0	0	0
Of which:			
Accumulated borrowing costs included in the carrying amount			
Other Intangible assets	0	0	0
Of which:			
Accumulated borrowing costs included in the carrying amount			
Carrying value of intangible assets taking significantly longer than expected			
Carrying value of intangible assets halted			

13.3 Intangible Assets Under Development (Continued)

	Economic Entity and Municipality		
	2023/2024 R		
	Internally Generated	Other	Total
Accumulated expenditure included in carrying value of intangible assets			
Internally generated intangible assets	0	0	0
Of which:			
Accumulated borrowing costs included in the carrying amount			
Other Intangible assets	0	0	0
Of which:			
Accumulated borrowing costs included in the carrying amount			
Carrying value of intangible assets taking significantly longer than expected			
Carrying value of intangible assets halted			

Notes to the Consolidated Annual Financial Statements (continued)

13.4 Intangible Asset Contractual Commitments

	Economic Entity and Municipality		
	2024/2025 R		
	Internally Generated	Other	Total
The following commitments exist at the reporting date			
Commitments for the acquisition of intangible	0	0	0
Total	**0**	**0**	**0**

	Economic Entity and Municipality		
	2023/2024 R		
	Internally Generated	Other	Total
The following commitments exist at the reporting date			
Commitments for the acquisition of intangible	0	0	0
Total	**0**	**0**	**0**

No Intangible Assets were pledged as security and there were no restrictions.

13.5 Funding of Intangible Asset Additions

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Additions to intangible assets were funded from the following sources:		
Internally Generated	4,699,997	24,718,927
Total	4,699,997	24,718,927

13.6 Maintenance of Intangible Assets

	Economic Entity and Municipality		
	2024/2025		
	Intangible Assets		Total
The following maintenance costs were incurred:			
Preventative Maintenance	4,621,714		4,621,714
Corrective Maintenance			0
Total	**4,621,714**	**0**	**4,621,714**

	2023/2024		
	Intangible Assets		Total
The following maintenance costs were incurred:			
Preventative Maintenance	512,215	0	512,215
Corrective Maintenance			
Total	**512,215**	**0**	**512,215**

Notes to the Consolidated Annual Financial Statements (continued)

13.7 Maintenance of Intangible Assets by Condition

	Economic Entity and Municipality		
	2024/2025		
	Intangible Assets		Total
Preventative Maintenance			
Interval Based	4,621,714		4,621,714
Condition Based			0
Corrective Maintenance			
Planned			
Emergency			0
Total	**4,621,714**	**0**	**4,621,714**

	2024/2025		
	Intangible Assets		Total
Preventative Maintenance			
Interval Based	512,215		512,215
Condition Based			0
Corrective Maintenance			
Planned			
Emergency			0
Total	**512,215**	**0**	**512,215**

Notes to the Consolidated Annual Financial Statements (continued)

14 Financial Liabilities

14.1 Carrying Value of Current Financial Liabilities

	Economic Entity and Municipality			
	Opening Balance	Deposits	Withdrawals	Total
Carrying value as at 30 June 2025				
Development Bank of Southern Africa (DBSA)	30,562,957	34,236,167	-30,562,957	34,236,167
Rand Merchant Bank	28,402,358	30,620,463	-28,402,358	30,620,463
Nedbank 1	96,236,042		-96,236,042	0
Nedbank 2	58,496,463	64,247,257	-58,496,463	64,247,257
Total	**213,697,820**	**129,103,887**	**-213,697,820**	**129,103,887**

14.2 Carrying Value of Non-Current Financial Liabilities

	Economic Entity and Municipality			
	Opening Balance	Deposits	Withdrawals	Total
Carrying value as at 30 June 2025				
Capital balance				
Development Bank of Southern Africa (DBSA)	220,139,360		-30,562,957	189,576,403
Rand Merchant Bank	272,897,999	451,699	-28,402,358	244,947,340
Nedbank 1	96,236,175		-96,236,042	133
Nedbank 2	494,917,652		-58,496,463	436,421,189
Sub-total	**1,084,191,186**	**451,699**	**-213,697,820**	**870,945,065**
Finance Charges Accrual				
Development Bank of Southern Africa (DBSA)	6,395,132	5,492,106	-6,395,132	5,492,106
Rand Merchant Bank	2,296,371	2,337,908	-2,296,371	2,337,908
Nedbank 1	4,596,392		-4,596,392	0
Nedbank 2	18,587,209	16,646,419	-18,587,209	16,646,419
Sub-total	**31,875,104**	**24,476,433**	**-31,875,104**	**24,476,433**
Brookes Bequest	27,465,786	2,217,391		29,683,177
Transferred to Current Liabilities	-213,697,820	213,697,820	-129,103,887	-129,103,887
Total	**929,834,256**	**265,771,475**	**-620,249,735**	**796,000,788**

The Financial liabilities are measured at amortised cost taking into account relevant interest rates.

In line with Chapter 6 of the MFMA, no loans are secured.

DBSA
A further loan of R420 000 000 was taken up during the 2008/09 financial year and is repayable over 20 years in 38 half yearly instalments of **R27 651 367**, by 30 September 2029, at a fixed interest rate of 11.62% per annum with a final payment of R27 651 367. The loan was used for various capital projects. A capital amount of R30 562 957 and interest of R24 739 776 was repaid during the financial year. (2024: Capital repaid R27 233 034 and interest repaid of R28 069 699)

NEDBANK 1
The loan of R745 000 000 was taken up during the 2009/10 financial year and is repayable over 15 years in 30 half yearly instalments of **R52 383 998**, by 31 January 2025, at a fixed interest rate of 11.7% per annum. The loan was used for various capital projects. A capital amount of R96 236 042 and interest of R8 531 955 was repaid during the financial year. (2024: Capital repaid R85 921 697 and Interest paid R18 846 300)

NEDBANK 2
A further loan of R750 602 100 was taken up during the 2020/21 financial year and is repayable over 10 years in 20 half yearly instalments of **R51 459 329**, by 31 July 2030 at a fixed rate of 9.22% per annum. The loan is used for various capital projects. A capital amount of R58 496 463 and interest of R44 422 195 was repaid during the financial year.(2024: Capital repaid R653 573 927 and Interest paid R49 344 731)

RAND MERCHANT BANK
The loan of R470 000 000 was taken up during the 2010/11 financial year and is repayable over 20 years in 40 half yearly instalments of **R28 618 730** (from R27 779 027 to R28 618 730 from 30 May 2025), by 31 May 2031, at a fixed interest rate of 11.24% (increased by 1% from 10.24% to 11.24% per annum with effect from 29 November 2024). The loan was used for various capital projects. A capital amount of R27 605 755 and interest of R28 792 001 was repaid during the financial year. (2024: Capital repaid R25 554 681 and Interest paid R30 003 372)

BROOKES BEQUEST
Brookes bequest represents a long-term creditor, which was bequeathed to the Municipality in 1934. The capital of the fund may not be used until 100 years after the death of the last annuitant. The funds can only be utilised by the NMBM when the two remaining Trustees approve the donation of funds to the NMBM. The interest may be utilised for capital projects related to the development of Humewood. The fund bears interest at an average of 7.79% per annum.

Notes to the Consolidated Annual Financial Statements (continued)

15 Consumer Deposits

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Electricity, Water and Other	154,556,116	154,470,107	154,233,909	154,174,900
Interest	2,066,387	3,009,612	2,066,387	3,009,612
Total	**156,622,503**	**157,479,719**	**156,300,296**	**157,184,512**
Guarantees held in lieu of Electricity and Water Deposits	**17,445,025**	**17,193,797**	**17,445,025**	**17,193,797**

Consumer deposits bear interest and are only refunded once the consumers' accounts are closed.

16 Trade and Other Payables from Exchange Transactions

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Bulk Purchases	**16.1**	911,213,402	644,268,767	911,213,402	644,268,767
Contractors	**16.2**	155,305,595	166,255,413	154,228,039	165,336,384
Employee Benefits	**16.3**	57,531,936	65,498,051	57,531,936	65,498,051
Other Payables	**16.4**	1,532,505,171	1,484,090,388	1,505,074,319	1,468,642,026
VAT Payable	**16.6**	2,627,162,218	2,094,252,575	2,627,162,218	2,094,252,575
Total		**5,283,718,322**	**4,454,365,194**	**5,255,209,914**	**4,437,997,803**

Refer Restatement Note 56.3.6

16.1 Bulk Purchases

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Bulk Electricity	911,213,402	644,268,767	911,213,402	644,268,767
Total	**911,213,402**	**644,268,767**	**911,213,402**	**644,268,767**

16.2 Contractors

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Current Portion:				
Retentions	155,305,595	166,255,413	154,228,039	165,336,384
Total	**155,305,595**	**166,255,413**	**154,228,039**	**165,336,384**
Non-Current Portion:				
Retentions	3,250,994	2,931,855	0	0
Total	**3,250,994**	**2,931,855**	**0**	**0**

16.3 Employee Benefits

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Standby	3,655,124	3,253,551	3,655,124	3,253,551
Overtime	35,167,719	35,635,435	35,167,719	35,635,435
All Other Employee Related	18,709,093	26,609,065	18,709,093	26,609,065
Total	**57,531,936**	**65,498,051**	**57,531,936**	**65,498,051**

16.4 Other Payables

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
AGSA	69,906	74,942	69,906	74,942
Payables and Accruals	1,339,172,842	1,244,946,941	1,311,741,990	1,229,498,579
Advance Payments - Consumer Debtors	104,777,304	150,508,931	104,777,304	150,508,931
Advance Payments - Other	88,485,119	88,559,574	88,485,119	88,559,574
Total	**1,532,505,171**	**1,484,090,388**	**1,505,074,319**	**1,468,642,026**

Notes to the Consolidated Annual Financial Statements (continued)

16.5 Statutory Payables

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
VAT Control (Payable) due to SARS				
Net VAT Payable - VAT 201	3,630,158	0	0	0
Total	**3,630,158**	**0**	**0**	**0**

16.6 VAT Payable

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Output VAT accrual	2,627,162,218	2,094,252,575	2,627,162,218	2,094,252,575
Total	**2,627,162,218**	**2,094,252,575**	**2,627,162,218**	**2,094,252,575**

Financial liabilities:
Trade creditors are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R172 804 892, which could be settled within the next 12 months.

No creditors are secured.

VAT is payable on a payments basis. Only once payment is received from debtors, is VAT payable to SARS.

Notes to the Consolidated Annual Financial Statements (continued)

17 Trade and Other Payables from Non-Exchange Transactions – Transfers and Subsidies Unspent

			2024/2025 R						2023/2024 R				
		Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
Municipality													
Capital													
Allocations In-kind	**17.1**	0	0	0	0	0	0	0	0	0	0	0	0
Monetary Allocations	**17.2**	233,552,878	1,240,091,000	-1,050,046,147	73,596,712	-197,167,706	300,026,737	105,173,510	1,291,042,572	-1,132,055,179	6,288,811	-36,896,836	233,552,878
Operational													
Allocations In-kind	**17.3**	0	0	0	0	0	0	0	0	0	0	0	0
Monetary Allocations	**17.4**	93,715,116	1,654,834,216	-1,785,181,257	-8,284,275	197,167,706	152,251,506	80,086,642	1,595,893,802	-1,711,871,572	99,310,005	30,296,239	93,715,116
Total Municipality		**327,267,994**	**2,894,925,216**	**-2,835,227,404**	**65,312,437**	**0**	**452,278,243**	**185,260,152**	**2,886,936,374**	**-2,843,926,751**	**105,598,816**	**-6,600,597**	**327,267,994**
MBDA													
Capital													
Monetary Allocations	**17.5**	**8,823,075**	**837,760**	**-984,786**	**0**	**0**	**8,676,049**	**5,123,980**	**4,724,950**	**-1,025,855**	**0**	**0**	**8,823,075**
Total Economic Entity		**336,091,069**	**2,895,762,976**	**-2,836,212,190**	**65,312,437**	**0**	**460,954,292**	**190,384,132**	**2,891,661,324**	**-2,844,952,606**	**105,598,816**	**-6,600,597**	**336,091,069**

Refer Restatement Note 56.3.8

17.1 Unspent Capital Allocations In-kind

		2024/2025 R						2023/2024 R				
	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
Private Institutions												
Other Transfers (Cash)							0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Unspent Capital Allocations In-kind	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

17.2 Unspent Capital Monetary Allocations

	2024/2025 R						2023/2024 R					
	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
Departmental Agencies and Accounts												
MBDA	0	0	-45,270,078	45,270,078	0	0	0	0	-51,897,737	51,897,737	0	0
Other Grants: National Departmental Agencies - Water and Related Services SETA	44,540					44,540	44,540					44,540
Total	**44,540**	**0**	**-45,270,078**	**45,270,078**	**0**	**44,540**	**44,540**	**0**	**-51,897,737**	**51,897,737**	**0**	**44,540**

Notes to the Consolidated Annual Financial Statements (continued)

17.2 Unspent Capital Monetary Allocations (continued)

	2024/2025 R						2023/2024 R					
	Opening Balance	**Funds Received**	**Transfer to Revenue**	**Other Transfers (to)/from**	**Repayment Unspent Grants**	**Closing Balance**	**Opening Balance**	**Funds Received**	**Transfer to Revenue**	**Other Transfers (to)/from**	**Repayment Unspent Grants**	**Closing Balance**
National Government												
Drought Relief Grant	763,767	0	0	0	0	763,767	763,767	0	0	0	0	763,767
Energy Efficiency and Demand-side [Schedule 5B]	1,266,188	7,000,000	-3,719,463	-1,338,880	-1,266,188	1,941,657	192,487	9,000,000	-7,733,812		-192,487	1,266,188
Informal Settlements Upgrading Partnership Grant [Schedule 5B]	16,626,412	361,684,000	-291,860,746	-35,116,699	-16,626,412	34,706,555	49,715,992	301,567,000	-312,289,858	-5,152,891	-17,213,831	16,626,412
Neighbourhood Development Partnership Grant [Schedule 5B]	0	2,000,000	0		0	2,000,000	30,591	9,011,000	-9,011,000	0	-30,591	0
Public Transport Infrastructure Grant [Schedule 5B]	18,163,388	0	-42,455,708	50,925,290	-18,163,388	8,469,582	15,957,033	100,376,000	-29,365,884	-68,803,761	0	18,163,388
Regional Bulk Infrastructure Grant [Schedule 5B]	142,172,123	158,411,000	-114,547,648		-142,172,123	43,863,352	0	348,000,000	-188,614,644	-17,213,233	0	142,172,123
Urban Settlement Development Grant [Schedule 4B]	45,448,040	567,997,000	-510,587,698	-9,779,452	-18,939,595	74,138,295	29,400,680	522,204,000	-481,612,587	-5,084,126	-19,459,927	45,448,040
Municipal Disaster Response Grant	0	53,999,000	-1,674,805		0	52,324,195	0	0	0	0	0	0
Municipal Disaster Recovery Grant	0	89,000,000	-16,293,626		0	72,706,374	0	0	0	0	0	0
Total	**224,439,918**	**1,240,091,000**	**-981,139,694**	**4,690,259**	**-197,167,706**	**290,913,777**	**96,060,550**	**1,290,158,000**	**-1,028,627,785**	**-96,254,011**	**-36,896,836**	**224,439,918**
Public Corporations												
Public Contributions	0	0	-20,302,112	20,302,112	0	0	0	884,572	-48,701,455	47,816,883	0	0
Other Transfers (VAT)			-3,334,263	3,334,263		0	0	0	-2,828,202	2,828,202	0	0
CDC Walmer Intervention Funding Grant	9,068,420	0	0	0	0	9,068,420	9,068,420	0	0	0	0	9,068,420
Total	**9,068,420**	**0**	**-23,636,375**	**23,636,375**	**0**	**9,068,420**	**9,068,420**	**884,572**	**-51,529,657**	**50,645,085**	**0**	**9,068,420**
Total Unspent Capital Monetary Allocations	**233,552,878**	**1,240,091,000**	**-1,050,046,147**	**73,596,712**	**-197,167,706**	**300,026,737**	**105,173,510**	**1,291,042,572**	**-1,132,055,179**	**6,288,811**	**-36,896,836**	**233,552,878**

Notes to the Consolidated Annual Financial Statements (continued)

17.3 Unspent Operational Allocations In-kind

	2024/2025 R						2023/2024 R					
	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
Other Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Unspent Operational Allocations In-kind	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

17.4 Unspent Operational Monetary Allocations

	2024/2025 R						2023/2024 R					
	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
Departmental Agencies and Accounts												
Local Government, Water and Related Service SETA	10,616,484	9,361,406	-5,035,483	0	0	14,942,407	10,519,306	6,066,782	-5,969,604	0	0	10,616,484
Other Grants: Environmental Commissioner	547,209	0	-16,225	0	0	530,984	558,712	0	-11,503	0	0	547,209
Total	**11,163,693**	**9,361,406**	**-5,051,708**	**0**	**0**	**15,473,391**	**11,078,018**	**6,066,782**	**-5,981,107**	**0**	**0**	**11,163,693**

Notes to the Consolidated Annual Financial Statements (continued)

17.4 Unspent Operational Monetary Allocations (Continued)

		2024/2025 R						2023/2024 R				
	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance	Opening Balance	Funds Received	Transfer to Revenue	Other Transfers (to)/from	Repayment Unspent Grants	Closing Balance
National Government												
Other Transfers (Cash) - E-Share	0	1,317,557,000	-1,523,361,000	0	205,804,000	0	0	1,355,310,000	-1,418,678,519	-374,351	63,742,870	0
Expanded Public Works Programme Integrated Grant for Municipalities [S 5B]	397,291	3,480,000	-3,480,000	0	-397,291	0	0	7,928,000	-7,530,709	0	0	397,291
Infrastructure Skills Development Grant [Schedule 5B]	2,068,844	13,800,000	-9,802,760	-131,524	-2,068,844	3,865,716	0	13,970,000	-11,746,478	-154,678	0	2,068,844
Programme and Project Preparation Support Grant [Schedule 5B]	6,170,159	15,000,000	-3,728,200	-559,230	-6,170,159	10,712,570	19,892,820	10,000,000	-3,330,297	-499,544	-19,892,820	6,170,159
Local Government Financial Management Grant [Schedule 5B]	0	1,000,000	-992,980	-7,020	0	0	0	1,000,000	-1,000,000			0
Neighbourhood Development Partnership Grant [Schedule 5B]	0	15,213,000	-14,951,823	0	0	261,177	1,615	20,000,000	-20,000,000		-1,615	0
Public Transport Network Operations Grant [Schedule 5B]	0	189,948,000	-69,908,357	-50,925,290	0	69,114,353	6,951,599	0	-68,803,761	68,803,761	-6,951,599	0
Regional Bulk Infrastructure Grant [Schedule 5B]	0	0	0	0	0	0	0	0	-17,213,233	17,213,233	0	0
Urban Settlement Development Grant [Schedule 4B]	0	0	-9,779,452	9,779,452	0	0	0	0	-5,084,126	5,084,126	0	0
Informal Settlements Upgrading Partnership Grant [Schedule 5B]	0	0	-35,116,699	35,116,699	0	0		0	-5,152,891	5,152,891	0	0
Energy Efficiency and Demand-side [Schedule 5B]	0	0	-1,338,880	1,338,880	0	0	0	0	0	0	0	0
Total	**8,636,294**	**1,555,998,000**	**-1,672,460,151**	**-5,388,033**	**197,167,706**	**83,953,816**	**26,846,034**	**1,408,208,000**	**-1,558,540,014**	**95,225,438**	**36,896,836**	**8,636,294**

Notes to the Consolidated Annual Financial Statements (continued)

17.4 Unspent Operational Monetary Allocations (Continued)

Provincial Government												
Department of Sport, Recreation, Arts and Culture: Library Subsidies	0	19,210,000	-19,210,000	0	0	0	0	15,870,000	-15,870,000		0	0
Other Transfers (Cash) - PHB Subsidies	72,947,450	50,051,724	-71,142,556	0	0	51,856,618	41,194,912	148,189,464	-116,436,926	6,600,597	-6,600,597	72,947,450
Department of Roads and Public Works Grant	967,679	20,213,086	-17,316,842	-2,896,242	0	967,681	967,678	17,559,556	-15,043,525	-2,516,030	0	967,679
Total	**73,915,129**	**89,474,810**	**-107,669,398**	**-2,896,242**	**0**	**52,824,299**	**42,162,590**	**181,619,020**	**-147,350,451**	**4,084,567**	**-6,600,597**	**73,915,129**
Total Unspent Operational Monetary Allocations	**93,715,116**	**1,654,834,216**	**-1,785,181,257**	**-8,284,275**	**197,167,706**	**152,251,506**	**80,086,642**	**1,595,893,802**	**-1,711,871,572**	**99,310,005**	**30,296,239**	**93,715,116**

17.5 Unspent Operational Monetary Allocations - MBDA

	2024/2025 R						2023/2024 R					
	Opening Balance	**Funds Received**	**Transfer to Revenue**	**Other Transfers (to)/from**	**Repayment Unspent Grants**	**Closing Balance**	**Opening Balance**	**Funds Received**	**Transfer to Revenue**	**Other Transfers (to)/from**	**Repayment Unspent Grants**	**Closing Balance**
Conditional Grants												
MBDA	8,823,075	837,760	-984,786	0	0	8,676,049	5,123,980	4,724,950	-1,025,855		0	8,823,075
Total Unspent Operational Monetary Allocations	**8,823,075**	**837,760**	**-984,786**	**0**	**0**	**8,676,049**	**5,123,980**	**4,724,950**	**-1,025,855**		**0**	**8,823,075**

17.2.1. Regional Bulk Infrastructure Grant

The purpose of the grants is:

To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.

To implement bulk infrastructure with a potential of addressing water conservation and water demand management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements.

A brief background of the grants is:

Coega Development Corporation (CDC) (An Entity of the State) was appointed to prepare a BFI (Budget for infrastructure) application on behalf of the NMBM, and received a successful allocation of R988 million over three financial years from National Treasury i.t.o. the Division of Revenue Act (DORA).

CDC were then appointed to be the implementing agents for two projects funded from the allocated amount of R988m which continued from 2023/24 financial year and aimed to conclude on the 2025/26 financial year.

The allocation of the RBIG was gazetted by National Treasury as Schedule 5 Part B of the DORSA, which implies that the NMBM is capacitated to implement all projects linked to the grant, even though at application stage CDC was known to be an implementing agent.

Notes to the Consolidated Annual Financial Statements (continued)

17.2.1. Regional Bulk Infrastructure Grant (continued)

Various interactions have been held between the NMBM / DWS and National Treasury more especially to deal with possible non-compliance issues that may lead to the delays of the implementation of the project (e.g. EIA and WULA issues).

The last critical issue became a pre-payment / deposit / advance payment that must be made to a manufacturer prior the production of certain pipes.

Only on the 1st July 2025 the DWS and National Treasury indicated their disapproval of the deposit / advance / pre-payment being made against the grant, which then left the NMBM making arrangements for the payment to be made in its financial resources, with same being covered from the unspent portion of the 2024/25 RBIG allocation once the final delivery of the required items is in place.

An invoice amounting to R34 067 232 (Vat Incl) forms a bigger portion (or 77,7%) of the Rollover Application of the RBIG amounting to R43 845 024.50 (Vat Incl) in total.

17.2.2. Municipal Disaster Response Grant (R53.9 million)

The purpose of the grants is:

To rehabilitate and reconstruct municipal infrastructure damaged by a disaster in July and October 2024.

The brief background of the grants is:

The Nelson Mandela Bay Municipality (NMBM) was affected by floods in June 2024 and October 2024. National Treasury, through the National Disaster Management Centre (NDMC), allocated the MDRG of R53,999,000 to NMBM, which had to be spent by May 2025.

The allocation could not be spent in full by 30th June 2025 due to various reasons as stipulated in the Rollover Application letter. According to the original plans the allocation should have been fully spent on or before 31 May 2025, however, an extension letter was submitted wherein indication was made that the allocated amount be spent in full on or before end September 2025.

The affected area of Kariega (Formerly Uitenhage - An industrial hub) has been particularly negatively impacted by both flood disasters resulting to a damage of two bridges negatively inconveniencing communities / businesses around this area.

Based on the above background the NMBM continued to implement the projects linked to the disaster grant beyond 30 June 2025 (i.e. new financial year), whilst awaiting for the rollover application process, to minimise the risk of further dis-investments to the area, as it has recently occurred with Goodyear Tyre Manufacturer.

The unspent portion as at 30 June 2025 amounted to R52 324 195.20 (Vat Incl).

17.2.3. Municipal Disaster Response Grant (R89 million)

The brief background of the grants is:

The Nelson Mandela Bay Municipality (NMBM) was affected by floods in June 2024 and October 2024. National Treasury, through the National Disaster Management Centre (NDMC), allocated the MDRG of R89,00,000 to NMBM, which had to be spent by end March 2026.

The affected area of Kariega (Formerly Uitenhage - An industrial hub) has been particularly negatively impacted by both flood disasters resulting to damages to two bridges negatively inconveniencing communities / businesses around this area.

Based on the above background the NMBM continued to implement the projects linked to the disaster grant beyond 30 June 2025 (i.e. new financial year), whilst awaiting for the rollover application process, to minimise the risk of further dis-investments to the area, as it has recently occurred with Goodyear Tyre Manufacturer.

The unspent portion as at 30 June 2025 amounted to R72 706 374.04 (Vat Incl).

All Transfers and Subsidies are cash-funded

Notes to the Consolidated Annual Financial Statements (continued)

18 Non-Current Provisions and Current Provisions

18.1 Non-Current Provisions

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Long service Awards and Long Service Bonus	**18.1.1**	762,388,000	649,100,000	762,388,000	649,100,000
Rehabilitation of Landfill Sites	**18.1.2**	600,685,604	533,956,747	600,685,604	533,956,747
Rehabilitation of Swartkops River	**18.1.3**	124,559,922	119,922,210	124,559,922	119,922,210
Total		**1,487,633,526**	**1,302,978,957**	**1,487,633,526**	**1,302,978,957**

Refer Restatement Note 56.3.5

18.1.1 Long Service Awards and Long Service Bonus

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	649,100,000	682,927,000	649,100,000	682,927,000
Additional Provisions Raised	113,288,000	0	113,288,000	0
Increases (Passage of Time/Discounted Rate)	0	0	0	
Reductions (Payments, Remeasurement etc.)	0	-33,827,000	0	-33,827,000
Reversals				
Closing Balance	**762,388,000**	**649,100,000**	**762,388,000**	**649,100,000**

This obligation is in respect of the long service award and long service bonus which the Municipality offers to its current employees and which become payable at certain pre-determined intervals.

18.1.2 Landfill Sites

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	533,956,747	461,882,232	533,956,747	461,882,232
Additional Provisions Raised	0	72,074,515	0	72,074,515
Increases (Passage of Time/Discounted Rate)	66,728,857	0	66,728,857	0
Reductions (Payments, Remeasurement etc.)				
Closing Balance	**600,685,604**	**533,956,747**	**600,685,604**	**533,956,747**

In terms of the licensing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R168,557,050.87 (2024: R208,103,497.84)for the Arlington Landfill site, R126,739,954.41 (2024: R156 386 307) for the Koedoeskloof Landfill site and R305,388,599 for the Ibhayi Landfill site determined at net present value to restore the sites at the end of their useful lives estimated to be in 2028 (Arlington) and 2027 (Koedoeskloof). The discounting period includes the time expected to take in order to rehabilitate all three landfill sites, which is estimated to be 40 months. Squatters are currently occupying the Ibhayi Landfill site that is already closed. Provision has been made for the rehabilitation of the landfill sites based on the net present value of cost. For Arlington , Koedoeskloof and IBhayi landfill sites, the cost factors as determined have been applied and projected at an inflation rate of 3.0%. The projected amounts are discounted to the present value at the average borrowing rate of 10.54%.

Notes to the Consolidated Annual Financial Statements (continued)

18.1.3 Rehabilitation of Swartkops River

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	119,922,210	89,919,991	119,922,210	89,919,991
Additional Provisions Raised	4,637,712	157,413,581	4,637,712	157,413,581
Reductions (Payments, Remeasurement etc.)	0	-127,411,362	0	-127,411,362
Reversals				
Closing Balance	**124,559,922**	**119,922,210**	**124,559,922**	**119,922,210**

The provision is based on the estimated costs to carry out the rehabilitation work of the wetland beside the Swartkops River, which was present valued at a rate of **10.54%**

18.2 Current Provisions

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Long service Awards	**18.2.1**	123,168,000	108,199,000	123,168,000	108,199,000
Rehabilitation of Swartkops River	**18.2.2**	9,317,894	17,945,352	9,317,894	17,945,352
Litigation	**18.2.3**	1,528,450	2,082,227	1,528,450	2,082,227
Performance Bonus	**18.2.4**	4,523,282	10,285,847	3,368,881	8,790,882
Leave	**18.2.5**	330,169,768	375,824,095	326,688,146	372,849,172
Staff Bonusses	**18.2.6**	731,654	327,496	0	0
Workmen's Compensation	**18.2.7**	145,383	74,096	0	0
Total		**469,584,431**	**514,738,113**	**464,071,371**	**509,866,633**

Refer Restatement Note 56.3.4

18.2 .1 Long Service Awards

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	108,199,000	109,593,000	108,199,000	109,593,000
Additional Provisions Raised	14,969,000	0	14,969,000	0
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Remeasurement etc.)	0	-1,394,000	0	-1,394,000
Reversals				
Closing Balance	**123,168,000**	**108,199,000**	**123,168,000**	**108,199,000**

The obligation is in respect of long service awards and long service bonuses

18.2 .2 Rehabilitation of Swartkops River

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	17,945,352	19,811,518	17,945,352	19,811,518
Additional Provisions Raised	0	0	0	0
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Remeasurement etc.)	-8,627,458	-1,866,166	-8,627,458	-1,866,166
Reversals				
Closing Balance	**9,317,894**	**17,945,352**	**9,317,894**	**17,945,352**

The provision is based on the estimated costs to carry out the rehabilitation work of the wetland beside the Swartkops River, which was present valued at a rate of **10.54% .**

Notes to the Consolidated Annual Financial Statements (continued)

18.2.3 Litigation

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	2,082,227	61,000	2,082,227	61,000
Additional Provisions Raised	0	2,021,227	0	2,021,227
Reductions (Payments, Remeasurement etc.)	-553,777	0	-553,777	0
Reversals				
Closing Balance	**1,528,450**	**2,082,227**	**1,528,450**	**2,082,227**

The provision is in respect of probable claims against the NMBM, pending the outcome of court decisions.

18.2.4 Performance Bonus

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	10,285,847	8,199,025	8,790,882	6,940,276
Additional Provisions Raised	2,475,962	3,345,571	1,321,561	1,850,606
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Premeasurement etc.)	-1,304,140	-1,258,749	0	0
Reversals	-6,934,387	0	-6,743,562	0
Closing Balance	**4,523,282**	**10,285,847**	**3,368,881**	**8,790,882**

This obligation is in respect of the short-term liability relating to performance bonuses payable to Section 57 employees, based on a maximum of 14% of their all-inclusive remuneration package paid as per regulation 32(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

18.2.5 Leave Pay

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	375,824,095	390,188,344	372,849,172	385,194,697
Additional Provisions Raised	3,462,316	1,702,967	0	0
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Premeasurement etc.)	-30,774,428	-16,067,216	-27,818,811	-12,345,525
Reversals	-18,342,215	0	-18,342,215	0
Closing Balance	**330,169,768**	**375,824,095**	**326,688,146**	**372,849,172**

The obligation is in respect of leave pay

18.2.6 Staff Bonuses

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	327,496	378,966	0	0
Additional Provisions Raised	1,093,244	737,710	0	0
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Premeasurement etc.)	-689,086	-789,180	0	0
Reversals	0	0	0	0
Closing Balance	**731,654**	**327,496**	**0**	**0**

18.2.7 Workmen's Compensation

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance	74,096	83,864	0	0
Additional Provisions Raised	145,383	74,096	0	0
Increases (Passage of Time/Discounted Rate)	0	0	0	0
Reductions (Payments, Premeasurement etc.)	-74,096	-83,864	0	0
Reversals	0	0	0	0
Closing Balance	**145,383**	**74,096**	**0**	**0**

Notes to the Consolidated Annual Financial Statements (continued)

19 Defined Benefit Obligations

19.1 Defined Benefit Obligations

		Economic Entity and Municipality	
	Note	2024/2025 R	2023/2024 R
Post-Employment Medical Benefits Liability			
Present value of defined benefit obligation	**19.1.1**	1,512,954,000	1,501,301,000
Fair value of plan assets		0	0
Funding obligation		**1,512,954,000**	**1,501,301,000**
Ex Gratia Pensions Liability			
Present value of defined benefit obligation	**19.1.2**	46,164,000	46,784,452
Fair value of plan assets		0	0
Funding obligation		**46,164,000**	**46,784,452**
Gratuity Pensions Liability			
Present value of defined benefit obligation	**19.1.3**	13,676,000	12,212,000
Fair value of plan assets		0	0
Funding obligation		**13,676,000**	**12,212,000**
Total		**1,572,794,000**	**1,560,297,452**

Retirement pension benefits
For past service of employees and retired employees, the entity recognises and provides for the actuarially determined present value of post retirement pensions on an accrual basis, using the projected unit credit method. The discount rate is determined with reference to market yields on government bonds.

The Nelson Mandela Bay Municipality makes provision for post-retirement benefits to employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes. Contribution of R397.244 million (2024: R382.284 million) to the defined benefit and defined contribution structures are expensed as incurred during the financial year ended 30 June 2025.

DEFINED CONTRIBUTION SCHEMES

CONSOLIDATED RETIREMENT FUND
The contribution rate paid by the members (9%) and the NMBM (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund as being in a sound financial position as at **30 June 2021**. The overall funding level at **30 June 202**1 was 100.5%.

SALA CONTRIBUTION FUND
The SALA Contribution Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.92%) and their councils (19.18%) is sufficient to fund the benefits accruing from the Fund in the future. The fund is 100% funded.

SOUTH AFRICAN MUNICIPAL WORKERS UNION (SAMWU) NATIONAL PROVIDENT FUND
The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the Fund was performed at 30 June 2008, and certified it as being in a financially sound position with the funding level remaining at 100% since the previous valuation date, 30 June 2005. The 30 June 2011 report is not available yet and is expected to be available towards the end of 2014. The contribution rate paid by the members (7.5%) and their councils (18%) is sufficient to fund the benefits accruing from the Fund in the future.

DEFINED BENEFIT SCHEMES

CAPE JOINT PENSION FUND
The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 27% (9% by the members and 18% by their councils). The fund was certified by the actuary as being in a sound financial condition as at 30 June 2019 and is funded at 100.3%.

SALA PENSION FUND
The defined benefit scheme is a multi-employer plan, and the contribution rate payable is **26.67% (7.92% by the members and 19.18% b**y their councils). This defined benefit plan, is financially sound, and was 100% funded as at 30 June 2013.

The Nelson Mandela Bay Municipality has used GRAP 25 as guidance for treatment of multi-employer plans as sufficient information was not available to use defined-benefit accounting. The Municipality has therefore accounted for the Cape Joint Pension Fund and the SALA Pension Fund as defined contribution plans. It is impracticable to disclose as a defined benefit plan because the funds do not determine a separate actuarial valuation per Municipality but do it as a whole for all the Municipalities together.

Notes to the Consolidated Annual Financial Statements (continued)

EX GRATIA PENSIONS

The Ex-gratia pension benefits scheme operates as pensions that are being paid from the Council's revenue, that is, they are not funded or paid from one of the Employer's formalised pension arrangements.
Employees who were under the age of 55 when appointed and who have at least ten years' service at retirement, will receive an annual ex-gratia pension calculated as:
Annual salary * 1/47 * Years of non-pensionable service
An employee's widow will get 50% of the accrued (full service) pension on the employees death. This is subject to a maximum of the Government Old Age Pension and will cease at age 60. Pensions increase in line with those granted by the Cape Joint Pension Fund and increases at 50% of CPI inflation.

POST-EMPLOYMENT HEALTH CARE BENEFITS

Benefit Structure

Medical Aid Scheme Arrangements:
The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

The number of individuals entitled to a post employment medical aid subsidy as at 30 June 2025 was as follows:
In-service members (eligible employees on medical aid) 5,211 (2024: 5,222)
In-service non-members (eligible employees without medical aid) 384
Continuation members (Retirees and surviving depenants) 1,634 (2024: 1,615)

Contribution Rate Structure:
Members contribute according to the tables of contribution rates, which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

Subsidy Arrangements:
The Municipality has agreed to subsidise the medical aid contributions of retired members as follows:
In accordance with Resolution 8 of the SALGBC (SALGA), all existing and new pensioners (employees currently in service) and their dependants will receive a subsidy ranging between 60% and 70% subject to the maximum (CAP) amount of R5,277.38 (per month, per member) for the current financial year. The subsidy for LA Health members is 70%, while members of other schemes only qualify for a 60% subsidy. The maximum (CAP) amount was R5,007.00 in the previous financial year.
The maximum subsidy is expected to increase at 50% of inflation.
Eligible employees should have at least five years of service to qualify for a benefit at retirement.

Valuation Method
The value of the Municipality's accrued liabilities has been determined by using the Projected Unit Credit Method and a set of actuarial assumptions.

Post Employment Medical Aid Liabilities:
The liability in respect of active employees is determined by discounting the projected future benefit payments in respect of these members using assumptions regarding the possible future experience. The liability has been proportioned between past service and future service.
The liability in respect of current pensioners is fully accounted for.
The current service cost is the cost of providing the benefits over the year following the valuation date.
All actuarial gains and losses are recognised immediately and we have not allowed for any disclosure under the corridor method.

GRATUITY BENEFITS

Benefit Structure

Employees who commenced employment prior to 01 September 1988 are entitled to a gratuity amount plus a gratuity enhancement, as detailed in the following table:

Gratuity Formula	Enhancement to Gratuity Formula
Number of years of service prior to joining the PEM pension fund, rounded to the nearest 0.5 years x Fortnightly minimum of PEM Grade 03 immediately prior to joining the pension fund.	Number of whole months of service prior to joining the PEM pension fund, expressed in years x Top monthly notch of PEM Grade 03 immediately prior to joining the pension fund x 0.72
Interest is added to the gratuity amount, calculated as per the above, for the period that the employee belonged to the PEM pension fund (i.e., join date until termination of service)	No interest is added to the gratuity enhancement.

Furthermore:
The benefit is payable on the employee's death or retirement (normal, early, or ill-health), provided the employee has completed 10 or more continuous years of service at that time.
There is no benefit payable on dismissal or resignation.
In the event of an employee's death in service, 50% of the gratuity (with interest from the join date to the date of death) and 100% of the enhancement to gratuity is payable to the estate of the deceased.
The Municipality will pay the estate or the employee a benefit amount of R90,000 should the benefit calculated on death or retirement be less than this amount. This minimum benefit level is fixed, i.e. the Municipality does not currently have a policy in place to increase this amount in future.

Notes to the Consolidated Annual Financial Statements (continued)

19.1.1 Reconciliation of Present Value of the Defined Benefit Obligations - Health Care Benefit

Economic Entity and Municipality	Post- Employment Medical Benefits
Defined benefit obligation at 1 July 2023	**1,433,289,000**
Interest Cost	199,993,000
Current Service Cost	31,335,000
Contributions Received	0
Actuarial (Gains) / Losses	-73,612,000
Foreign Currency Exchange Rate Translations	0
Benefits Paid	-89,703,000
Past Service Costs	0
Entity Combinations	0
Curtailments	0
Settlements	0
Defined benefit obligation at 30 June 2024	**1,501,301,000**
Current Portion Obligation	**95,787,000**
Non-Current Obligation	**1,405,514,000**
Interest Cost	203,248,000
Current Service Cost	32,635,000
Contributions Received	
Actuarial (Gains) / Losses	-128,443,000
Foreign Currency Exchange Rate Translations	
Benefits Paid	-95,787,000
Past Service Costs	
Entity Combinations	
Curtailments	
Settlements	
Defined benefit obligation at 30 June 2025	**1,512,954,000**
Current Portion Obligation	**85,065,000**
Non-Current Obligation	**1,427,889,000**

An actuarial valuation of the Municipality's unfunded liability in respect of Post Employment Health Care benefit to eligible employees and retirees of the Nelson Mandela Bay Municipality, was performed as at 30 June 2025. The unfunded liability has been actuarially valued at R1,512.954 million (2024: R1,501.301 million), of which R1,427.889 million relates to the non-current portion.

Contributions of R94.227 million (2024: R85.194 million) are recognized in surplus and deficit in each year respectively. These contributions include R15.542 million (2024: R14.864 million), which relates to Ex Gratia Pensions.

Notes to the Consolidated Annual Financial Statements (continued)

19.1.2 Reconciliation of Present Value of the Defined Benefit Obligations - Ex Gratia Pensions

Economic Entity and Municipality	
	Ex Gratia
Defined benefit obligation at 1 July 2023	**44,445,396**
Interest Cost	5,024,719
Current Service Cost	0
Contributions Received	0
Actuarial (Gains) / Losses	1,374,316
Foreign Currency Exchange Rate Translations	0
Benefits Paid	-4,059,980
Past Service Costs	0
Entity Combinations	0
Curtailments	0
Settlements	0
Defined benefit obligation at 30 June 2024	**46,784,452**
Current Portion Obligation	**7,941,453**
Non-Current Obligation	**38,842,999**
Interest Cost	5,045,712
Current Service Cost	0
Contributions Received	0
Actuarial (Gains) / Losses	-1,487,761
Foreign Currency Exchange Rate Translations	
Benefits Paid	-4,178,403
Past Service Costs	
Entity Combinations	
Curtailments	
Settlements	
Defined benefit obligation at 30 June 2025	**46,164,000**
Current Portion Obligation	**4,068,000**
Non-Current Obligation	**42,096,000**

An actuarial valuation of the Municipality's unfunded liability in respect of revenue pension benefits to eligible employees and retirees of the Nelson Mandela Bay Municipality, was performed as at 30 June 2025. The unfunded liability in respect of past service has been valued at R46.164 million (2024: R46.784 million), of which R42.096 million relates to the non-current portion.

Notes to the Consolidated Annual Financial Statements (continued)

19.1.3 Reconciliation of Present Value of the Defined Benefit Obligations - Gratuity Pensions

Economic Entity and Municipality	
	Gratuity Pensions
Defined benefit obligation at 1 July 2023	**14,317,469**
Interest Cost	1,167,000
Current Service Cost	230,000
Contributions Received	0
Actuarial (Gains) / Losses	178,000
Foreign Currency Exchange Rate Translations	0
Benefits Paid	-3,680,469
Past Service Costs	0
Entity Combinations	0
Curtailments	0
Settlements	0
Defined benefit obligation at 30 June 2024	**12,212,000**
Current Portion Obligation	**5,329,000**
Non-Current Obligation	**6,883,000**
Interest Cost	887,423
Current Service Cost	250,002
Contributions Received	
Actuarial (Gains) / Losses	3,978,006
Foreign Currency Exchange Rate Translations	
Benefits Paid	-3,651,431
Past Service Costs	
Entity Combinations	
Curtailments	
Settlements	
Defined benefit obligation at 30 June 2025	**13,676,000**
Current Portion Obligation	**7,337,000**
Non-Current Obligation	**6,339,000**

An actuarial valuation of the Municipality's unfunded liability in respect of Gratuity Pensions to eligible employees of the Nelson Mandela Bay Municipality, was performed as at 30 June 2025. The unfunded liability in respect of past service has been valued at R13,676 million (2024: R12,212 million), of which R6,339 million relates to the non-current portion.

19.2 Analysis of Funding

	2024/2025 R	2023/2024 R
The present value of the following defined benefit obligations is unfunded:	1,572,794,000	1,560,297,452
Post Retirement Health Care Benefit	1,512,954,000	1,501,301,000
Ex Gratia Pensions	46,164,000	46,784,452
Gratuity Pensions	13,676,000	12,212,000
The present value of the following defined benefit obligations is fully or partially funded:	0	0
Post Retirement Health Care Benefit	0	0
Ex Gratia Pensions	0	0
Gratuity Pensions	0	0

Notes to the Consolidated Annual Financial Statements (continued)

19.3 Net Benefit Expense

	Defined Benefit Plan - Pension	Post- Employment Medical Benefits	Ex Gratia Pensions	Gratuity Pensions	Total
For the year ended 30 June 2024					
Current Service Costs	0	31,335,000	0	230,000	31,565,000
Past Service Costs	0	0	0		0
Curtailments / Settlements	0	0	0		0
Interest Cost on Benefit Obligation	0	199,993,000	5,024,719	1,167,000	206,184,719
Actuarial Gains / Losses Recognised	0	-73,612,000	1,374,316	178,000	-72,059,684
Total expense recognised in the statement of financial performance	**0**	**157,716,000**	**6,399,035**	**1,575,000**	**165,690,035**
For the year ended 30 June 2025					
Current Service Costs		32,635,000		250,002	32,635,000
Past Service Costs		0	0		0
Interest Cost on Benefit Obligation		203,248,000	5,045,712	887,423	208,293,712
Curtailments / Settlements		-95,787,000	-4,178,403	-3,651,431	-99,965,403
Actuarial Gains / Losses Recognised		-128,443,000	-1,487,761	3,978,711	-129,930,761
Total expense recognised in the statement of financial performance		**11,653,000**	**-620,452**	**1,464,705**	**11,032,548**

19.4 Key actuarial assumptions

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for **post-employment medical benefits** include:

	2025 %	2024 %
Discount rate	10.9	13.82
Consumer price inflation	4.9	8.19
Healthcare cost inflation rate	6.7	9.69
Subsidy Inflation		9.19
Net Discount Rate (Medical Aid Contributions)	**3.9**	**3.77**
Maximum Subsidy Inflation Rate	4.4	
Net Discount Rate (Maximum Subsidy)	**6.2**	

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for **Ex Gratia Pensions** include:

	2025 %	2024 %
Discount rate	10.1	11.28
Consumer price inflation	4.1	5.83
General salary inflation rate	5.1	6.83
Pension Increase rate	3.3	2.92
Net Effective Discount Rate Pre-Retirement(Gap)	**4.8**	**4.16**
Net Effective Discount Rate Post-Retirement(Gap)	**6.6**	**8.12**

The principal actuarial assumptions used in determining the present value of the defined benefit obligation for **Gratuity Pensions** include:

	2025 %	2024 %
Discount rate	**7.9**	9.12
Real Rate		4.7
Consumer price inflation	**2.5**	4.22
General salary inflation rate	**3.5**	5.22
Net Discount Rate (Gap) Enhanced Gratuities	**4.3**	3.71

Notes to the Consolidated Annual Financial Statements (continued)

19.5 Sensitivity analysis

A one percentage point change in the assumed rate of increase in **healthcare inflation** would have the following effects:

		Increase R	Decrease R
2024			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	1,501,302,000	1,607,931,000	1,404,889,000
2025			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	1,512,954,000	1,593,971,000	1,409,621,000

A one percentage point change in the assumed rate of increase in healthcare inflation would have the following effects:

		Increase R	Decrease R
2024			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	46,784,452	50,724,799	43,289,711
2025			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	46,164,000	50,568,000	42,344,000

A one percentage point change in the assumed rate of increase in healthcare inflation would have the following effects:

		Increase R	Decrease R
2024			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	12,211,295	12,308,374	12,118,981
2025			
Effect on current service cost			
Effect on current interest cost			
Effect on the defined benefit obligation	13,676,000	13,769,000	13,586,000

19.6 Historical analysis

	2020/2021 R	2021/2022 R	2022/2023 R	2023/2024 R	2024/2025 R
Post Employment Health Care Benefits					
Defined benefit obligation	1,436,874,194	1,445,466,000	1,433,289,000	1,501,302,000	1,512,954,000
Plan assets	0	0	0	0	0
Surplus/deficit in the plan	**1,436,874,194**	**1,445,466,000**	**1,433,289,000**	**1,501,302,000**	**1,512,954,000**
Experience adjustments:					
Plan liabilities	57,539,260	-142,339,576	-126,330,000	-73,612,000	299,822,000
Plan assets	0	0	0	0	0
Ex Gratia Pensions					
Defined benefit obligation	48,578,751	44,511,000	44,445,396	46,784,451	46,164,000
Plan assets	0	0	0	0	0
Surplus/deficit in the plan	**48,578,751**	**44,511,000**	**44,445,396**	**46,784,451**	**46,164,000**
Experience adjustments:					
Plan liabilities	-9,826,576	-4,964,000	3,864,000	1,085,000	-1,174,000
Plan assets	0	0	0	0	0
Gratuity Pensions					
Defined benefit obligation	10,189,989		14,317,469	12,211,295	13,676,000
Plan assets	0	0	0	0	0
Surplus/deficit in the plan	**10,189,989**	**0**	**14,317,469**	**12,211,295**	**13,676,000**
Experience adjustments:					
Plan liabilities	-2,057,000	35,644,000	-31,134,261	177,245	3,322,000
Plan assets	0	0	0	0	0

Notes to the Consolidated Annual Financial Statements (continued)

20 Services Charges

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Electricity				
Consumption – Electricity Other – Electricity	5,773,722,166	4,902,586,306	5,775,320,152	4,903,991,974
Total	**5,773,722,166**	**4,902,586,306**	**5,775,320,152**	**4,903,991,974**
Waste Management				
Consumption – Waste Management Other – Waste Management	310,490,719	290,782,750	310,490,719	290,782,750
Total	**310,490,719**	**290,782,750**	**310,490,719**	**290,782,750**
Waste Water Management				
Consumption – Waste Water Management Other – Waste Water Management	605,997,359	604,131,640	605,997,359	604,131,640
Total	**605,997,359**	**604,131,640**	**605,997,359**	**604,131,640**
Water Management				
Consumption – Water Management Other – Water Management	2,372,533,704	2,839,676,422	2,372,533,704	2,839,676,422
Total	**2,372,533,704**	**2,839,676,422**	**2,372,533,704**	**2,839,676,422**
Total Service Charges	**9,062,743,948**	**8,637,177,118**	**9,064,341,934**	**8,638,582,786**

Refer Restatement note 56.1.1

21 Sale of Goods and Rendering of Services

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Sales of Goods and Rendering of Services: Building Plan Approval	10,316,428	8,500,752
Sales of Goods and Rendering of Services: Academic Services	4,953,562	3,471,387
Sales of Goods and Rendering of Services: Advertisements	4,043,228	3,285,035
Sales of Goods and Rendering of Services: Cemetery and Burial	10,591,895	10,965,039
Sales of Goods and Rendering of Services: Entrance Fees	16,249,302	671,389
Sales of Goods and Rendering of Services: Transport Fees	6,205,451	768,315
Sales of Goods and Rendering of Services: Scrap, Waste & Other	7,710,557	11,318,770
Sales of Goods and Rendering of Services: Legal Fees	50,106,663	30,440,258
Sales of Goods and Rendering of Services: Other	13,641,892	8,625,210
Total	**123,818,978**	**78,046,155**

22 Agency Fees

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Commission - Stop orders	3,968,365	3,902,484
Total	**3,968,365**	**3,902,484**

Notes to the Consolidated Annual Financial Statements (continued)

23 Interest Earned from Receivables

		Economic Entity and Municipality	
		2024/2025 R	2023/2024 R
Exchange Receivables	23.1	1,282,033,272	1,011,288,330
Non-exchange Receivables	23.2	213,590,235	199,672,891
Total		**1,495,623,507**	**1,210,961,221**

Refer Restatement Note 56.1.4

23.1 Interest Earned from Exchange Receivables

	2024/2025 R	2023/2024 R
Consumer Receivables		
Electricity	316,836,973	76,008,586
Waste Management	65,629,038	84,866,697
Waste Water Management	132,158,856	148,848,623
Water	767,165,070	701,025,393
Other Receivables		
Other	243,335	539,031
Total	**1,282,033,272**	**1,011,288,330**

23.2 Interest Earned from Non-Exchange Receivables

	2024/2025 R	2023/2024 R
Consumer Receivables		
Property Rates	213,590,235	199,672,891
Services Charges		
Other Receivables		
Other		
Total	**213,590,235**	**199,672,891**

24 Interest earned from External Investments

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Short-term Investments and Call Accounts	341,063,719	367,901,014	336,463,287	364,327,352
Total	**341,063,719**	**367,901,014**	**336,463,287**	**364,327,352**

Refer Restatement Note 56.1.2

25 Dividends

25.1 Dividends received

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
External Investments		
Dividends	188,887	169,785
Total	**188,887**	**169,785**

25.2 Dividends unrealised gain

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
External Investments		
Increase / decrease in valuation	317,122	923,542
Total	**317,122**	**923,542**

Notes to the Consolidated Annual Financial Statements (continued)

26 Licence and Permits

26.1 Licenses and Permits – Exchange Revenue

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Boat	259,092	245,448
Fauna and Flora	323,093	295,950
Health Certificates	97,266	495,417
Road and Transport	18,509,008	19,896,574
Trading	3,259,321	585,671
Total	**22,447,780**	**21,519,060**

26.2 Licenses and Permits – Non-exchange Revenue

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Dog	708	708
Total	**708**	**708**

27 Rental from Fixed Assets

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Hire of Halls	3,356,575	3,224,037
Hire of Containers	4,953,943	4,840,425
Hire of Buildings	16,581,827	7,022,412
Resorts rentals	503,704	503,672
Rentals of Sporting Facilities	1,894,431	1,722,344
Rentals: Other	7,926,262	8,058,757
Accommodation rentals	8,275,855	8,647,642
Total	**43,492,597**	**34,019,289**

28 Operational Revenue

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Exchange Revenue				
Administrative Handling Fees	259,753	342,852	259,753	342,852
Inspection Fees	4,016,237	3,301,366	4,016,237	3,301,366
Commission	17,338,145	18,194,349	17,338,145	18,194,349
Discounts and Early Settlements	6,545,929	6,639,851	6,545,929	6,639,851
Staff and Councillors Recoveries	10,183,580	1,933,727	10,183,580	1,933,727
Other	3,613,509	2,246,837	3,613,509	2,246,837
MBDA	8,933,533	3,309,145	0	0
Total	**50,890,686**	**35,968,127**	**41,957,153**	**32,658,982**

29 Property Rates by Usage

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Business and Commercial Properties	1,006,795,025	963,542,675
Industrial Properties	297,755,101	288,532,345
Mining Properties	269,144	258,777
Residential Properties	1,464,327,689	1,378,378,462
Agricultural Property	4,771,072	3,496,312
Public Benefit Organisation	1,401,186	1,475,183
Public Service Purposes Properties	157,876,395	133,247,166
Public Service Infrastructure Properties	591,006	577,075
Vacant Land	107,312,115	106,092,167
Total	**3,041,098,733**	**2,875,600,162**

As per the Municipal Property Rates Act, the latest date of valuation was 1 July 2021, with the implementation date being 1 July 2022 and is valid until 30 June 2026.

Notes to the Consolidated Annual Financial Statements (continued)

29.1 Property Rates - Valuation

	2024/2025 R'000	2023/2024 R'000
Business and Commercial Properties	46,498,925	46,247,041
Industrial Properties	9,652,662	9,395,923
Mining Properties	8,533	8,533
Residential Properties	137,382,078	135,279,111
Agricultural Property	2,038,158	1,836,131
Public Benefit Organisation	651,328	647,738
Public Service Purposes Properties	6,478,555	5,684,455
Public Service Infrastructure Properties	1,469,150	1,442,328
Vacant Land	5,564,935	5,559,578
Total	**209,744,323**	**206,100,837**

30 Fines, Penalties and Forfeits

		Economic Entity and Municipality	
		2024/2025 R	2023/2024 R
Fines	30.1	141,519,560	65,077,247
Penalties	30.2	13,792,397	15,310,100
Forfeits	30.3	14,574,900	17,119,611
Total		**169,886,857**	**97,506,958**

30.1 Fines

		2024/2025 R	2023/2024 R
Traffic Fines			
Municipal Fines		139,295,395	62,829,755
Other Fines			
Illegal Connections		1,984,974	1,497,303
Overdue Books		160,509	319,865
Pound Fees		78,682	430,324
Total		**141,519,560**	**65,077,247**

30.2 Penalties

		2024/2025 R	2023/2024 R
Disconnection Fees		13,792,397	15,310,100
Total		**13,792,397**	**15,310,100**

30.3 Forfeits

		2024/2025 R	2023/2024 R
Retentions		6,802,698	7,748,470
Unclaimed Money		7,772,202	9,371,141
Total		**14,574,900**	**17,119,611**

Notes to the Consolidated Annual Financial Statements (continued)

31 Transfers and Subsidies

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Operational					
Allocations In-kind	**31.1**	0	0	0	0
Monetary Allocations	**31.2**	1,786,166,043	1,712,897,427	1,785,181,257	1,711,871,572
Total Transfers and Subsidies: Operational		**1,786,166,043**	**1,712,897,427**	**1,785,181,257**	**1,711,871,572**
Capital					
Allocations In-kind	**31.3**	0	0	0	0
Monetary Allocations	**31.4**	1,050,046,147	1,132,055,179	1,050,046,147	1,132,055,179
Total Transfers and Subsidies: Capital		**1,050,046,147**	**1,132,055,179**	**1,050,046,147**	**1,132,055,179**
Total		**2,836,212,190**	**2,844,952,606**	**2,835,227,404**	**2,843,926,751**

Refer Restatement Note 56.1.3

31.1 Allocations In-kind: Operational

		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Private Enterprises		0	0	0	0
Total		**0**	**0**	**0**	**0**

31.2 Monetary Allocations: Operational

		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Departmental Agencies and Accounts		5,051,708	5,981,107	5,051,708	5,981,107
National Government		1,672,460,151	1,558,540,014	1,672,460,151	1,558,540,014
Provincial Government		107,669,398	147,350,451	107,669,398	147,350,451
MBDA		984,786	1,025,855	0	0
Total		**1,786,166,043**	**1,712,897,427**	**1,785,181,257**	**1,711,871,572**

31.3 Allocations In-kind: Capital

		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Non-Profit Institutions Private Enterprises Provincial Government		0	0	0	0
Total		**0**	**0**	**0**	**0**

31.4 Monetary Allocations: Capital

		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Departmental Agencies and Accounts		45,270,078	51,897,737	45,270,078	51,897,737
National Government		981,139,694	1,028,627,785	981,139,694	1,028,627,785
Public Corporations		23,636,375	51,529,657	23,636,375	51,529,657
Total		**1,050,046,147**	**1,132,055,179**	**1,050,046,147**	**1,132,055,179**

32 Fuel Levy

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Fuel Levy	824,005,000	783,478,000
Total	**824,005,000**	**783,478,000**

Notes to the Consolidated Annual Financial Statements (continued)

33 Gains/Losses on Disposal

33.1 Gain/Loss on Disposal of Intangible Assets

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Intangible Assets	0	0	0	0
Total	**0**	**0**	**0**	**0**

33.2 Gains on Disposals of Fixed Assets

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Investment Property	0	0	0	0
Heritage Assets	0	0	0	0
Property Plant and Equipment	0	1,281,801	0	1,281,801
MBDA	35,404	39,130	0	0
Total	**35,404**	**1,320,931**	**0**	**1,281,801**

The Gains on Disposal of Property, Plant and Equipment relates to sale of motor vehicles.

33.3 Losses on Disposals of Fixed Assets

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Investment Property	0	0	0	0
Heritage Assets	0	0	0	0
Property Plant and Equipment	0	1,738,710	0	1,738,710
MBDA	0	0	0	0
Total	**0**	**1,738,710**	**0**	**1,738,710**

The Loss on Disposal of Property, Plant and Equipment relates to various property plant and equipment

33.4 Other Losses

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Water Losses	394,007,501	368,597,084
Obsolete Stock Provision	1,277,707	3,695,436
Total	**395,285,208**	**372,292,520**

Inventory (Gain)/ Losses variance, are due to the stock count compared to the general ledger.

34 Service Charges - Availability Charges

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Electricity		
Availability Charges	78,726,426	61,188,087
Total	**78,726,426**	**61,188,087**
Waste Management		
Availability Charges	0	0
Total	**0**	**0**
Waste Water Management		
Availability Charges	226,669,046	203,499,543
Total	**226,669,046**	**203,499,543**
Water Management		
Availability Charges	232,789,948	208,837,422
Total	**232,789,948**	**208,837,422**
Total Service Charges - Availability Charges	**538,185,420**	**473,525,052**

Notes to the Consolidated Annual Financial Statements (continued)

35 Employee Related Costs

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Senior Management	35.1	23,060,436	29,145,166	7,921,950	18,866,633
Municipal Staff	35.2	4,108,150,024	3,870,906,732	4,108,150,024	3,870,906,732
MBDA Staff	35.3	38,685,030	28,563,292	0	0
Total		**4,169,895,490**	**3,928,615,190**	**4,116,071,974**	**3,889,773,365**

* Vacant

35.1 Senior Management Costs

Municipality	City Manager	Chief Financial Officer	Chief Operating Officer	Chief of Staff	Chief of Police*	Executive Director: Corporate Services	Executive Director: Economic Development, Tourism and Agriculture*	Executive Director: Infrastructure and Engineering*	Executive Director: Electricity and Energy	Executive Director: Safety and Security*	Executive Director: Human Settlements	Executive Director: Sports, Recreation, Arts and Culture*	Executive Director: Public Health	Total
	2024/2025 R													
Basic Salary	3,105,788	81,827	1,431,303	1,438,220		2,488,994			367,381		1,929,046		2,488,994	**13,331,553**
Bonuses	-500,418	-934,448	-685,326			-52,704	-619,866	-490,727	-1,061,998	-521,603	-244,434	-529,469	218,991	**-5,422,002**
Allowances														**0**
Unemployment Insurance	2,125		1,417	2,126		2,126			354		2,126		2,125	**12,399**
Termination benefits														**0**
Less: Costs Capitalised														**0**
Total	**2,607,495**	**-852,621**	**747,394**	**1,440,346**	**0**	**2,438,416**	**-619,866**	**-490,727**	**-694,263**	**-521,603**	**1,686,738**	**-529,469**	**2,710,110**	**7,921,950**

MBDA	Chief Executive Officer	Corporate Services Executive	Chief Financial Officer	Company Secretary	Operations Executive	Stadium Manager	Acting Chief Financial Officer	Acting Operations Executive	Operations Executive	Directors				Total
Annual Remuneration	2,367,366	1,771,120	1,918,197	1,357,392	1,335,376	1,317,236			122,822	1,158,500				11,348,009
Performance Bonus	70,781	87,336		45,988	62,794	27,555								294,454
Allowances and Other						20,000	433,236	297,012						750,248
Settlement					2,745,775									**2,745,775**
Total	**2,438,147**	**1,858,456**	**1,918,197**	**1,403,380**	**4,143,945**	**1,364,791**	**433,236**	**297,012**	**122,822**	**1,158,500**	**0**	**0**	**0**	**15,138,486**

35.1 Senior Management Costs (Continued)

	City Manager	Chief Financial Officer	Chief Operating Officer	Chief of Staff	Chief of Police*	Executive Director: Corporate Services	Executive Director: Economic Development, Tourism and Agriculture*	Executive Director: Infrastructure and Engineering*	Executive Director: Electricity and Energy	Executive Director: Safety and Security*	Executive Director: Human Settlements	Executive Director: Sports, Recreation, Arts and Culture*	Executive Director: Public Health	Total
	2023/2024 R													
Basic Salary	2,713,032	1,928,688	1,953,101	1,182,984	0	2,314,426	0	0	1,953,101	0	1,790,531	0	2,314,426	**16,150,289**
Bonuses	405,025		273,434			324,020			273,434		250,674		324,020	**1,850,607**
Allowances														**0**
Service-Related Benefits	297,286	95,967	82,915			95,967			105,404		77,707		95,967	**851,213**
Unemployment Insurance	2,126	1,772	2,126			2,125			2,125		2,125		2,125	**14,524**
Termination benefits														**0**
Less: Costs Capitalised														**0**
Total	**3,417,469**	**2,026,427**	**2,311,576**	**1,182,984**	**0**	**2,736,538**	**0**	**0**	**2,334,064**	**0**	**2,121,037**	**0**	**2,736,538**	**18,866,633**

MBDA	Chief Executive Officer	Corporate Services Executive	Chief Financial Officer	Company Secretary	Operations Executive	Stadium Manager	Stadium Manager (Previous)	Acting Stadium Manager	Acting Chief Financial Officer	Acting Operations Executive	Operations Executive	Directors		Total
Annual Remuneration	2,332,747	354,024	2,006,708	1,494,746	2,069,091		217,210			0	0	1,257,000		9,731,526
Performance Bonus				43,798	59,804									103,602
Allowances and Other		90,000				30,000	102,851	116,906	103,648					443,405
Settlement														**0**
Total	**2,332,747**	**444,024**	**2,006,708**	**1,538,544**	**2,128,895**	**30,000**	**320,061**	**116,906**	**103,648**	**0**	**0**	**1,257,000**	**0**	**10,278,533**

Notes to the Consolidated Annual Financial Statements (continued)

35.2 Municipal Staff Costs

	2024/2025 R	2023/2024 R
Basic Salary	2,289,446,877	2,193,605,269
Bonuses	180,498,978	175,404,399
Allowances	595,554,012	584,244,099
Service-Related Benefits	368,284,675	223,888,393
Bargaining Council	823,858	798,275
Group Life Insurance	34,943,326	32,328,895
Social Contributions: Medical	219,187,592	208,368,065
Social Contributions: Pension	397,243,818	385,192,035
Post-retirement Benefit: Medical		
Post-retirement Benefit: Pension	110,375,060	155,544,677
Post-retirement Benefit: Other		
Unemployment Insurance	14,249,630	14,435,646
Termination benefits		
Less: Costs Capitalised	-102,457,802	-102,903,021
Total	**4,108,150,024**	**3,870,906,732**

35.3 MBDA Staff Costs

	2024/2025 R	2023/2024 R
Salaries and Wages	31,450,085	22,691,729
Social Contributions	6,011,583	6,381,040
Leave pay provision charge	318,425	-1,696,359
Car allowances	0	20,000
Annual Bonus	44,990	-51,470
Performance Bonus	859,947	1,218,352
Total	**38,685,030**	**28,563,292**

36 Remuneration of Councillors

		Economic Entity and Municipality	
		2024/2025 R	2023/2024 R
Executive Mayor	**36.1**	1,593,903	1,511,343
Deputy Executive Mayor	**36.2**	1,287,266	1,248,355
Speaker	**36.3**	1,285,270	1,226,446
Chief Whip	**36.4**	1,232,605	1,227,727
Executive Committee	**36.5**	12,829,983	13,307,402
All Other Councillors	**36.6**	61,078,137	57,791,718
Section 79 committee chairperson	**36.7**	1,346,110	440,977
Cell phone and Other Allowances		5,279,648	5,299,409
Total		**85,932,922**	**82,053,377**

36.1 Executive Mayor

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	1,593,903	1,511,343
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**1,593,903**	**1,511,343**

Notes to the Consolidated Annual Financial Statements (continued)

36.2 Deputy Executive Mayor

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	1,287,266	1,248,355
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**1,287,266**	**1,248,355**

36.3 Speaker

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	1,285,270	1,226,446
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**1,285,270**	**1,226,446**

36.4 Chief Whip

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	1,232,605	1,227,727
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**1,232,605**	**1,227,727**

36.5 Executive Committee

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	12,829,983	13,307,402
Cell phone Allowance		
Housing Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**12,829,983**	**13,307,402**

36.6 All Other Councillors

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	61,078,137	57,791,718
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**61,078,137**	**57,791,718**

Notes to the Consolidated Annual Financial Statements (continued)

36.7 Section 79 committee chairperson

	2024/2025 R	2023/2024 R
Allowances and Service-Related Benefits		
Basic Salary	1,346,110	440,977
Cell phone Allowance		
Travelling Allowance		
Pension Fund Contributions		
Total	**1,346,110**	**440,977**

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

The Executive Mayor has the use of a Council owned vehicle for official duties driven by a chauffeur employed by the Council.

In accordance with the Councillors' remuneration package, the structure is an all-inclusive package, with the exception of a Telephone Allowance and a 3G Allowance. The package is within the upper limits of the framework as envisaged in section 219 of the Constitution.

37 Bulk Purchases

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Electricity: Eskom	6,500,312,179	5,635,672,552
Total	**6,500,312,179**	**5,635,672,552**

37.1 Electricity Losses

	2024/2025		2023/2024	
	KHW	R	KWH	R
Units Purchased	3,478,248,726	5,362,971,623	3,403,717,694	4,592,361,234
Units sold	2,545,739,593	3,879,299,145	2,514,894,135	3,395,660,814
Total Loss	**932,509,133**	**1,483,672,478**	**888,823,559**	**1,196,700,419**
Comprising of				
Technical losses	278,259,898	427,428,941	269,929,092	364,218,275
Non-technical losses	654,249,235	1,056,243,536	618,894,468	832,482,145
Total	**932,509,133**	**1,483,672,477**	**888,823,559**	**1,196,700,419**
Percentage Loss:				
Technical losses	8.00%	29.84%	8.00%	30.37%
Non-technical losses	18.81%	70.16%	18.34%	69.63%
Total	**26.81%**	**100.00%**	**26.34%**	**100.00%**

The NMBM suffered electricity losses of 26.81% amounting to total accumulative losses of R 1.48 billion (2024:26.34% amounting to R 1.20 billion). Various electricity management interventions are being implemented to curb these losses are being implemented.

The Electricity losses as defined above are separated between technical (8% amounting to R 427 million) and non-technical losses (18.81% amounting to R 1.06 billion). Technical losses are inherent losses in a distribution system and these includes copper losses, Iron losses and heat losses due to current flow. Non-Technical Losses can be attributed to theft that is illegal connections, meter tampering and non billed revenue due to faulty meters.

It must be further noted that the prescribed norms for electricty losses is +/- 10%.

Notes to the Consolidated Annual Financial Statements (continued)

38 Inventory Consumed

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Consumables	167,072,094	155,983,007
Finished Goods	15,573,439	13,709,141
Materials and Supplies	98,415,030	116,398,481
Water	345,663,458	292,234,924
Less Capitalisation of inventory consumed	-76,495,590	-60,637,376
Total	**550,228,431**	**517,688,177**

Refer Restatement Note 56.2.6

39 Debt Impairment

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Other Receivables from non-exchange revenue	**39.1**	532,783,953	324,837,201	532,783,953	324,837,201
Trade and Other Receivables from Exchange Transactions	**39.2**	3,289,550,991	924,823,657	3,289,550,991	924,823,657
MBDA		108,910	-502,578	0	0
Total		**3,822,443,854**	**1,249,158,280**	**3,822,334,944**	**1,249,660,858**

Refer Restatement Note 56.2.1

39.1 Other Receivables from non-exchange revenue

	2024/2025 R	2023/2024 R
Property Rates	413,415,065	215,312,827
Non Specific Accounts	-10,434,283	53,586,635
Traffic Fines	129,803,171	55,937,739
(Less Reversal)		
Total	**532,783,953**	**324,837,201**

39.2 Trade and Other Receivables from Exchange

	2024/2025 R	2023/2024 R
Electricity	128,701,147	53,105,595
Waste Management	161,195,606	-40,495,274
Waste Water Management	345,833,493	70,010,156
Water	2,564,980,428	883,315,815
Property Rental Debtors	14,904,293	14,000,050
Non Specific Accounts	73,936,024	-55,112,685
(Less Reversal)		
Total	**3,289,550,991**	**924,823,657**

40 Depreciation and Amortisation

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Municipality: **Amortisation**					
Intangible Assets	**13**	21,417,006	11,414,168	21,417,006	11,414,168
Depreciation					
Investment Property	**10**	4,084,681	4,154,602	4,084,681	4,154,602
Property, Plant and Equipment	**11**	928,923,278	1,032,094,637	928,923,278	1,032,094,637
Less Capitalisation of depreciation		-174,329,906	-161,864,966	-174,329,906	-161,864,966
MBDA:					
Amortisation					
Intangible Assets		394,258	358,563		
Depreciation					
Property, Plant and Equipment		3,071,583	1,719,070		
Total		**783,560,900**	**887,876,074**	**780,095,059**	**885,798,441**

Refer Restatement Note 56.2.2

Depreciation form part of the conversion costs, that is transferred to Water inventory, that determines the Water consumption (Inventory consumed) in terms of MSCOA.

Notes to the Consolidated Annual Financial Statements (continued)

41 Impairment losses

		Economic Entity and Municipality	
		2024/2025 R	2023/2024 R
Impairment Loss / Reversal Of Impairment			
Intangible Assets	**13**	0	0
Investment Property	**10**	0	0
Property, Plant and Equipment	**11**	8,889,977	0
Heritage Assets	**12**	0	0
Total		**8,889,977**	**0**

42 Interest

42.1 Interest Cost

		Economic Entity and Municipality	
		2024/2025 R	2023/2024 R
Borrowings	**14.1**	98,742,352	118,916,749
Interest - Unwinding of Discounts		-35,086,651	-11,565,701
Consumer Accounts	**15.0**	2,050,861	3,042,830
Total		**65,706,562**	**110,393,878**

Refer Restatement Note 56.2.7

43 Operating leases

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Computer Equipment	40,299	5,757
Furniture and Office Equipment	11,891,823	11,649,273
Transport Assets	0	3,818,285
Other Assets	29,224,018	19,004,504
Total	**41,156,140**	**34,477,819**

Refer Restatement Note 56.2.3

44 Contracted Services

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Consultants and Professional Services	**44.1**	189,469,961	176,837,321	189,469,961	176,837,321
Contractors	**44.2**	561,688,045	488,553,620	561,688,045	488,553,620
Outsourced Services	**44.3**	357,555,591	360,139,363	357,555,591	360,139,363
Less Capitalisation of contracted services		-49,067,030	-50,437,821	-49,067,030	-50,437,821
MBDA		16,809,114	12,741,835	0	0
Total		**1,076,455,681**	**987,834,318**	**1,059,646,567**	**975,092,483**

Refer Restatement Note 56.2.5

Notes to the Consolidated Annual Financial Statements (continued)

44.1 Consultants and Professional Services

	2024/2025 R	2023/2024 R
Business Advisory Services		
Audit Committee	815,535	1,075,812
Business and Financial Management	151,675	141,361
Commissions and Committees	174,637	949,582
Occupational Health and Safety	58,702	30,840
Project Management	25,640,293	18,349,964
Research and Advisory	4,253,170	4,425,471
Total Business and Advisory Services	**31,094,012**	**24,973,030**
Laboratory Services		
Roads	78,353	121,513
Water	133,440	109,800
Total Laboratory Services	**211,793**	**231,313**
Legal Costs		
Legal Advice and Litigation	84,709,141	84,463,927
Collection	51,810,950	33,727,060
Total Legal Services	**136,520,091**	**118,190,987**
Engineering Services		
Civil Engineering	9,380,665	8,525,354
Electrical Engineering	11,407,081	24,501,741
Structural Engineering	808,360	241,070
Total Engineering Services	**21,596,106**	**33,268,165**
Infrastructure and Planning Services		
Architectural Infrastructure and Planning	47,959	173,826
Total Infrastructure and Planning Services	**47,959**	**173,826**
Total Consultants and Professional Services	**189,469,961**	**176,837,321**

Notes to the Consolidated Annual Financial Statements (continued)

44.2 Contractors

	2024/2025 R	2023/2024 R
General Services		
Artists and Performers	623,039	1,507,661
Catering Services	1,509,850	1,425,577
Gardening Services	2,401,736	4,503,350
Gas	1,812,955	1,434,311
Management of Informal Settlements	8,015,049	5,618,032
Plants, Flowers and Other Decorations		1,321,584
Safeguard and Security	2,864,519	3,735,319
Sewerage Services	124,973,468	88,804,457
Sports and Recreation	155,962	1,449,555
Transportation	30,838,266	25,794,912
Other	1,477,320	1,281,672
Total General Services	**174,672,164**	**136,876,430**
Maintenance Services		
Maintenance of Buildings and Facilities	189,129,752	205,316,536
Maintenance of Equipment	193,957,083	142,504,844
Maintenance of Unspecified Assets	600	
Total Maintenance Services	**383,087,435**	**347,821,380**
Trading Services		
Prepaid Electricity Vendors	3,928,446	3,855,810
Prepaid Water Vendors		
Total Trading Services	**3,928,446**	**3,855,810**
Total Contractor	**561,688,045**	**488,553,620**

44.3 Outsourced Services

	2024/2025 R	2023/2024 R
Business and Advisory Services		
Communications	2,243,737	3,143,374
Project Management	154,426,888	165,920,784
Research and Advisory	1,100,209	2,117,344
Other	1,589,685	2,485,539
Total Business and Advisory Services	**159,360,519**	**173,667,041**
General Services		
Alien Vegetation Control	1,365,318	9,882,481
Burial Services	2,417,323	2,169,390
Clearing and Grass Cutting Services	28,509,777	33,433,216
Drivers Licence Cards	3,382,622	3,993,213
Hygiene Services	16,259,794	16,472,146
Meter Management	12,999,345	12,491,096
Printing Services	1,861,398	3,670,540
Security Services	88,738,343	70,839,433
Other	5,198,127	2,855,284
Total General Services	**160,732,047**	**155,806,799**
Trading Services		
Electrical	35,942,139	29,849,952
Waste Water Management	546,246	196,896
Waste Management	974,640	618,675
Total Trading Services	**37,463,025**	**30,665,523**
Total Outsourced Services	**357,555,591**	**360,139,363**

Notes to the Consolidated Annual Financial Statements (continued)

45 Transfers and Subsidies

		Economic Entity		Municipality	
		2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Operational					
Allocations In-kind	**45.1**	0	0	0	0
Monetary Allocations	**45.2**	78,167,628	70,468,619	163,333,107	134,672,142
Total Transfers and Subsidies: Operational		**78,167,628**	**70,468,619**	**163,333,107**	**134,672,142**
Capital					
Allocations In-kind	**45.3**	0	0	0	0
Monetary Allocations	**45.4**	2,891,478	18,049,522	69,228,781	76,407,191
Total Transfers and Subsidies: Capital		**2,891,478**	**18,049,522**	**69,228,781**	**76,407,191**
Total		**81,059,106**	**88,518,141**	**232,561,888**	**211,079,333**

Refer Restatement Note 56.2.4

45.1 Allocations In-kind: Operational

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Private Enterprises	0	0	0	0
Public Corporations	0	0	0	0
Total	**0**	**0**	**0**	**0**

45.2 Monetary Allocations: Operational

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Departmental Agencies and Accounts	102,504,205	98,884,449	102,504,205	98,884,449
Households	121,404	58,950	121,404	58,950
Non-profit Institutions	60,777,062	35,659,179	60,777,062	35,659,179
Private Enterprises	-69,564	69,564	-69,564	69,564
MBDA	-85,165,479	-64,203,523	0	0
Total	**78,167,628**	**70,468,619**	**163,333,107**	**134,672,142**

45.3 Allocations In-kind: Capital

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Private Enterprises	0	0	0	0
Provincial Government	0	0	0	0
Public Corporations	0	0	0	0
Total	**0**	**0**	**0**	**0**

45.4 Monetary Allocations: Capital

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Departmental Agencies and Accounts	69,228,781	76,407,191	69,228,781	76,407,191
MBDA	-66,337,303	-58,357,669	0	0
Total	**2,891,478**	**18,049,522**	**69,228,781**	**76,407,191**

Notes to the Consolidated Annual Financial Statements (continued)

46 Irrecoverable Debt Written Off

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Electricity	5,046,001	13,728,056
Fines, Penalties and Forfeits	-1,429	-1,059
Waste Management	23,266,219	165,400,682
Waste Water Management	45,942,947	262,307,967
Water	242,982,945	1,909,619,165
Property Rates		5,357,134
Service Charges	113,439,685	481,609,155
Total	**430,676,368**	**2,838,021,100**

Refer Restatement Note 56.2.1

47 Operational Costs

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Advertising, Publicity and Marketing	14,309,209	6,249,097	14,309,209	6,249,097
Assets less than the Capitalisation Threshold	12,430,954	13,476,334	12,430,954	13,476,334
Bank Charges, Facility and Card Fees	5,634,823	6,055,835	5,634,823	6,055,835
Bursaries (Employees)	1,769,525	1,642,147	1,769,525	1,642,147
Commission	11,883,889	12,483,650	11,883,889	12,483,650
Communication	36,697,289	35,619,044	36,697,289	35,619,044
External Audit Fees	33,421,848	27,768,485	33,421,848	27,768,485
External Computer Service	87,176,327	82,913,691	87,176,327	82,913,691
Fines and Penalties	12,364,650	11,732,067	12,364,650	11,732,067
Hire Charges	221,161,375	217,413,499	221,161,375	217,413,499
Insurance Underwriting	27,989,299	28,060,115	27,989,299	28,060,115
Intercompany / Parent-subsidiary	7,495,277	6,356,534	7,495,277	6,356,534
Learnerships and Internships	5,073,237	7,100,719	5,073,237	7,100,719
Levies Paid - Water Resource Management Charges	5,537,451	7,434,184	5,537,451	7,434,184
Licences	7,022,293	6,520,589	7,022,293	6,520,589
Management Fee	13,562,554	3,273,399	13,562,554	3,273,399
Municipal Services	88,460,190	67,235,259	88,460,190	67,235,259
Registration Fees	2,197,766	2,373,779	2,197,766	2,373,779
Rewards Incentives	2,918,731	4,038,773	2,918,731	4,038,773
Skills Development Fund Levy	34,975,259	33,859,525	34,975,259	33,859,525
Transport Provided as Part of Departmental Activities	3,621,913	5,171,609	3,621,913	5,171,609
Travel and Subsistence	6,885,903	7,253,246	6,885,903	7,253,246
Uniform and Protective Clothing	12,184,577	13,693,282	12,184,577	13,693,282
Ward Committees	18,977,567	45,026,170	18,977,567	45,026,170
Workmen's Compensation Fund	11,372,322	10,611,442	11,372,322	10,611,442
Other	7,212,340	5,552,081	7,212,340	5,552,081
Less Capitalisation of operational cost	-90,167,896	-74,059,892	-90,167,896	-74,059,892
MBDA	70,826,658	69,676,200	0	0
Total	**672,995,330**	**664,530,863**	**602,168,672**	**594,854,663**

Refer Restatement Note 56.2.3

Notes to the Consolidated Annual Financial Statements (continued)

48 Net Cash from/(used) Operating Activities

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Surplus/(Deficit) After Capital Transfers and Contributions	**-130,618,247**	**68,101,212**	**-150,043,159**	**61,832,811**
Adjusted for:				
Depreciation and Amortisation	783,560,900	887,876,074	780,095,059	885,798,441
Impairment losses	8,889,977	0	8,889,977	0
(Gains)/ Loss on property, plant and equipment	-35,404	1,699,580	0	1,738,710
Fair value adjustments	-317,122	-923,542	-317,122	-923,542
Non-cash movements	-5,563,434	12,383,321	-5,563,434	12,383,321
Irrecoverable debts written off	430,676,368	2,838,021,100	430,676,368	2,838,021,100
Impairment of Receivables	3,885,933,750	1,249,660,858	3,885,933,750	1,249,660,858
Changes in employee benefits	81,204,406	22,529,668	81,204,406	22,529,668
Changes in provisions	87,803	-1,799,315	-553,777	0
Operating Surplus before working capital changes	**5,053,818,997**	**5,077,548,956**	**5,030,322,068**	**5,071,041,367**
Movement in Working Capital				
(Increase) / Decrease in Inventory	-49,851,422	23,496,535	-49,461,807	23,478,097
(Increase) / Decrease in Trade Receivables	-4,315,954,533	-3,859,546,319	-4,259,997,508	-3,865,831,220
(Increase) / Decrease in Other Receivables	-85,277,724	23,717,633	-85,276,364	23,719,633
(Decrease) / Increase in VAT	-148,654,597	-292,623,242	-158,396,318	-289,244,181
Increase / (Decrease) in Trade Payables	303,681,866	23,044,281	292,268,583	18,248,809
Increase / (Decrease) in Consumer Deposits	-857,216	1,671,401	-884,216	1,659,511
(Increase) / Decrease in Non-Current Receivables	-10,507,050	-14,615,024	-10,507,050	-14,615,024
(Decrease) / Increase in Transfers and Subsidies	110,909,414	157,497,894	125,010,249	142,007,842
Movement in Working Capital	**-4,196,511,262**	**-3,937,356,841**	**-4,147,244,431**	**-3,960,576,533**
Net Cash Flows From Operating Activities	**857,307,735**	**1,140,192,115**	**883,077,637**	**1,110,464,834**

Notes to the Consolidated Annual Financial Statements (continued)

49 Contingent Liabilities

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs.	287,597,459	242,453,575
Various claims due to municipal administrative matters that are under dispute or investigation.	6,811,031	5,878,566
Various claims by current or terminated employees due to alleged unfair labour practices.	418,003	686,383
Various claims due to supply chain related issues or creditor payment related matters.	259,717,835	241,913,630
Total	**554,544,328**	**490,932,154**

50 Contingent Assets

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Various claims due to supply chain related issues or creditor payment related matters.	150,094,889	237,083,972
Total	**150,094,889**	**237,083,972**

51 Related Party Disclosures

51.1 Nature of Related Party Relationships

Related Party	Nature of Relationship
Mandela Bay Development Agency (MBDA)	Solely-Controlled Entity.
Senior Management (NMBM's Sec 57 employees and Senior Management and Directors of MBDA - Refer note 35 for details)	Key management personnel
Councillors (Refer note 36 for details)	Key management personnel
Suppliers in which close family members of employees, councillors/ directors or mayor have an interest.	

51.2 Related Party Transactions

		Economic Entity and Municipality	
Entity	**Nature of Transaction**	**2024/2025 R**	**2023/2024 R**
Revenue			
MBDA	Transfers and Subsidies	45,270,078	51,897,737
MBDA (Administration of Stadium)	Stadium events	76,554,329	48,197,290
Senior Management (Sec 57 employees - Refer note 35 for details)		0	0
Councillors (Refer note 36 for details)		0	0
Suppliers in which close family members of employees, councillors/ directors or mayor have an interest.		0	0
Expenditure			
MBDA	Transfers and Subsidies	139,405,883	135,345,516
MBDA (Administration of Stadium)	Stadium events	91,420,276	51,332,044
Senior Management (Sec 57 employees - Refer note 35 for details)			
Councillors (Refer note 36 for details)			
Suppliers in which close family members of employees, councillors/ directors or mayor have an interest.		85,827,368	4,393,261

51.3 Related Party Balances Outstanding

	2024/2025 R	2023/2024 R
Receivables		
MBDA	99,182,895	111,615,592
MBDA (Administration of Stadium)	33,194,303	18,571,027
Payables		
MBDA		
MBDA (Administration of Stadium)	79,222,547	84,858,039

Although a related party relationship does exist, the transactions were made in the ordinary course of business and the related party transaction disclosure is not required in terms of GRAP 20. However these amounts have been included as the additional disclosure is required by the MFMA. Of the above amount there is a balance due to NMBM.

Further note that NMBM and MBDA have been ordered by the Court on 7 July 2025 (Case Number 2865/2025) to terminate the SLA between the two parties for the management of the NMBM Stadium by the MBDA. Both parties are given a period of 90 Days to wind-up or dissolve the stadium management arrangement, allowing the NMBM to find another party (externally / internally) to manage all the stadium related affairs. During this 90 Day period all financial related issues will be further scrutinised to ensure that no other party is indebted to the other in anyway. This procedure should be concluded on or before end October 2025 with a proper report tabled to structures of Council. [A Court Order is available on request].

52 Contributions to organised local government

	Economic Entity and Municipality	
	2024/2025 R	2023/2024 R
Amount paid to organised local government - SALGA	20,968,704	19,894,406
Amounts due at reporting date	0	0

Notes to the Consolidated Annual Financial Statements (continued)

53 Adjusting/ Non-adjusting Events after the Reporting Date

Municipality

53.1. To ensure continuity of the RBIG Project whose Implementing Agent is Coega Development Corporation (CDC) an amount of around R34 million is required to be paid as a pre-payment / deposit to enable the acquisition or manufacturing of pipes required for the East to West Project. The National Transferring Officers (i.e. National Treasury and Department of Water & Sanitation) have advised on after 30 June 2025 that NMBM will have to accommodate this requirement out of its own financial resources and claim it when all items are received from the grant funding.

53.2. A municipal building situated in the area of Dispatch partially caught fire in around July 2025 storing some items to be disposed off and be written off from the Asset Register. This situation also led to vandals using the unfortunate opportunity to further vandalise the property to an extent that the management was left without an option but to dispose off items that could be saved from the vandals, more especially the metallic items, prior the building could be further damaged.

MBDA

53.3 On 4th July 2025, the Nelson Mandela Bay Municipality (NMBM) announced that it would take over the management of the Nelson Mandela Bay Stadium (NMBS) with immediate effect. The Mandela Bay Development Agency challenged this declaration in court. The matter was finalised on 9th July 2025, with the court ruling that operational managment of the NMBS be returned to the NMBM 90 days from the judgement date being 08 October 2025. This represents a non-adjusting post balance sheet event and no adjustment has been made to the reported amounts in the financial statements.

54 Principal-agent Arrangements

54.1 Municipality acting as the principal

	2024/2025 R	2023/2024 R
Municipal accounts:		
Fee paid as commission to the agent	**3,695,614**	**4,416,779**

The Municipality has service providers who serve as a third-party agents for the payment of the Municipality's municipal accounts. All payments are paid into the third-party agent's bank account, and are then transferred to the Municipality. The agent invoices the Municipality for commission payable.

The Agents are responsible for all the functions relating to the receipting of municipal accounts as set out in the SLA's; paragraph 4 (CiggiCell).

	2024/2025 R	2023/2024 R
Prepaid electricity		
Fee paid as commission to the agent	**7,788,028**	**8,038,079**

Contour Technology serve as an agent for the Municipality in the third-party sale of prepaid electricity. All payments are paid into the third-party agent's bank account, and are then transferred to the Municipality. The agent invoices the Municipality for commission payable.

The Agent is responsible for all the functions relating to the prepaid electricity as set out in the SLA; paragraph 4.

MBDA (Administration of Stadium)		
Fee paid as commission to the agent	**0**	**0**

NMBM and MBDA entered into a formal agreement, with clauses 10 and 11 clearly defining the respective rights and obligations of both parties. As per clause 3.2, it grants MBDA autonomy to manage the day to day operations of the stadium. All significant decisions still remain within the powers of NMBM, therefore MBDA doesn not have the power to determine significant terms and conditions of any transaction.

To date no management fee has been paid to MBDA.

Coega Development Corporation (Pty) Ltd (CDC)		
Fee paid as commission to the agent	**4,640,974**	**0**

NMBM and CDC entered into a formal agreement, with Annexure of the agreement, clearly defining the respective rights and obligations of both parties. This agreement relates to projects pertaining to water and sanitation, where CDC has been appointed as an implementing agent to provide preparation, packaging and implementation services. CDC, does not have the power to determine significant terms and conditions of any transaction. The CDC earns a management fee of 4.5% and a success fee of 1% contingent upon securing funding and implementing projects for NMBM.

54.2 Municipality acting as the agent

	2024/2025 R	2023/2024 R
Agent for the Eastern Cape Department of Transport:		
Revenue received or to be received on behalf of the principal	3,382,622	3,993,213
Revenue paid to the principal	-3,382,622	-3,993,213
No Receivables held on behalf of the principal		
No Payables held on behalf of the principal		

The Municipality acts as an agent for the Department of Transport, where it provides drivers testing and licences on behalf of the Department of Transport.

In terms of the Road Traffic Act 1996 ("NTRA"), the Department is responsible for the overall administration and management of road traffic matters. No commission received as the Municipality recognises their own revenue and pay over only the portion relating to the issue of the driving licence and card production fee.

The Municipality is responsible for all the functions relating to the production of the learners and drivers licences as set out in the SLA; paragraph 5.3.

No resources are held on behalf of the Principal, therefore no assets have been recognised. No liabilities incurred on behalf of the Principal.

55 Change in Accounting Policy

There were no Accounting Policy changes during the year

Notes to the Consolidated Annual Financial Statements (continued)

56 Correction of Error

	2023/2024 R
56.1 Accumulated Surplus	
Balance as per Audited financial statements (as previously reported)	**21,041,798,040**
MBDA's Balance	37,888,041
Transfer to Trade and Other Payables from Exchange Transactions	-5,493,417
Transfer from Trade and Other Receivables from Exchange Transactions	8,973,660
	3,480,243

The effect of the error on the individual line items in the financial statements is as follows:

		2023/2024 R
Surplus/ (Deficit) for the year		
Amount as per audited financial statements (as previously reported)		**-27,196,398**
Net effect on surplus/ (deficit)		**89,029,207**
Service Charges - Electricity	**56.1.1**	8,490,149
Service Charges - Water	**56.1.1**	-46,804
Interest earned from external investments	**56.1.2**	-16,776,055
Transfers and Subsidies	**56.1.3**	306,433
Interest earned from receivables	**56.1.4**	2,001,194
Debt Impairment	**56.2.1**	-588,047,544
Irrecoverable debts written off	**56.2.1**	701,359,102
Operational Costs	**56.2.3**	-16,311,802
Operating leases	**56.2.3**	-1,258,506
Transfers and Subsidies	**56.2.4**	-905,019
Contracted services	**56.2.5**	-5,950,689
Inventory consumed	**56.2.6**	-5,396,953
Interest	**56.2.7**	11,565,701
Restated surplus for 2023/24		**61,832,809**
MBDA's Profit		6,268,403
Restated consolidated surplus for 2023/24		**68,101,212**
Restated Balance as at 30 June 2024		**21,178,463,934**

	2023/2024 R
56.1.1 Service Charges	
Income as per Audited financial statements (as previously reported)	**9,103,664,493**
Split into the following revenue categories in terms of MSCOA specimen:	
Services Charges - Exchange Transactions	
- Service Charges - Electricity	4,895,501,825
- Service Charges - Water	2,839,723,226
- Service Charges - Waste Water Management	604,131,640
- Service Charges - Waste Management	290,782,750
	8,630,139,441
Services Charges - Non-Exchange Transactions	
- Service Charges - Availability Charges	473,525,052
	9,103,664,493
Service Charges - Electricity	
As above	4,895,501,825
Transfer to Trade and other receivables from exchange	8,496,151
Transfer to Trade and other payables from exchange transactions	-6,002
	4,903,991,974
MBDA's balance	-1,405,668
	4,902,586,306
Income not previously accrued for.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	
Service Charges - Water	
As above	2,839,723,226
Transfer to Trade and other payables from exchange transactions	-46,804
	2,839,676,422
Income not previously accrued for.	
56.1.2 Interest earned from external investments	
Income as per Audited financial statements (as previously reported)	**382,196,734**
Split into the following revenue categories in terms of MSCOA specimen:	
- Interest earned from external investments	381,103,407
- Dividends	1,093,327
	382,196,734
Interest earned from external investments	
As above	381,103,407
Transfer to Trade and other receivables from exchange	-16,776,055
	364,327,352
MBDA's Balance	3,573,662
	367,901,014
Income previously incorrectly accrued for.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.1.3 Transfers and Subsidies	
Income as per Audited financial statements (as previously reported)	**2,843,620,318**
Split into the following revenue categories in terms of MSCOA specimen:	
- Transfers and Subsidies - Operational	1,711,565,139
- Transfers and Subsidies - Capital	1,132,055,179
	2,843,620,318
Transfers and Subsidies - Operational	
As above	1,711,565,139
Transfer from Trade and other payables from non-exchange transactions	306,433
	1,711,871,572
MBDA's balance	1,025,855
	1,712,897,427
Income not previously accrued for.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	
Transfers and Subsidies - Capital - split	
- Exchange transactions	1,083,354,442
- Non-Exchange transctions	48,700,737
	1,132,055,179
The R48 million relates to electricity funded projects that was previously incorrectly included as a Non-Exchange transaction.	
56.1.4 Interest earned from receivables	
Income as per Audited financial statements (as previously reported)	**1,009,287,136**
Transfer to Irrecoverable debts written off	2,001,194
	1,011,288,330
	4,200,993,516
Income not previously accrued for.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	

Notes to the Consolidated Annual Financial Statements (continued)

56 Correction of Error (continued)

	2023/2024 R
56.2.1 Debt Impairment	
Expenditure as per Audited financial statements (as previously reported) - Receivables	4,145,055,777
Expenditure as per Audited financial statements (as previously reported) - Other	55,937,739
	4,200,993,516
Split into the following expenditure categories in terms of MSCOA specimen:	
- Debt Impairment	661,586,128
- Irrecoverable debts written off	3,539,407,388
Debt Impairment	
As above	**661,586,128**
Trade Receivables - Non-Exchange Transactions and Other Receivables - Non-Exchange Transactions	-1,526,050
Transfer from Irrecoverable debts written off	27,186
Transfer from Trade Receivables - Exchange Transactions and Other Receivables - Exchange Transactions	589,573,594
	1,249,660,858
MBDA's Balance	-502,578
	1,249,158,280
Irrecoverable debts written off	
As above	**3,539,407,388**
Transfer to Trade Receivables - Exchange Transactions and Other Receivables - Exchange Transactions	-649,773,660
Transfer to Trade Receivables - Non-Exchange Transactions and Other Receivables	-53,586,636
Transfer to Debt Impairment	-27,186
Transfer from Interest earned from Receivables	2,001,194
	2,838,021,100
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.2.2 Depreciation and Amortisation	
Expenditure as per Audited financial statements (as previously reported) - Depreciation	874,384,274
Expenditure as per Audited financial statements (as previously reported) - Amortisation	11,414,168
	885,798,442
MBDA's balance	2,077,632
	887,876,074
Grouped as one category in terms of MSCOA specimen:	
Depreciation and Amortisation	1,047,663,408
Less Capitalisation of depreciation	-161,864,966
	885,798,442
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.2.3 Operational Costs	
Expenditure as per Audited financial statements (as previously reported)	**611,762,173**
Split into the following expenditure categories in terms of MSCOA specimen:	
- Operational Costs	578,542,861
- Operating Leases	33,219,313
	611,762,174
Operational Costs	
As above	**578,542,861**
Transfer from Trade and other payables from exchange transactions	16,311,802
	594,854,663
MBDA's Balance	69,676,200
	664,530,863
Operating leases	
As above	**33,219,313**
Transfer from Trade and other payables from exchange transactions	1,258,506
	34,477,819
Expenses not previously accrued for.	
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.2.4 Transfers and Subsidies	
Expenditure as per Audited financial statements (as previously reported)	210,174,314
Transactions	905,019
	211,079,333
MBDA's Balance	-122,561,192
	88,518,141
Expenses not previously accrued for.	
56.2.5 Contracted services	
Expenditure as per Audited financial statements (as previously reported)	**969,141,794**
Transfer from Trade and other payables from exchange transactions	5,950,689
	975,092,483
MBDA's Balance	12,741,835
	987,834,318
Expenses not previously accrued for.	
56.2.6 Inventory consumed	
Expenditure as per Audited financial statements (as previously reported)	**512,291,224**
Transfer from Trade and other payables from exchange transactions	5,396,953
	517,688,177
Expenses not previously accrued for.	
56.2.7 Interest	
Expenditure as per Audited financial statements (as previously reported)	**121,959,579**
Transfer to Non-Current Provisions	-11,565,701
	110,393,878
Expenses not previously accrued for.	
56.3.1 Call Deposits and Investments	
Balance as per Audited financial statements (as previously reported) - Call Deposits and Investments	3,403,954,248
Balance as per Audited financial statements (as previously reported) - Call Deposits and Investments - Othe	3,311,165
	3,407,265,413
Grouped as one category in terms of MSCOA specimen:	
- Call Deposits and Investments	**3,407,265,413**
The main restatement is due to changes in the format of the new mSCOA financial statements.	

Notes to the Consolidated Annual Financial Statements (continued)

56 Correction of Error (continued)

	2023/2024 R
56.3.2 Trade Receivables - Exchange Transactions and Other Receivables - Exchange Transactions	
Balance as per Audited financial statements (as previously reported) - Trade Receivables	2,988,562,735
Balance as per Audited financial statements (as previously reported) - Other Receivables	297,992,012
	3,286,554,747
Transfer to Receivables from non-exchange transactions	-20,298,638
Transfer from Receivables from non-exchange transactions	129,651,263
Grouped as one category in terms of MSCOA specimen:	
- Trade and other receivables from exchange transactions	**3,395,907,372**
Trading Service and Consumer Service Debtors	
Transfer from Accumulated Surplus	8,973,660
Transfer from VAT Receivable	3,338,293
Transfer from Irrecoverable debts written off	649,773,660
Transfer from Service Charges - Electricity	8,496,151
Related Parties	
Transfer to Transfers and subsidies	-905,019
Other Receivables	
Transfer to Interest earned from external investments	-16,776,055
Transfer from VAT Receivable	2,238,693,284
Transfer from Debt impairment	-589,573,594
Transfer from Trade and Other Payables from exchange transactions	4,506,267
Accrued Income: Market - Gross amount	-29,826,073
Accrued Income: Market - Impairment	29,826,073
	5,702,434,019
MBDA's balance	-58,319,217
	5,644,114,802
The main restatement is due to changes in the format of the new mSCOA financial statements.	
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	

An outstanding amount of R29 826 073 for Market that relates to the 2013 financial year that has been reversed because it does not meet the recognition criteria of an asset in terms of GRAP.

	2023/2024 R
56.3.3 Trade Receivables - Non-Exchange Transactions and Other Receivables - Non-Exchange Transactions	
Balance as per Audited financial statements (as previously reported) - Trade Receivables	383,814,409
Balance as per Audited financial statements (as previously reported) - Other Receivables	0
	383,814,409
Transfer from Trade and Other Receivables from exchange transactions	20,298,638
Transfer to Trade and Other Receivables from exchange transactions	-129,651,263
Grouped as one category in terms of MSCOA specimen:	
- Receivables from non-exchange transactions	**274,461,784**
Transfer from Debt impairment	1,526,050
Transfer from Irrecoverable debts written off	53,586,636
	329,574,470
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.3.4 Current Provisions	
Balance as per Audited financial statements (as previously reported) - Employee Benefits	598,896,507
Balance as per Audited financial statements (as previously reported) - Current Provisions - Other	2,082,227
Transfer to Defined Benefit Obligations - Current	109,057,453
Current Provisions	**491,921,281**
Transfer from Non-Current Provisions	17,945,352
	509,866,633
MBDA's Balance	4,871,480
	514,738,113
The main restatement is due to changes in the format of the new mSCOA financial statements.	
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	
56.3.5 Non-Current Provisions - Employee Benefits	
Balance as per Audited financial statements (as previously reported)	2,100,340,001
Transfer to Defined Benefit Obligations - Non-Current	1,451,239,999
Non-Current Provisions	**649,100,002**
Balance as per Audited financial statements (as previously reported)	801,101,837
Non-Current Provisions	**1,450,201,839**
Transfer to Property Plant and Equipment	-117,711,827
Transfer to Current Provisions	-17,945,352
Transfer to Interest	-11,565,701
	1,302,978,959
The main restatement is due to changes in the format of the new mSCOA financial statements.	
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	
56.3.6 Trade and Other Payables from exchange transactions	
Balance as per Audited financial statements (as previously reported)	2,303,486,661
Transfer from Property, plant and equipment	570,305
Transfer to Accumulated Surplus	5,493,417
Transfer from VAT Receivable	5,224,090
Transfer from Service charges - Electricity	52,805
Transfer from Contracted Services	5,950,689
Transfer from Inventory consumed	5,396,953
Transfer from Operational costs	17,570,308
	2,343,745,228
VAT Payable	
Transfer from VAT Receivable	2,091,632,104
Transfer to Trade and other receivables from exchange transactions	2,620,471
	4,437,997,803
MBDA's balance	16,367,391
	4,454,365,194
The main restatement is due to changes in the format of the new mSCOA financial statements.	
Expenses not previously accrued for.	

Notes to the Consolidated Annual Financial Statements (continued)

56 Correction of Error (continued)

	2023/2024 R
56.3.7 VAT Receivable	
Balance as per Audited financial statements (as previously reported)	176,835,958
Transfer to Trade and other receivables from exchange transactions	-2,238,693,284
Transfer to Trade and other payables from exchange transactions	2,091,632,104
	29,774,778
MBDA's balance	6,111,563
	35,886,341
The main restatement is due to changes in the format of the new mSCOA financial statements.	
VAT accrual	2,303,477,867
Transfer from Trade and Other Payables from exchange transactions	639,572
	2,304,117,439
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.3.8 Trade and other payables from non-exchange transactions (previous Transfers and Subsidies)	
Balance as per Audited financial statements (as previously reported)	327,574,426
Transfer from Transfers and Subsidies - Operational	-306,433
	327,267,993
MBDA's balance	8,823,076
	336,091,069
Expenses not previously accrued for.	
56.3.9 Non-Current Trade and Other Receivables from Exchange transactions	
Balance as per Audited financial statements (as previously reported)	81,429,224
Transfer from Non-Current Receivables from Non-Exchange Transactions	166,576
	81,595,800
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.3.10 Non-Current Receivables from Non-Exchange Transactions	
Balance as per Audited financial statements (as previously reported)	54,153,058
Transfer to Non-Current Trade and Other Receivables from Exchange transactions	-166,576
	53,986,482
The main restatement is due to changes in the format of the new mSCOA financial statements.	
56.3.11 Property, Plant and Equipment	
Balance as per Audited financial statements (as previously reported)	19,568,161,988
Transfer to Trade and other payables from exchange transactions	570,305
Transfer to Non-Current Provisions	-117,711,827
	19,451,020,466
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	
56.3.12 Non-Current-Trade and other payables from exchange transactions	
MBDA's balance	**4,237,413**
The adjusments relate to transactions that was previously incorrectly processed/ included and now corrected.	

57.1 Change in Estimate

There were no changes.

57.2 Other Information

Information not available (Limitation of Scope)

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening Balance - previously stated	2,607,339,800	2,604,573,664	2,607,339,800	2,604,573,664
Restatement	472,274	0	472,274	0
Restate Opening Balance	**2,607,812,074**	**2,607,812,074**	**2,607,812,074**	**2,604,573,664**
Incurred - Current year - Relating to prior year Tenders	930,766	2,766,136	930,766	2,766,136
Total	**2,608,742,840**	**2,608,742,840**	**2,608,742,840**	**2,607,339,800**

Total amount approved by Council in respect of all cases	**0**	**0**	**0**	**0**

This section of the note has not been included in the Irregular expense calculation, because it is impracticable in terms of GRAP 1 to determine whether the tender files are indeed Irregular or Regular as described below:

Section 44.2.6 of this disclosure note represents expenditure incurred on SCM / Tender files that were declared by Internal Audit Unit in around 2014/15 and 2015/16 to be a LIMITATION OF SCOPE as the AG could not be provided with the said files. The expenditure referred to dates back to around 2003 financial year. As the expenditure on the affected SCM / Tender Files continued to the 2016/17 financial year the actuals have been extended to include the reported financial year. Detailed reports dealing with these files were submitted to Council structures starting from the MPAC Sub Committee dated 31 August 2017, whereafter the note will be amended only after Council approves the recommendation/s on how to deal with these matters. This effectively means that this expenditure is historic or relates to historic financial years.

Notes to the Consolidated Annual Financial Statements (continued)

58 Unauthorised, Irregular, Fruitless and Wasteful

58.1 Unauthorised Expenditure

	Economic Entity and Municipality	
	2024/2025 **R**	**2023/2024** **R**
Opening balance as previously reported	**1,450,589,242**	**74,174,996**
Add: Expenditure identified - current year	1,649,234,848	1,441,693,865
Add: Expenditure identified - prior year		
Less: Approved by Council	0	-65,279,619
Closing balance	**3,099,824,090**	**1,450,589,242**
The over expenditure incurred by municipal departments during the year is attributable to the following categories		
Non-cash	1,630,812,572	1,325,258,670
Cash	18,422,276	116,435,195
Analysed as follows: non-cash		
Impairment allowance	1,630,812,572	1,325,258,670
Analysed as follows: cash		
Contracted services	18,422,276	116,435,195
Unauthorised expenditure: Budget overspending – per municipal department		
Water	1,563,954,001	868,872,935
Office of Executive Mayor	0	116,435,195
Budget and Treasury	66,858,571	456,385,735
Mandela Bay Stadium	18,422,276	0
Total	1,649,234,848	1,441,693,865

The total actual expenditure, amounted to **R20 010 290 969,** compared to the approved adjustments budget of **R19 920 395 505.** The actual expenditure was thus **R89 895 464** above the approved adjustments budget.

The total actual expenditure per budget vote exceeded the approved adjustments budget **R1 649 234 848**

Notes to the Consolidated Annual Financial Statements (continued)

58.2 Irregular Expenditure

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening balance as previously reported	22,199,552,051	20,649,309,263	22,230,353,182	20,648,391,109
Restatements	-31,809,591	0	-31,809,591	0
Opening balance as restated	**22,167,742,460**	**20,649,309,263**	**22,198,543,591**	**20,648,391,109**
Add: Irregular Expenditure - current period	1,199,644,709	854,218,239	1,199,281,758	889,652,633
Add: Irregular Expenditure - prior period	881,776,581	696,208,150	879,337,414	692,309,440
Less: Amount recoverable - current period	0	0	0	0
Less: Amount recoverable - prior period	0	0	0	0
Less: Amount written off - current period	-344,747	0	0	0
Less: Amount written off - prior period	-3,447,627	-183,601	0	0
Closing balance	**24,245,371,376**	**22,199,552,051**	**24,277,162,763**	**22,230,353,182**
Cases under investigations:				
1. Breach of the Supply Chain Management policy A breach occurred as certain contracts were awarded to persons in the service of the state where he/she may have a significant influence over the financial or operating policies of the entity.	31,545,411	94,107,866	31,545,411	113,450,746
2. Breach of the Supply Chain Management policy				
A breach occurred as certain contracts were awarded to persons in the service of the state (certain officials and family of officials) where he/she may have a significant influence over the financial or operating policies of the entity.	51,086,469	59,414,201	51,086,469	75,596,021
3. SCM Deviations				
Some of the deviations relating to the tender process appear to be made where improper planning was conducted and expenditure were incurred before the deviation was approved and therefore considered to be irregular.				
- Relating to current year	1,115,780,867	511,789,214	1,115,762,663	511,789,214
- Relating to prior year	498,031,660	432,636,271	498,031,660	432,636,271
4. Non-compliance with regards to the Formal Bid and Deviation process				
Incurred - Current year - Relating to current year Tenders	887,215	188,816,652	887,215	188,816,652
Incurred - Current year - Relating to prior year Tenders	381,305,754	263,388,278	381,305,754	259,673,169
5. MBDA			0	0
Incurred - Current period	344,747	90,306		
Incurred - Prior period	2,439,167	183,601		
Total	**2,081,421,290**	**1,550,426,389**	**2,078,619,172**	**1,581,962,073**
Amount Written off - Current period	**-344,747**	**0**	**0**	**0**
Amount Written off - Prior period	**-3,447,627**	**-183,601**	**0**	**0**

Notes to the Consolidated Annual Financial Statements (continued)

58.3 Fruitless and Wasteful Expenditure

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Opening balance as previously reported	**705,408,948**	**722,444,485**	**705,311,906**	**722,347,443**
Restatement	0	0	**0**	**0**
Opening balance as restated	**705,408,948**	**722,444,485**	**705,311,906**	**722,347,443**
Add: Irregular Expenditure - current	4,720,492	17,079,185	4,716,376	17,079,185
Add: Irregular Expenditure - prior period		0		0
Less: Amount written off - prior period	0	-34,114,722	0	-34,114,722
Closing balance	**710,129,440**	**705,408,948**	**710,028,282**	**705,311,906**
Suspended Officials				
Various officials have been on suspension for more than 3 months. In terms of the South African Local Government Bargaining Council; disciplinary procedure and collective agreement, the period of suspension shall not exceed a period of 3 months. **Matter to be referred to Labour Relations.**	4,716,376	17,079,185	4,716,376	17,079,185
MBDA	4,116	0		
Total amount written off by council in respect of Microsoft licenses	**0**	**-34,114,722**	**0**	**-34,114,722**

59 Councillor's Municipal Accounts in Arrears

Councillors had arrear accounts outstanding for more than 90 days as at:	Arrangements	Amount outstanding for more than 90 days	
30 June 2025			
Councillor P Hermaans	0	31	#
Councillor MB Kamana	0	10	#
Councillor GD Maqula	0	17	#
Councillor T Maswana	2,869	654	!
Councillor NM Mbambo	35,638	0	#
Councillor GG Miggels	0	996	#
Councillor MP Momo	0	86,964	#
Councillor K Mpehlo	0	32	#
Councillor BM Murray	0	5,698	#
Councillor MB Qupe	0	7	#
Councillor S Rafani	236	0	#
Councillor MG Steyn	0	70	#
Councillor L Troon	11,454	0	#
Councillor ZP Tsotso	2,855	0	#
*Councillor Z Vasco **	36,318	0	
Councillor Zinto MM	0	11,581	#
Total	**89,370**	**106,060**	
30 June 2024			
Councillor G Faldtman	3,432		#
Councillor MR Jakuja	305		#
Councillor T Maswana	9,753		#
Councillor NM Mbambo	60,252		#
Councillor K Ngqisha	9,361		#
Councillor S Rafani	1,649		#
Councillor L Troon	20,617		#
Councillor ZP Tsotso	4,568		#
Councillor MB Kamana		13	#
Councillor B Lobishe		30,155	#
Councillor GG Miggels		19	#
Councillor MP Momo		81,390	#
Councillor K Mpehlo		49	#
Councillor NE Nqakula		642	#
*Councillor Z Vasco **		57,826	
Total	**109,937**	**170,094**	

- These Councillors also had arrear balances of more than 90 days during the financial year.

! - Deceased in period

During the financial year, the following councillors, were in arrears for more than 90 days, but since paid their accounts:
Councillor G Faldtman
Councillor MR Jakuja
Councillor B Lobishe
Councillor K Nggisha
Councillor NE Nqakula
Councillor IL Van Wyk

* The councillors residing at these properties are not the accountholders.
Councillors' consumer accounts outstanding for more than 90 days at a particular month-end are deducted from the Councillors' remuneration for the following month up to a limit of R5 000 unless an arrangement was entered into.

Notes to the Consolidated Annual Financial Statements (continued)

60 Deviations from SCM Regulations

In terms of section 36 of the municipal SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

	Economic Entity and Municipality			
	202/2025 R		2023/2024 R	
	NMBM	MBDA	NMBM	MBDA
Nature and value of deviations from SCM Regulations granted during the reporting period				
In terms of section 36 (1)(a):				
In an emergency;	111,671,418		21,021,302	
If such goods or services are produced or available from a single provider only;	8,194,153	0	73,210,076	91,622
For the acquisition of special works of art, artistic services or historical objects where specifications are difficult to compile;				
Acquisition of animals for zoos and/or nature and game reserves;				
In any other exceptional cases where all possible options have been explored, and it is still impractical or impossible to follow the official procurement processes	1,493,946,956	1,363,143	493,959,956	9,722,447
In terms of section 36 (1)(b):				
Ratify any minor breaches of the procurement processes.				
Total amount approved by the Accounting Officer and noted by Council	**1,613,812,527**	**1,363,143**	**588,191,333**	**9,814,069**

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

61 Other Compulsory Disclosures

	Economic Entity and Municipality			
	Skills Development levy	Audit fees	PAYE and UIF	Pension and Medical Aid
Municipality:				
As at 30 June 2025				
Opening balance	2,816,137		58,383,726	0
Fees/ Deductions	34,975,259		737,851,836	990,331,335
Amount paid – current year	-32,090,957		-676,203,748	-990,331,335
Amount paid – previous years	-2,816,137		-58,383,726	
Balance unpaid (included in payables)	**2,884,302**		**61,648,088**	**0**
MBDA:				
Current fee		2,150,498	10,062,495	5,850,228
Amount paid		-2,150,498	-10,062,495	-5,850,228
	0	**0**	**0**	**0**
As at 30 June 2024				
Opening balance	2,703,907	463,638	52,817,284	0
Fees/ Deductions	33,859,507	31,508,394	695,431,502	947,674,177
Amount paid – current year	-31,043,370	-31,508,394	-637,047,776	-947,674,177
Amount paid – previous years	-2,703,907	-463,638	-52,817,284	0
Balance unpaid (included in payables)	**2,816,137**	**0**	**58,383,726**	**0**
MBDA:				
Current fee		1,518,879	8,300,901	6,168,521
Amount paid		-1,518,879	-8,300,901	-6,168,521
	0	**0**	**0**	**0**

62 Operating Lease Commitments

	Economic Entity		Municipality	
	2024/2025 R	2023/2024 R	2024/2025 R	2023/2024 R
Municipality as Lessee				
The Municipality normally enters into lease agreements over 3 years for most of the Operating leases.				
Some leases have escalations ranging between 7 and 10% and an option to renew.				
Some leases have restrictions, such as not to sub-let or not to sub-let without consent.				
The Municipality has no sale and leaseback transactions.				
Future minimum lease payments under non-cancellable operating leases:				
Buildings	**29,099**	**194,688**	**29,099**	**58,688**
Payable within one year	29,099	165,589	29,099	29,589
Payable within two to five years	0	29,099	0	29,099
Photocopier, fax machines and other equipment	**374,327**	**7,025,358**	**374,327**	**7,025,358**
Payable within one year	339,952	6,651,031	339,952	6,651,031
Payable within two to five years	34,375	374,327	34,375	374,327
	403,426	**7,220,046**	**403,426**	**7,084,046**
Municipality as Lessor				
At reporting date, the Municipality has contracted with tenants for the following minimum lease payments over a period of 1 to 99 years:				
No contingent rentals are charged.				
Land	**9,200,393**	**9,680,405**	**9,200,393**	**9,680,405**
Receivable within one year	480,012	480,012	480,012	480,012
Receivable within two to five years	1,920,048	1,920,048	1,920,048	1,920,048
Receivable after 5 years	6,800,333	7,280,345	6,800,333	7,280,345
Buildings	**25,373,480**	**27,065,288**	**25,373,480**	**27,065,288**
Receivable within one year	1,199,087	1,691,808	1,199,087	1,691,808
Receivable within two to five years	2,592,369	3,074,407	2,592,369	3,074,407
Receivable after 5 years	21,582,024	22,299,073	21,582,024	22,299,073
	34,573,873	**36,745,693**	**34,573,873**	**36,745,693**

Notes to the Consolidated Annual Financial Statements (continued)

63 FINANCIAL RISK MANAGEMENT

There have been no significant changes in the risks below from the prior year to current. The risks have remained the same.

Interest rate risk
The NMBM is not exposed to interest rate risk on its financial liabilities. All of the NMBM's interest-bearing external loan liabilities, as detailed in Note 3 are fixed interest loans. No interest rate swap agreements have been entered into. The NMBM invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.

Liquidity risk
The liquidity risk is the risk that the NMBM is not able to settle its obligations. The NMBM manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. The NMBM has secured standby credit facilities in the form of an overdraft facility with its banker in order to cater for any unexpected temporary shortfall in operating funds. The maximum exposure to liquidity risk is the trade creditors and long term borrowings. Consumer deposits have a low exposure to liquidity risk.

Credit risk
The NMBM manages credit risk in its borrowing and investing activities by dealing with only A-rated financial institutions, and by spreading its exposure over a range of such institutions in accordance with its approved Cash Management and Investments Policy. Credit risk relating to consumer debtors is managed in accordance with NMBM's credit control and debt collection policy. The NMBM's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in Note 15 to the financial statements. The maximum exposure to credit risk is the consumer debtors, which may increase as a result of non-payment by debtors.

Fair value interest risk
The NMBM is exposed to fair value interest rate risk on its external loan liabilities, which are all fixed interest rates. The fair value of financial assets and liabilities are disclosed and compared with their carrying values. See note 52 for fair values of all financial liabilities. SANLAM shares is the only financial instrument and has a very low risk exposure and have been disclosed at the Market value of the share as at 30 June.

Currency risk
There were no currency risk exposure in the current and prior year.

64 FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

Financial assets: At Amortised Cost
Financial liabilities: At amortised cost
Financial Assets: At Fair Value

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities are assumed.

There were no re-classifications during the current financial year other than which have already been disclosed under Note 56.

The amounts relating to financial instruments reflected below approximates fair value.

Notes to the Consolidated Annual Financial Statements (continued)

64 FINANCIAL INSTRUMENTS (continued)

Economic Entity	2024/2025 R			2023/2024 R		
	Financial Instruments at Amortised Cost		Total	Financial Instruments at Amortised Cost		Total
ASSETS						
Non-Current trade and other receivables from exchange transactions	82,887,814		82,887,814	81,595,800		81,595,800
Non-Current receivables from non-exchange transactions*	110,730		110,730	105,679		105,679
Cash and cash equivalents	744,211,670		744,211,670	1,022,395,081		1,022,395,081
Call deposits and Investments	3,063,280,967		3,063,280,967	3,403,954,248		3,403,954,248
Trade and other receivables from exchange transactions	6,417,586,544		6,417,586,544	5,644,114,802		5,644,114,802
Receivables from non-exchange Transactions*	465,195		465,195	1,947,083		1,947,083
	10,308,542,920	**0**	**10,308,542,920**	**10,154,112,693**	**0**	**10,154,112,693**

Economic Entity	2024/2025 R			2023/2024 R		
	Financial Instruments at Amortised Cost		Total	Financial Instruments at Amortised Cost		Total
LIABILITIES						
Financial Liabilities	129,103,887		129,103,887	213,697,820		213,697,820
Consumer deposits	156,622,503		156,622,503	157,479,719		157,479,719
Trade and other payables from exchange transactions	5,283,718,322		5,283,718,322	4,454,365,194		4,454,365,194
Trade and other payables from non-exchange transactions	460,954,292		460,954,292	336,091,069		336,091,069
Financial liabilities	796,000,788		796,000,788	929,834,256		929,834,256
Non-Current Trade and other payables from exchange transactions	3,250,994		3,250,994	2,931,855		2,931,855
	6,829,650,786	**0**	**6,829,650,786**	**6,094,399,913**	**0**	**6,094,399,913**
	Financial Asset at Fair Value			**Financial Asset at Fair Value**		
Financial Asset at Fair Value						
Sanlam Shares - Valued at the open market value	3,628,288		(3,628,288)	3,311,165		(3,311,165)
	3,482,520,422	**0**	**3,482,520,422**	**4,063,023,945**	**0**	**4,063,023,945**

Economic Entity		2024/2025 R		2023/2024 R
Financial Asset at amortised cost				
Opening balance		10,154,112,693		8,503,617,937
Net other movements		154,430,227		1,650,494,756
Closing balance		**10,308,542,920**		**10,154,112,693**
Financial liabilities at amortised cost				
Opening balance		6,094,399,913		3,846,336,814
Net other movements		735,250,873		2,248,063,099
Closing balance		**6,829,650,786**		**6,094,399,913**

Notes to the Consolidated Annual Financial Statements (continued)

64 FINANCIAL INSTRUMENTS (continued)

Municipality	2024/2025 R			2023/2024 R		
	Financial Instruments at Amortised Cost		Total	Financial Instruments at Amortised Cost		Total
ASSETS						
Non-Current trade and other receivables from exchange transactions	82,887,814		82,887,814	81,595,800		81,595,800
Non-Current receivables from non-exchange transactions*	110,730		110,730	105,679		105,679
Cash and cash equivalents	703,907,784		703,907,784	934,111,410		934,111,410
Call deposits and Investments	3,063,280,967		3,063,280,967	3,403,954,248		3,403,954,248
Trade and other receivables from exchange transactions	6,404,948,050		6,404,948,050	5,702,434,019		5,702,434,019
Receivables from non-exchange Transactions*	459,735		459,735	1,942,983		1,942,983
	10,255,595,080	**0**	**10,255,595,080**	**10,124,144,139**	**0**	**10,124,144,139**

Municipality	2024/2025 R			2023/2024 R		
	Financial Instruments at Amortised Cost		Total	Financial Instruments at Amortised Cost		Total
LIABILITIES						
Financial Liabilities	129,103,887		129,103,887	213,697,820		213,697,820
Consumer deposits	156,300,296		156,300,296	157,184,512		157,184,512
Trade and other payables from exchange transactions	5,255,209,914		5,255,209,914	4,437,997,803		4,437,997,803
Trade and other payables from non-exchange transactions	452,278,243		452,278,243	327,267,994		327,267,994
Financial liabilities	796,000,788		796,000,788	929,834,256		929,834,256
	6,788,893,128	**0**	**6,788,893,128**	**6,065,982,385**	**0**	**6,065,982,385**
Financial Asset at Fair Value	**Financial Asset at Fair Value**			**Financial Asset at Fair Value**		
Sanlam Shares - Valued at the open market value	3,628,288		(3,628,288)	3,311,165		(3,311,165)
	3,470,330,240	**0**	**3,470,330,240**	**4,061,472,919**	**0**	**4,061,472,919**

Municipality		2024/2025 R		2023/2024 R
Financial Asset at amortised cost				
Opening balance		10,124,144,139		8,466,560,151
Net other movements		131,450,941		1,657,583,988
Closing balance		**10,255,595,080**		**10,124,144,139**
Financial liabilities at amortised cost				
Opening balance		6,065,982,385		3,825,602,511
Net other movements		722,910,743		2,240,379,874
Closing balance		**6,788,893,128**		**6,065,982,385**

* This is to indicate that these items have been made either zero or reduced as they are Statutory Receivables/ Non-exchange transactions in terms of GRAP 23, which doesn't form part of Financial Instruments.

Notes to the Consolidated Annual Financial Statements (continued)

65 EXPLANATION FOR VARIANCES

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget as at 30 June 2025.

The Original Budget was approved on 26 June 2024 for the 2024/25 financial year (01 July 2024 to 30 June 2025), and the Final Budget was approved on 10 March 2025.

NMBM uses the accrual basis of accounting for its Budget.

The reconciliation of the Original approved Budget and Final Adjustments Budget and Actual amounts are shown on the face of the Statement of Financial Performance, with the reasons for variances explained below.

ACTUAL VERSUS APPROVED FINAL ADJUSTMENTS BUDGET (REVENUE AND EXPENDITURE)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance.

1 Service charges
Service Charges - Water - The punitive tariffs for water was adjusted to a lower rate, From level C to level B, which contributed to less revenue being received. Thus, the reduced rate for water also in turn affects Service Charges - Sewerage

Service charges - availability charges actuals are separately disclosed, but the budget is inlcuded with Service charges.

2 Interest earned from receivables - Exchange Revenue
An increase in outstanding consumer debt or payments not being made on time, resulted in additional interest being raise due to no/ late payment.

2 Interest earned from receivables - Non-Exchange Revenue
An increase in outstanding consumer debt or payments not being made on time, resulted in additional interest being raise due to no/ late payment.

3 Interest earned from external Investments
The interest earned is influenced by the higher interest rates as well as the investment portfolio as at 30 June 2025.

4 Operational revenue
Due to the ad hoc nature of this income source, accurate income projections are not possible. More revenue was thus received from Inspections and Staff recoveries.

5 Fines, Penalties and Forfeits
The main increase relates to traffic fines of which accurate income projections are not possible.

6 Licences and Permits
Due to the ad hoc nature of this income source, accurate income projections are not possible.

7 Transfers and Subsidies - Operational
It was anticipated that all Transfers and Subsidies will be spent by 30 June 2025. Refer note 17 for the remaining unspent portion causing the underspending.

The bulk of the underspending relates to Public Transport Network Operations Grant of R69million and R51million to PHB Subsidies grant that relates to the building of ATTP housing structures and the grant will be implemented over various years.

8 Transfers and Subsidies - Capital
It was anticipated that all Transfers and Subsidies will be spent by 30 June 2025. Refer note 17 for the remaining unspent portion causing the underspending.

The bulk of the underspending relates to the Capital transfers and the explanations for the unspent grants goes hand in hand with the Capital Expenditure and the reasons for the underspending is in AFS note 66.

9 Gains on disposal of PPE
There was no gain on disposal of PPE

Notes to the Consolidated Annual Financial Statements (continued)

65 EXPLANATION FOR VARIANCES (continued)

10 **Employee Costs**
It was anticipated that the increase for the actuarial valuation will be significantly higher which was not the case. Refer notes 18 and 19.

11 **Debt impairment and Irrecoverable debts written off**
Water debt is still continuing to increase resulting in non-payment of accounts. It was decided to write-off arrear outstanding debt but less was written off than initially anticipated. As less was written off than anticipated and due to the long outstanding debtor accounts, a higher amount was provided for impairment than was initially anticipated.

12 **Interest**
A major part of the variance is due to the unwinding interest on Landfill sites. The unwinding interest on Landfill sites caused a decrease on the total amount of interest - refer AFS note 42.1

13 **Operational Leases**
The budget for Operating Leases are included with Operational costs. Also, there are pending lease agreements which contributed to the lower spending.

Operational Costs
Both current and prior year spending is consistent therefore it seems that more was budgeted than anticipated.

14 **Contracted Services**
Both current and prior year spending is consistent therefore it seems that more was budgeted than anticipated.

15 **Losses**
The major variance is attributable to water losses. With reference to AFS note 6.1.1, it indicates how the water losses was determined and the reasons.

ACTUAL VERSUS APPROVED FINAL ADJUSTMENTS BUDGET (STATEMENT OF FINANCIAL POSITION)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance targets.

16 **Cash and cash equivalents**
Cash and cash equivalents budget includes the budget for Call deposits and investments. More was budgeted than what was actually received and the bank is dependent on the cash from consumers.

W.r.t AFS Note 4.3.6 - Refer to the decrease in the collection rate and also the increased amount provided for debt impairment. It all contributes to less monies received in the bank.

17 **Trade and Other Receivables from exchange Transactions**
Included in this amount is the VAT accrual of R2.945 billion, which forms now part of Trade and Other Receivables in terms of the new mSCOA financial statements specimen. The remaining difference is the increase in outstanding consumer debtors - refer note 4-5 for details.

18 **Inventory**
The reason for the variance is due to an increase in electricity stock. With reference to the AFS stock note 6 - Materials and Supplies has increase by R50 million. The electricity depot that resulted in a higher increase due to higher demand in cables and transformers.

19 **Other Current assets**
The amount budgeted for was for the Construction Contracts receivables gross amount, without taking into account the provision for impairment. Refer AFS note 8.1.

20 **VAT**
The VAT was budgeted for on a net effect basis, including both the VAT for SARS and the VAT accrual. With reference to AFS Note 16 and Note 4 for the Input VAT and Output VAT amounts for the prior years. It appears that the current year budget was based on those amounts:

Input VAT accrual - R2 303 477 867
Output VAT accrual - R2 163 473 063
Difference is about R140 million

21 **Non-Current Trade and other receivables from exchange transactions**
As water is the higest consumer debt that is outstanding, it was anticipated that more consumers will request debt relief in the form of making arrangements, but it was not the case.

Notes to the Consolidated Annual Financial Statements (continued)

65 EXPLANATION FOR VARIANCES (continued)

22 **Non-Current Trade and other receivables from non-exchange transactions**
Management accepts that less was budgeted for Property Rates and thus over budgeted for Services Charges, as it is difficult to determine the correct split in budget between Property Rates and Service Charges. Due to the increasing outstanding consumer debt, managament has done extensive advertising informing consumers to apply for arrangements in order to pay off outstanding debt. It was management view that more consumers would opt in for arrangements, hence in the increase in budget for Service Charges, but unfortunately it was not the case.

23 **Property, Plant and Equipment**
Refer to Note 66, which gives a breakdown and reasons for the under-expenditure.

24 **Heritage assets**
The reason for the variance is due to an increase in heritage asset additions.

25 **Intangible Assets**
The reason for the variance is due to an increase in intangible asset additions.

26 & 32 **Financial Liabilities - Current and Non-Current**
Some loans are nearing maturity - refer note 14 for details, hence the rapid decline in the outstanding amount. All amounts were agreed to the loan confirmations.

27 **Consumer deposits**
The budget compared to the actual was more than anticipated.

28 and 31 **Trade and Other Payables from Exchange transactions.**
Included in this amount is the VAT accrual of R2.559 billion, which forms now part of Trade and Other Payables in terms of the new mSCOA financial statements specimen. Other current liabilities actuals have been included in Trade and other payables.

29 **Trade and Other Payables from Non-Exchange transactions.**
The main reason is due to unspent grants - refer note 17 for the details of the various grants that has a balance remaining.

30 **Current Provisions/ Defined Benefit Obligations**
The budget for Current provisions and Defined Benefit Obligations have been budgeted together. With reference to Note 18.2, that shows a breakdown of the Current Provisions, with the bulk of the amount that relates to the Leave Pay Provison. The rest relates to actuarial valuations done by the actuaries. It is impossible to make a reasonable budget estimate when it comes to actuarial valuations. In some years there have been a big jump, in other years the opposite happens. Management has made a conservative budget estimation to factor in a high jump in long service awards

33 **Non-current Provisions**
The Landfill sites amount is based on an external valuation done taking into account various factors. Refer to the financial statements note 18 for the movement calculated.

34 **Defined Benefit Obligations**
The Defined Benefit amount is based on an external valuation taking into account various factors. Refer to the financial statements note 19 for the movement calculated.

35 **Reserves and funds/ Accumulated surplus/ (deficit)**
The accumulated funds variance is affected by all the other variances and their explanations are given above.

Notes to the Consolidated Annual Financial Statements (continued)

ACTUAL VERSUS APPROVED FINAL ADJUSTMENT BUDGET (STATEMENT OF CASH FLOWS)

Explanations of Significant Variances and those greater than 10% versus Budget - The 10% threshold was considered to be the best indicator to measure performance.

36 **Sale of goods, services and taxes levied**
Sale of goods, services and taxes levied comprises of Property rates, Service charges and Other Revenue combined. Less revenue received than originally anticipated.

37 **Transfers and subsidies**
Transfers and subsidies includes both operating and capital transfers. Refer note 17 for details of grants

38 **Interest**
The interest received is influenced by higher interest rates.

39 **Finance charges**
The finance cost was less than anticipated due to loans reaching their end of term.

40 **Proceeds on disposal of Fixed and Intangible assets**
There were no disposal of assets

41 **Increase in Non-Current Receivables**

Non-Current Receivables have been budgeted for on the overall outstanding balance and not on actual cashflow.

42 **Purchase of Intangibles Assets, Investment Property, Heritage Assets**
When comparing the actual capital expenditure incurred to the final approved budget it results in an underspending. Reference is thus made to Note 66.

43 **Movement in Borrowing Long-term loans (External)**
There was no additional loan taken up.

44 **Csh and Cash equivalents**

The budget was based on an anticipated increase in revenue.

45 **Transfers and Subsidies**
The variance resulted due to the entity,MBDA, as the consolidated budget was more than anticipated.

66 GOING CONCERN

Uncertainties related to events or conditions; failing to make payments as and when due; revenue generation, collection and funding constraints; deterioration in assets used to generate revenue and or cash flow that may have cast doubt upon the Municipality's ability to continue as agoing concern, were identified.

Sufficient mitigation actions were taken to address the uncertainties to conclude that the entity is able to continue as a going concern.

Notes to the Consolidated Annual Financial Statements (continued)

67 EXPLANATION FOR CAPITAL VARIANCES

APPROVED ORIGINAL BUDGET VS APPROVED FINAL BUDGET:

In terms of GRAP 24.27 the changes between the approved original budget and approved final budget are as a consequence of reallocations within the approved original budget as at 30 June 2025.

The Original Budget was approved on **26 June 2024** for the 2024/25 financial year (01 July 2024 to 30 June 2025), and the Final Budget was approved on **10 March 2025**.

NMBM uses the accrual basis of accounting for its Budget.

See below reconciliation between the Budget and the Actual expenditure:

ACTUAL EXPENDITURE VERSUS 2024/25 BUDGET	2024/25 Capital Adjustments Budget (Approved 10 March 2025)	Budget Amendment - ISUPG Re-prioritisation Council 31 March 2025	Budget Amendment - MDRG Red-prioritisation Council 23 April 2025	Budget Amendment - USDG Reductions (Gazette 52381) Council 18 June 2025	Budget Amendment - RBIG Reductions (Gazette 52381) Council 18 June 2025	Budget Amendment - USDG Re-prioritisation Council 18 June 2025	Budget Amendment - ISUPG Re-prioritisation Council 18 June 2025	2024/25 Total Capital Budget as at 30 June 2025	Actual Expenditure as at 30 June 2025	% Capital Spend as at 30 June 2025	Variance	% Variance with Adjustments Budget	Explanation of Variances greater than 10 %
Infrastructure & Engineering - Roads & Storm water	576,706,681	7,756,520	11,304,340				5,203,130	600,970,671	433,181,717	72%	167,788,954	28	The main variance can be attributed to the capital projects which are linked to the Municipal Disaster Grants that were allocated to NMBM for the 2024/25 Financial Year. The total value of these grants is around R124 million, of which only R15,6 million was able to be spent by 30 June 2025.
Human Settlements	178,591,310	-12,365,220		-11,994,100		-2,000,000	-15,026,090	137,205,900	111,506,984	81%	25,698,916	19	The main variance can be attributed to the following Capital Projects: Nkatha / Seyisi (Sewer Reticulation) -The sewer reticulation portion of this project was completed, however, as part of this Capital Project, the Directorate had included provision for a sewer pumpstation which is still at the planning phase and is not yet ready for implementation Mandela Village 71 Sites (Roadworks) - Human Settlements Directorate is dependant on the D&I Sub-Directorate for the implementation of this project. There was delay on implementation of the work which resulted in non-expenditure
Economic Development, Tourism & Agriculture	9,808,690							9,808,690	4,691,656	48%	5,117,034	52	The variance can be attributed to 2 Capital Projects mainly linked to the Fresh Produce Market: Perimeter Wall - The contract for the appointed service provider did not include a fencing component, therefore the LOA was not approved by SCM. Banana Ripening Facility - The item was presented at BSC on the 6th of Dec 2024. Unfortunately, the item was only approved by the BAC of the 04 July 2025, at which time the 2024/25 financial year had already concluded.
Sport, Recreational and Cultural Service	32,312,180							32,312,180	25,406,195	79%	6,905,985	21	Based on the information submitted by various Project Managers, the common reason for the projects not being able to be implemented timeously relates to SCM internal issues. Amongst others are the issues related to the Informal Tender threshold. The specific project details are contained within the working file
Safety & Security	31,924,000							31,924,000	6,947,088	22%	24,976,912	78	The main variance can be attributed to the Safer City capital projects. There is no contract in place and therefore minimal work was implemented using informal tender processes. Additionally the tender for the purchase of the trooper carrier had to be cancelled due to the tender being non-responsive.
Budget & Treasury	9,395,000							9,395,000	2,033,509	22%	7,361,491	78	The main variance can be attributed to the following projects: Security Measures at Harrower Road Cable Yard - A Contractor was only appointed During June 2025, as there was no formal contract in place. As a result, all the planned work could not be completed within the 2024/25 Financial Year due to time constraints Construction of new SCM Offices - The item was presented to the BEC multiple times until it was approved for recommendation to the BAC in February 2025. The bulk of construction was anticipated to be completed within the 2024/25 financial year. Unfortunately, based on the remaining time in the financial year and the lack of sufficient outer year Capital Budget provision, the item could not proceed. The process will recommence in the new financial year.
Public Health	108,489,430					2,000,000		110,489,430	95,314,382	86%	15,175,048	14	The main variance can be attributed to the following projects: Air Pollution Monitoring Equipment - The signed National Treasury RT37 contract was only received by SCM at 23 June 2025. Therefore no orders could be issued and fulfilled by 30 June 2025. Purchase of Waste Containers - The Procurement process experienced delays due to the committees not sitting. The process is currently
Corporate Services	31,641,760							31,641,760	16,979,519	54%	14,662,241	46	The main variance can be attributed to the Refurbishment of High Sites capital project. The orders were placed but the equipment was only to be delivered by October 2025. Other Capital Projects which included fencing within their scope of work could not be implemented, as no contract had been awarded. SCM Contract Sections is still attending to appeals.
Sanitation Service	185,406,900		-6,086,950	-23,848,288				155,471,662	109,289,600	70%	46,182,062	30	Various projects were unable to be completed during the 2024/25 financial year due to contractor's cash flow challenges and long-lead time of materials. Unfortunately this resulted in the installation of equipment having to be deferred to the new financial year.
Water Service	473,401,684		-5,217,390	-12,855,390	-79,642,610			375,686,294	310,780,532	83%	64,905,762	17	The variance can be mainly attributed to two projects: Motherwell/ Bethelsdorp Pipeline - This project has been delayed due to the pending approval of the Environmental Authorisation , as well as the long-lead time of materials. New Scientific Services building - The procurement process was delayed, pending approval of an item to the City Manager for the appointment of a conveyancing attorney.
Electricity & Energy	240,290,950	4,608,700		-9,977,000			9,822,960	244,745,610	187,316,353	77%	57,429,257	23	A number of Electricity Capital Projects were affected by the delays in the BAC approval of the RT29-2024 Tranversal Contract. These delays resulted in the Directorate not being able to issue all the planned work orders within the 2024/25 Financial Year.
	1,877,968,585	**0**	**0**	**(58,674,778)**	**(79,642,610)**		**0**	**1,739,651,197**	**1,303,447,534**	**75%**	**436,203,663**	25	
MBDA	14,000,000							14,000,000	22,245,287	**159%**	-8,245,287	-59	Refer MBDA's financial statements
TOTAL ECONOMIC ENTITY	**1,891,968,585**	**0**	**0**	**-58,674,778**	**-79,642,610**	**0**	**0**	**1,753,651,197**	**1,325,692,821**	**76%**	**427,958,376**	**24**	

In accordance with GRAP 24.12 The entity has disclosed an explanation for the material differences between the budget and actual capital expenditure amounts.

Appendix A - Unaudited

TOTAL ACCUMULATED FUNDS FOR THE PERIOD ENDED 30 JUNE 2025

	Economic Entity	
	2025	**2024**
TOTAL ACCUMULATED FUNDS	**R**	**R**
Made up as follows:		
Capital Replacement Reserve	233,856,526	224,851,685
Government Grants Reserve	14,690,073,018	13,831,723,750
Donations and Public Contributions Reserves	607,912,588	589,418,605
Self-Insurance Reserve	247,817,806	212,835,753
COID Reserve	67,448,185	63,999,901
Accumulated Surplus	5,199,873,896	6,255,634,234
	21,046,982,019	**21,178,463,928**

	Municipality	
	2025	**2024**
TOTAL ACCUMULATED FUNDS	**R**	**R**
Made up as follows:		
Capital Replacement Reserve	233,856,526	224,851,685
Government Grants Reserve	14,690,073,018	13,831,723,750
Donations and Public Contributions Reserves	607,912,588	589,418,605
Self-Insurance Reserve	247,817,806	212,835,753
COID Reserve	67,448,185	63,999,901
Accumulated Surplus	5,136,292,539	6,211,477,795
	20,983,400,662	**21,134,307,489**