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

General Information

Nature of business and principal activities	The municipality is, within its financial and administrative capacity to: -Provide democratic and accountable government for the community; -To ensure the provision of services to the community in a sustainable manner; -To promote social and economic development; -To promote a safe and healthy environment; and - To encourage the involvement of the community and community organisations in the matters of the municipality.
Mayoral committee	
Executive Mayor	Cllr MN Nkotswe
Councillors	Cllr. Stephina Mashishi (Finance and BTO)
	Cllr. Mosweu Manganye (Portfolio Head Community Services & Public Safety)
	Cllr. Caroline Motshabi (Portfolio Head Local Economic Development)
	Cllr. Obed Motsisi (Portfoilio Head Corporate Services)
	Cllr. Dithothi Tshetlhane (Planning and Development)
	Cllr. Tshepang Madisa
	Cllr. Nthabiseng Mollo
	Cllr. Zipporah Motswenyane
	Cllr. Hazel Molefe (Portfolio Head Infrustructure and Technical Services)
Accounting Officer	Mr. MV. Letsoalo
Chief Finance Officer (CFO)	Mr. M Mkhize
Registered office	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
Business address	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
Postal address	Private Bag X1011 Mogwase 0314
Bankers	Standard bank ABSA
Auditors	The Auditor General of South Africa

Index

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 29 November 2025 and were signed by:

Mletsoalo.

Accounting Officer
Mr. MV. Letsoalo

Audit Committee Report

We are pleased to present our report for the year ended 30 June 2025.

Audit committee members and attendance

The audit committee consists of the listed members hereunder and should meet 4 times per annum as per its approved audit committee charter and section 166(4)(b) of the MFMA. During the financial period under review 6 meetings were held and attendance of members was as follows

Name	Number of meetings
Mr R Tshimomola Chairperson	7
Mr B Seabela	7
Ms L Moyo	7
Mr G Makaba	6
Mr E Phalandwa	7

Audit committee responsibility

The Audit Committee reports that it has carried out its responsibilities and it has acted in conformance to sections 165 and 166 of the MFMA and MFMA Circular 65. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which codifies specific responsibilities entrusted and delegated to it by the Municipal Council, and details the manner in which the Audit Committee operates. The unaudited Interim Financial Statements for the 2024/2025 financial year were reviewed by the Audit Committee.

The Audit Committee expresses its satisfaction that the Internal Audit function is operated independently, efficiently and effectively, and that they were involved in addressing the risks pertinent to the Municipality during the financial period under review. It is confirmed that the Internal Audit activity was also afforded the opportunity to review the unaudited Annual Financial Statements and Annual Performance Report.

Chairperson of the Audit Committee

Date: ____________________

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bojanala Platinum District Municipality.

Net surplus of the municipality is 37 052 750 (June 2024: surplus 47 574 730).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

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

Name	Nationality
Mr V Letsoalo	South African

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all Municipality's activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The Municipality confirms and acknowledges its responsibility to excercise the Municipality's executive and legislative authority within the constitutional system of cooperative governance envisaged in Section 41 of the Constitution, as stated in the Local Government Municipal Systems Act . The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the MSA on a three monthly basis.

Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 28 and in note 29 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.
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Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	7	55 564 854	43 586 917
Inventories	8	32 316 770	21 350 667
Receivables from non-exchange transactions	9	3 655 202	2 283 869
Receivables from exchange transactions	10	35 032 257	30 416 274
Consumer debtors	11	171 115 199	182 403 038
Non current assets held for sale	12	554 938	554 938
Other receivables	13	537 714	1 067 938
		298 776 934	**281 663 641**
Non-Current Assets			
Investment property	3	161 643 268	150 822 451
Property, plant and equipment	4	3 164 923 504	3 098 119 743
Intangible assets	5	12 327 663	12 478 228
Heritage assets	6	14 000	14 000
Receivables from non-exchange transactions	9	18 716 251	17 825 041
Other receivables	13	-	537 714
		3 357 624 686	**3 279 797 177**
Total Assets		**3 656 401 620**	**3 561 460 818**
Liabilities			
Current Liabilities			
Other financial liabilities	14	991 781	901 349
Finance lease obligation	15	9 029 436	13 949 236
Payables from exchange transactions	19	332 807 989	269 477 761
Employee benefit obligation	16	3 050 000	3 879 000
Unspent conditional grants and receipts	20	9 739 969	3 304 790
Provisions	17	2 668 485	2 431 068
		358 287 660	**293 943 204**
Non-Current Liabilities			
Other financial liabilities	14	1 711 498	2 703 279
Finance lease obligation	15	-	8 995 364
Employee benefit obligation	16	20 218 000	21 676 000
Provisions	17	28 026 874	23 040 914
Consumer deposits	18	601 513	598 725
		50 557 885	**57 014 282**
Total Liabilities		**408 845 545**	**350 957 486**
Net Assets		**3 247 556 075**	**3 210 503 332**
Accumulated surplus		3 247 556 271	3 210 503 332
Total Net Assets		**3 247 556 271**	**3 210 503 332**

* See Note 45

Statement of Financial Performance

Figures in Rand	-32	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	148 978 436	207 677 023
Other income	23	6 552 264	6 370 049
Interest from exchange transactions	24	73 037 744	62 710 017
Total revenue from exchange transactions		**228 568 444**	**276 757 089**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	165 034 514	150 271 916
Interest from non exchange transactions		36 517 704	35 160 963
Transfer revenue			
Government grants & subsidies	27	825 898 824	809 459 933
Public contributions and donations	26	-	7 535 109
Fines, Penalties and Forfeits		1 825 950	1 758 600
Total revenue from non-exchange transactions		**1 029 276 992**	**1 004 186 521**
Total revenue	21	**1 257 845 436**	**1 280 943 610**
Expenditure			
Employee related costs	28	(323 273 637)	(321 973 025)
Remuneration of councillors	29	(30 909 269)	(30 294 307)
Depreciation and amortisation	30	(125 903 093)	(121 296 479)
Finance costs	31	(4 616 064)	(6 434 212)
Lease rentals on operating lease	39	(4 698 295)	(1 813 753)
Debt Impairment	32	(254 051 337)	(309 058 485)
Bulk purchases	33	(147 808 566)	(157 715 356)
Contracted services	34	(118 032 994)	(100 852 869)
Financial loss under investgation	35	(629 593)	(4 673 807)
General Expenses	36	(198 875 398)	(169 794 120)
Total expenditure		**(1 208 798 246)**	**(1 223 906 413)**
Operating surplus		**49 047 190**	**57 037 197**
Loss on disposal of assets and liabilities		(13 016 593)	(9 443 601)
Gain (Loss) on foreign exchange		81 212	43 114
Fair value adjustments		11 329 715	1 587 810
Impairment loss	37	(10 096 263)	(1 654 326)
Inventories losses/write-downs		(292 511)	4 536
		(11 994 440)	**(9 462 467)**
Surplus for the year		**37 052 750**	**47 574 730**

* See Note 45

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 158 039 367	3 158 039 367
Adjustments		
Prior year adjustments 45	4 889 424	4 889 424
Balance at 01 July 2023 as restated*	**3 162 928 602**	**3 162 928 602**
Changes in net assets		
Surplus for the year	47 574 730	47 574 730
Total changes	47 574 730	47 574 730
Restated* Balance at 01 July 2024	**3 210 503 521**	**3 210 503 521**
Changes in net assets		
Surplus for the year	37 052 750	37 052 750
Total changes	37 052 750	37 052 750
Balance at 30 June 2025	**3 247 556 271**	**3 247 556 271**

* See Note 45

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and rendering of services		158 846 451	207 606 647
Grants and subsidies		832 334 003	805 119 000
Interest income		13 234 607	13 031 950
		1 004 415 061	1 025 757 597
Payments			
Cash payments to supplier and employees		(748 850 543)	(769 902 894)
Finance costs		(2 157 508)	(3 970 273)
		(751 008 051)	(773 873 167)
Net cash flows from operating activities	38	**253 407 010**	**251 884 430**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(224 722 177)	(228 433 045)
Purchase of other intangible assets	5	(1 893 171)	(1 681 497)
Net cash flows from investing activities		**(226 615 348)**	**(230 114 542)**
Cash flows from financing activities			
Finance lease payments		(13 915 164)	(11 808 577)
Repayment of other financial liabilities		(898 561)	(5 238 484)
Net cash flows from financing activities		**(14 813 725)**	**(17 047 061)**
Net increase/(decrease) in cash and cash equivalents		**11 977 937**	**4 722 827**
Cash and cash equivalents at the beginning of the year		43 586 917	38 864 090
Cash and cash equivalents at the end of the year	7	**55 564 854**	**43 586 917**

The accounting policies on pages 13 to 38 and the notes on pages 39 to 105 form an integral part of the annual financial statements.

* See Note 45

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	213 534 203	1 854 000	**215 388 203**	148 978 436	**(66 409 767)**	51.1
Other income	4 090 133	-	**4 090 133**	6 552 264	**2 462 131**	51.15
Interest received - investment	53 804 296	14 795 359	**68 599 655**	73 037 744	**4 438 089**	51.3
Total revenue from exchange transactions	**271 428 632**	**16 649 359**	**288 077 991**	**228 568 444**	**(59 509 547)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	144 685 665	-	**144 685 665**	165 034 514	**20 348 849**	51.4
Interest - Taxation revenue	31 498 345	1 534 600	**33 032 945**	36 517 704	**3 484 759**	51.5
Transfer revenue						
Government grants & subsidies	859 166 000	(23 526 998)	**835 639 002**	825 898 824	**(9 740 178)**	51.6
Fines, Penalties and Forfeits	1 800 000	-	**1 800 000**	1 825 950	**25 950**	51.2
Total revenue from non-exchange transactions	**1 037 150 010**	**(21 992 398)**	**1 015 157 612**	**1 029 276 992**	**14 119 380**	
Total revenue	**1 308 578 642**	**(5 343 039)**	**1 303 235 603**	**1 257 845 436**	**(45 390 167)**	
Expenditure						
Employee related costs	(396 069 792)	(1 599 835)	**(397 669 627)**	(323 273 637)	**74 395 990**	51.7
Remuneration of councillors	(31 801 862)	-	**(31 801 862)**	(30 909 269)	**892 593**	51.2
Depreciation and amortisation	(162 638 301)	-	**(162 638 301)**	(125 903 093)	**36 735 208**	51.8
Finance costs	(2 252 093)	-	**(2 252 093)**	(4 616 064)	**(2 363 971)**	51.2
Lease rentals on operating lease	-	-	**-**	(4 698 295)	**(4 698 295)**	51.2
Debt Impairment	(194 641 596)	(121 366 528)	**(316 008 124)**	(254 051 337)	**61 956 787**	51.9
Bulk purchases	(198 055 000)	24 755 000	**(173 300 000)**	(147 808 566)	**25 491 434**	51.10
Contracted Services	(205 879 621)	3 150 000	**(202 729 621)**	(118 032 994)	**84 696 627**	51.11
Financial loss	-	-	**-**	(629 593)	**(629 593)**	51.2
General Expenses	(155 163 200)	(24 972 486)	**(180 135 686)**	(198 875 398)	**(18 739 712)**	51.12
Total expenditure	**(1 346 501 465)**	**(120 033 849)**	**(1 466 535 314)**	**(1 208 798 246)**	**257 737 068**	
Operating surplus	**(37 922 823)**	**(125 376 888)**	**(163 299 711)**	**49 047 190**	**212 346 901**	
Loss on disposal of assets and liabilities	-	-	**-**	(13 016 593)	**(13 016 593)**	51.14
Gain (Loss) on foreign exchange	-	-	**-**	81 212	**81 212**	51.2
Fair value adjustments	-	-	**-**	11 329 715	**11 329 715**	51.13
Impairment loss	-	-	**-**	(10 096 263)	**(10 096 263)**	49.1
Inventories losses/write-downs	-	-	**-**	(292 511)	**(292 511)**	51.2
	-	**-**	**-**	**(11 994 440)**	**(11 994 440)**	
Surplus before taxation	**(37 922 823)**	**(125 376 888)**	**(163 299 711)**	**37 052 750**	**200 352 461**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(37 922 823)**	**(125 376 888)**	**(163 299 711)**	**37 052 750**	**200 352 461**	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	19 496 058	(2 126 515)	**17 369 543**	32 316 770	**14 947 227**	51.16
Receivables from exchange transactions	26 121 732	-	**26 121 732**	35 032 257	**8 910 525**	51.17
Receivables from non-exchange transactions	-	-	**-**	3 655 202	**3 655 202**	51.18
Consumer debtors	195 350 755	-	**195 350 755**	171 115 199	**(24 235 556)**	51.19
Other asset 1	-	-	**-**	554 938	**554 938**	51.2
Other receivables	2 048 640	-	**2 048 640**	537 714	**(1 510 926)**	51.20
Cash and cash equivalents	38 449 949	-	**38 449 949**	55 564 854	**17 114 905**	51.21
	281 467 134	**(2 126 515)**	**279 340 619**	**298 776 934**	**19 436 315**	
Non-Current Assets						
Investment property	152 952 295	-	**152 952 295**	161 643 268	**8 690 973**	51.22
Property, plant and equipment	3 680 870 401	(22 179 318)	**3 658 691 083**	3 164 923 504	**(493 767 579)**	51.23
Intangible assets	15 354 246	-	**15 354 246**	12 327 663	**(3 026 583)**	51.24
Heritage assets	14 000	-	**14 000**	14 000	**-**	
Receivables from non-exchange transactions	-	-	**-**	18 716 251	**18 716 251**	51.25
	3 849 190 942	**(22 179 318)**	**3 827 011 624**	**3 357 624 686**	**(469 386 938)**	
Total Assets	**4 130 658 076**	**(24 305 833)**	**4 106 352 243**	**3 656 401 620**	**(449 950 623)**	
Liabilities						
Current Liabilities						
Other financial liabilities	14 371 944	-	**14 371 944**	991 781	**(13 380 163)**	51.26
Finance lease obligation	-	-	**-**	9 029 436	**9 029 436**	51.27
Payables from exchange transactions	204 740 876	(3 094 003)	**201 646 873**	332 807 989	**131 161 116**	51.28
Employee benefit obligation	-	-	**-**	3 050 000	**3 050 000**	51.29
Unspent conditional grants and receipts	-	-	**-**	9 739 969	**9 739 969**	51.30
Provisions	3 860 601	-	**3 860 601**	2 668 485	**(1 192 116)**	51.31
	222 973 421	**(3 094 003)**	**219 879 418**	**358 287 660**	**138 408 242**	
Non-Current Liabilities						
Other financial liabilities	20 867 697	-	**20 867 697**	1 711 498	**(19 156 199)**	51.26
Employee benefit obligation	-	-	**-**	20 218 000	**20 218 000**	51.29
Provisions	41 637 677	-	**41 637 677**	28 026 874	**(13 610 803)**	51.31
Consumer deposits	600 000	-	**600 000**	601 513	**1 513**	51.2
	63 105 374	**-**	**63 105 374**	**50 557 885**	**(12 547 489)**	
Total Liabilities	**286 078 795**	**(3 094 003)**	**282 984 792**	**408 845 545**	**125 860 753**	

Moses Kotane Local Municipality
(Registration number NW375)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets	**3 844 579 281**	**(21 211 830)**	**3 823 367 451**	**3 247 556 075**	**(575 811 376)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3 844 579 281	(21 211 830)	**3 823 367 451**	3 247 556 271	**(575 811 180)**	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	168 552 610	-	**168 552 610**	158 846 451	**(9 706 159)**	51.36
Grants	859 166 000	-	**859 166 000**	832 334 003	**(26 831 997)**	51.37
Interest income	34 340 794	-	**34 340 794**	13 234 607	**(21 106 187)**	51.38
	1 062 059 404	**-**	**1 062 059 404**	**1 004 415 061**	**(57 644 343)**	
Payments						
Payments to suppliers and employee costs	(989 221 568)	-	**(989 221 568)**	(748 850 543)	**240 371 025**	51.39
Finance costs	-	-	**-**	(2 157 508)	**(2 157 508)**	51.40
	(989 221 568)	**-**	**(989 221 568)**	**(751 008 051)**	**238 213 517**	
Net cash flows from operating activities	**72 837 836**	**-**	**72 837 836**	**253 407 010**	**180 569 174**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(252 554 010)	(37 883 098)	**(290 437 108)**	(224 722 177)	**65 714 931**	51.41
Purchase of other intangible assets	-	-	**-**	(1 893 171)	**(1 893 171)**	51.42
Net cash flows from investing activities	**(252 554 010)**	**(37 883 098)**	**(290 437 108)**	**(226 615 348)**	**63 821 760**	
Cash flows from financing activities						
Other financial liabilities	(1 000 000)	-	**(1 000 000)**	(898 561)	**101 439**	51.2
Finance lease payments	(13 371 944)	-	**(13 371 944)**	(13 915 164)	**(543 220)**	55.2
Net cash flows from financing activities	**(14 371 944)**	**-**	**(14 371 944)**	**(14 813 725)**	**(441 781)**	
Net increase/(decrease) in cash and cash equivalents	(194 088 118)	(37 883 098)	**(231 971 216)**	11 977 937	**243 949 153**	
Cash and cash equivalents at the beginning of the year	1 411 402	15 525 406	**16 936 808**	43 586 917	**26 650 109**	
Cash and cash equivalents at the end of the year	**(192 676 716)**	**(22 357 692)**	**(215 034 408)**	**55 564 854**	**270 599 262**	
Reconciliation						

Accounting Policies

1. Significant accounting polices

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:
- Debt impairment
- Useful life of Property Plant and Equipment
- Fair Value of Investment Property
- Effective Interest rate for Finance leases
- Provision for slow moving/ obsolete inventory
- Acturial gains and loss

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives

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

Employee Benefit Obligation

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

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

Other key assumptions for employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 16.

Allowance for doubtful debts

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

Fair value

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

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

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

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

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

Accounting Policies

1.5 Investment property (continued)

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

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Infinite
Buildings	Straight-line	5 - 100 years
Infrastructure - Electricity	Straight-line	10 - 100 years
Infrastructure - Roads	Straight-line	5 - 100 years
Infrastructure - Water	Straight-line	5 - 100 years
Infrastructure - Stormwater	Straight-line	5 - 50 years
Infrastructure - Sewerage	Straight-line	15 - 100 years
Infrastructure - ICT	Straight-line	10 - 50 years
Access control security measures	Straight-line	3 - 5 years

1.6 Property, plant and equipment (continued)

Recreation facilities	Straight-line	10 - 100 years
Furniture and Fittings	Straight-line	7 years
Motor Vehicles	Straight-line	5 - 15 years
Plant and Equipment	Straight-line	4 - 15 years

For the detailed useful lives of assets, refer to the municipality's asset management policy.

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

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

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

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

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

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

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

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

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

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

1.7 Intangible assets

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

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

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

Accounting Policies

1.7 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	1 - 15 years

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

1.8 Heritage assets

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

1.8 Heritage assets (continued)

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Derecognition

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

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

1.9 Financial instruments

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

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

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

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

1.9 Financial instruments (continued)

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

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

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

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

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

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

Accounting Policies

1.9 Financial instruments (continued)

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

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

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

1.9 Financial instruments (continued)

Classification

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

Class	Category
Receivables from non exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Accounting Policies

1.9 Financial instruments (continued)

Initial recognition

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

Subsequent measurement of financial assets and financial liabilities

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

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.
Financial assets measured at amortised cost:
If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset¡¦s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset¡¦s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.
The amount of the loss is recognised in surplus or deficit.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality derecognises a financial asset only when:

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

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

Accounting Policies

1.9 Financial instruments (continued)
consideration received is recognised in surplus or deficit.
Financial liabilities
The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.
The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.
The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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

1.10 Statutory receivables

Identification

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

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

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

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

1.10 Statutory receivables (continued)

Accrued interest

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

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

1.10 Statutory receivables (continued)

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

1.11 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Accounting Policies

1.12 Inventories (continued)

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

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

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

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

[Specify judgements made]

1.16 Employee benefits

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

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

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

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

1.16 Employee benefits (continued)

Employee benefit Obligation

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for). The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.
Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service awards is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates

1.17 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

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

Accounting Policies

1.17 Provisions and contingencies (continued)

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

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

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

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

1.18 Commitments

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

1.18 Commitments (continued)

Disclosures are required in respect of unrecognised contractual commitments.

Capital commitments are disclosed in the financial statements and they represent the balance commited to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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

- Contracts should be non-cancellable or only cancellable at significant cost ; and
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Accounting Policies

1.19 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

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

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

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

1.20 Revenue from non-exchange transactions

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

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

Measurement

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

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

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

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

1.20 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

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

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

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

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

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

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.21 Investment income

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

1.22 Borrowing costs

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

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

1.23 Comparative figures

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

1.24 Unauthorised expenditure

Unauthorised expenditure'', in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—
(a) overspending of the total amount appropriated in the municipality's approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of ''allocation'' otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act;

1.25 Fruitless and wasteful expenditure

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

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

1.26 Irregular expenditure

irregular expenditure'', in relation to a municipality or municipal entity, means—
(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,
but excludes expenditure by a municipality which falls within the definition of ''unauthorised expenditure'';

1.27 Segment information

A segment is an activity of an entity:

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

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

1.28 Budget information

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

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

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

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

Accounting Policies

1.28 Budget information (continued)

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

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

1.29 Related parties

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

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

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

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

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

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

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

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

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

1.30 Events after reporting date

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

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

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

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

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

There are no standards and interpretations that are effective for the current financial year.

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Future date	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Future date	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	Future date	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	161 643 268	-	161 643 268	150 822 451	-	150 822 451

Reconciliation of investment property - June 2025

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	150 822 451	(508 898)	11 329 715	161 643 268

Reconciliation of investment property - June 2024

	Opening balance	Fair value adjustments	Total
Investment property	149 188 366	1 634 085	150 822 451

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. New standards and interpretations (continued)

Pledged as security

Investment property was not pledged as security for financial liabilities.
A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The value indicated is established by comparing the subject property with similar properties, called comparable sales. Comparable sales are recent property transactions of property that were sold in accordance with the definition of market value.

These comparable sales are judged as being the most comparable to the subject property to indicate a range of value in which the subject property's value could be determined. The subject property is then measured against the comparable sales, in various elements of comparison that might influence and ultimately determine the value of the subject property.

Maintenance of investment property

The following maintenance costs were incurred:

There were no direct operating expenses, repairs and maintenance arising from investment property.

Amounts recognised in surplus or deficit

	2025	2024
Rental revenue from Investment property	-	-
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	-	-
Repairs and maintenance	-	-
	-	**-**
From Investment property that did not generate rental revenue		
Direct operating expenses (excluding repairs and maintenance)	-	-
Repairs and maintenance	-	-
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 290 211	-	17 290 211	17 290 211	-	17 290 211
Buildings	217 301 425	(126 384 033)	90 917 392	216 836 663	(120 215 243)	96 621 420
Plant and machinery	3 527 554	(3 234 254)	293 300	3 529 270	(3 027 906)	501 364
Furniture and Fixtures	50 039 130	(43 438 791)	6 600 339	49 871 724	(42 727 198)	7 144 526
Motor vehicles	35 171 712	(28 503 475)	6 668 237	34 443 282	(27 932 676)	6 510 606
Infrastructure	5 522 218 501	(2 741 872 443)	2 780 346 058	5 333 755 967	(2 644 846 637)	2 688 909 330
Community	561 006 190	(319 091 378)	241 914 812	561 062 881	(304 783 113)	256 279 768
Leased vehicles	30 872 822	(9 979 667)	20 893 155	30 872 822	(6 010 304)	24 862 518
Total	**6 437 427 545**	**(3 272 504 041)**	**3 164 923 504**	**6 247 662 820**	**(3 149 543 077)**	**3 098 119 743**

Reconciliation of property, plant and equipment -June 2025

	Opening balance	Additions	Transfer to out to general expenses	Disposals	Landfill site provision	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	17 290 211
Buildings	96 621 420	487 557	-	(1 824)	-	(6 189 761)	-	90 917 392
Plant and machinery	501 364	-	-	(1 706)	-	(200 053)	(6 305)	293 300
Furniture and fixtures	7 144 526	1 585 025	-	(168 765)	-	(1 912 282)	(48 165)	6 600 339
Motor vehicles	6 510 606	932 833	-	(24 391)	-	(298 158)	(452 653)	6 668 237
Infrastructure	2 688 909 330	221 493 535	(14 182 340)	(12 416 321)	2 527 403	(96 409 024)	(9 576 525)	2 780 346 058
Community	256 279 768	675 356	-	(346 817)	-	(14 680 880)	(12 615)	241 914 812
Leased vehicles	24 862 518	-	-	-	-	(3 969 363)	-	20 893 155
	3 098 119 743	**225 174 306**	**(14 182 340)**	**(12 959 824)**	**2 527 403**	**(123 659 521)**	**(10 096 263)**	**3 164 923 504**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers	Landfill site provision	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	17 290 211
Buildings	101 378 159	1 593 550	(191 735)	-	-	(6 158 554)	-	96 621 420
Plant and machinery	698 236	58 130	(13 316)	-	-	(241 686)	-	501 364
Furniture and fixtures	6 861 471	2 855 179	(89 025)	-	-	(2 483 099)	-	7 144 526
Motor vehicles	7 689 860	1 191 004	(26 388)	(386 585)	-	(1 957 285)	-	6 510 606
Infrastructure	2 564 070 307	225 085 592	(8 865 506)	-	(995 655)	(88 731 082)	(1 654 326)	2 688 909 330
Community	266 544 057	5 435 707	(552 140)	-	-	(15 147 856)	-	256 279 768
Building WIP	-	129 700	-	(129 700)	-	-	-	-
Leased vehicles	28 842 756	-	-	-	-	(3 980 238)	-	24 862 518
	2 993 375 057	**236 348 862**	**(9 738 110)**	**(516 285)**	**(995 655)**	**(118 699 800)**	**(1 654 326)**	**3 098 119 743**

Pledged as security

Leased vehicles	20 893 155	24 862 518

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

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

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
KOFFIEKRAAL HIGHMAST LIGHT	2 734 518	2 734 518
MANAMELA HIGMAST LIGHT	1 551 759	1 369 365
RATAU HIGHMAST LIGHT	662 401	476 245
HIGH MAST LIGHT_NKOGOLWE	983 176	983 176
HIGH MAST LIGHT _ WELVERDIEN	1 247 575	1 247 575
LEGKRAAL HIGHMAST LIGHT	1 692 485	1 692 485
MONONONO HIGHMAST LIGHT	1 132 437	884 236
HIGH MAST LIGHT - LERULENG	1 026 169	1 026 169
HIGH MAST LIGHT - KRAALHOEK	943 664	943 664
HIGH MAST LIGHT - LEROME	1 474 048	1 474 048
HIGHMASTLIGHT-GOEDEHOOP	565 098	437 952
HIGHMAST LIGHT-SESOBE	751 192	751 192
SUPPLY AND INSTALLATION OF HML (SESOBE)	514 341	512 027
SUPPLY AND INSTALLATION OF HML (LOSMYTJERIE)	1 794 385	1 301 449
SUPPLY AND INSTALLATION OF HML (LEDIG)	2 519 146	2 519 146
SUPPLY AND INSTALLATION OF HML (GOEDEHOOP)	555 507	555 507
SUPPLY AND INSTALLATION OF HML (MORULENG WARD 9)	1 473 863	1 097 529
HIGH MAST LIGHT_MORULENG_WARD 32	1 421 287	1 421 287
HIGH MAST LIGHT_MORULENG_WARD 17	1 892 092	1 892 092
MONONONO HIGHMAST LIGHT	320 915	320 915
KOFFIEKRAAL HIGHMAST LIGHT	1 014 637	1 014 637
MASEKOLOANE HIGHMAST LIGHT	700 069	700 069
MORULENG _RENOVATE TESTING STATION	753 272	753 272
	27 724 036	**26 108 555**

The High Mast Lights have been identified as taking significantly longer period to completed as expected, due to the delay in connection of energizing of the Eskom power grid. 70 Connections points have been installed by Eskom. The Municipality planning to Appoint consultant to connect the HML with the connection point in the 2025/26 financial year.

ASSET UTILIZED FOR OTHER SERVICE.

Under Community Assets, the Community Hall of Disake is temporary in use by the North West Department of Health as a clinic. Due to the damages of the Clinic in Disake Village community members had problem in receiving health care services. The Community Hall was made available to render health services to the Community of Disake for the use of no cost.

Reconciliation of Work-in-Progress June 2025

	Included within Infrastructure	**Included within Buildings**	**Total**
Opening balance	347 685 477	753 272	348 438 749
Additions/capital expenditure	187 652 940	-	187 652 940
Disporsal	(14 182 340)	-	(14 182 340)
Transferred to completed assets	(234 437 449)	-	(234 437 449)
	286 718 628	**753 272**	**287 471 900**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress June 2024

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	236 694 881	14 140 014	753 272	251 588 167
Additions/capital expenditure	202 103 189	6 556 223	129 700	208 789 112
Transferred to completed assets	(91 112 593)	(20 696 237)	(129 700)	(111 938 530)
	347 685 477	**-**	**753 272**	**348 438 749**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Employee related costs	15 324 396	13 059 150
Contracted services	32 520 694	27 172 686
Material and other expenditure	11 364 925	7 510 607
Hire charges	2 402 864	3 211 000
	61 612 879	**50 953 443**

In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	31 355 331	(19 027 668)	12 327 663	31 128 615	(18 650 387)	12 478 228

Reconciliation of intangible assets - June 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	12 478 228	2 093 000	(2 243 565)	12 327 663

Reconciliation of intangible assets - June 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 393 410	1 681 497	(2 596 679)	12 478 228

Pledged as security

Intangible assets were not pledged as security for financial liabilities

6. Heritage assets

	2025			2024		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Historical monuments	14 000	-	14 000	14 000	-	14 000

Reconciliation of heritage assets - June 2025

	Opening balance	Total
Historical monuments	14 000	14 000

Reconciliation of heritage assets June 2024

	Opening balance	Total
Historical monuments	14 000	14 000

Pledged as security

Heritage assets were not pledged as a security for financial liabilities

Expenditure incurred to repair and maintain heritage assets

There were no expenditure incurred to repair and mantain heritage assets during the year under review

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 000	15 092
Bank balances	49 435 566	15 929 676
Short-term deposits	6 109 288	27 642 149
	55 564 854	**43 586 917**

Cash and cash equivalents held by the entity that are not available for use by the economic entity	107 700	107 700

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	**30 June 2024**	**30 June 2023**	**30 June 2025**	**30 June 2024**	**30 June 2023**
Standard Bank Current A ccount- 041980182	47 965 228	12 752 060	4 677 337	47 939 894	12 752 060	4 677 537
CAll MIG Standard Bank Acoount Number 0228810957004	127 083	1 473 301	10 683 660	127 083	1 473 301	10 683 660
Call MKLM StandardBank 228810957002	930 171	25 871	5 160 909	930 171	25 871	5 160 909
WSIG Account MKLM MUNIC I NFRA- Account number - 0228810957003	4 138 236	25 304 938	11 690 577	4 138 236	25 304 938	11 690 577
ABSA Rustenburg Branch AccountNumber 4050414471	218 769	987 937	377 515	218 769	987 937	367 426
ABSA Fixed Deposit- 12 months Eskom-Account Number - 2 062250801	502 453	458 113	425 755	502 453	458 113	455 187
Standard BANK Barongwa Traffic Registration Account Number -041980255	285 018	12 004	46 681	285 018	12 004	37 980
Traffic- Account Number 041980247	113 423	886 160	586 380	113 423	886 160	586 380
Standard Bank - Fleet Account N umber 0228810957001	411 345	379 917	4 842 692	411 345	379 917	4 842 692
Standard bank Licence- Account Type - 033099936	878 472	1 291 524	332 887	878 472	1 291 524	332 887
Total	**55 570 198**	**43 571 825**	**38 824 393**	**55 544 864**	**43 571 825**	**38 835 235**

8. Inventories

Maintenance materials	30 476 849	19 907 550
Water for distribution	1 405 121	1 008 317
Land held for sale	434 800	434 800
	32 316 770	**21 350 667**

There is no inventory pledged as security.

Inventories recognised as an expense during the year	10 050 328	10 861 009

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Inventories (continued)

Inventory valuation

Inventory carried at cost	32 316 770	21 350 667

Water for distribution

Water in the reservoirs	324 297	84 706
Water in the pipes (reticulation)	1 080 824	923 611
Closing balance	**1 405 121**	**1 008 317**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Receivables from non-exchange transactions

Total receivables from non-exchange transactions	22 371 453	20 108 910
Fines	260 327	339 415
Other receivables from non exchange transactions	3 394 875	1 944 454
Deposits	18 716 251	17 825 041
	22 371 453	**20 108 910**
Non-current assets	18 716 251	17 825 041
Current assets	3 655 202	2 283 869
	22 371 453	**20 108 910**
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	260 327	339 415
	260 327	**339 415**
Financial asset receivables included in receivables from non-exchange transactions above	**22 111 126**	**19 769 495**

Figures in Rand	2025	2024

9. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996.

Determination of transaction amount

All fines are governed by the specific regulation which is applicable to the offence

Interest or other charges levied/charged

Fines - No interest or other charges are charged on outstanding fines.
No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows

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

Fines - Payment percentage of fines is used to assess whether fines are impaired.
There are no trade and other receivables from non exchange pledged as security during the year.

The aging- June 2025	Fines	Deposits	Other receivables	Total
Current (0-30 days)	140 600	213 210	1 512 669	1 866 479
31-60 days	107 350	596 640	-	703 990
61-90 days	148 400	-	-	148 400
91-120 days	192 100	81 360	-	273 460
121 days and above	16 806 783	17 825 041	1 882 207	36 514 031
Less: Allowance for impairment	(17 134 906)	-	-	(17 134 906)
	260 327	**18 716 251**	**3 394 876**	**22 371 454**

The aging- June 2024	Fines	Deposits	Other receivables	Total
Current (0-30 days)	416 600	-	810 574	1 227 174
31-60 days	82 000	-	-	82 000
61-90 days	114 350	-	-	114 350
91-120 days	107 300	-	-	107 300
121 days and above	15 089 826	17 825 041	1 133 880	34 048 747
Less: Allowance for impairment	(15 470 661)	-	-	(15 470 661)
	339 415	**17 825 041**	**1 944 454**	**20 108 910**

There are no receivables from non exchange transactions pledged as security as at 30 June 2025.

10. Receivables from exchange transactions

	2025	2024
Acrued Interest	-	534 657
Other receivables	3 042 051	3 048 719
Input VAT accrual	28 295 848	23 565 356
Vat receivable due from SARS	3 694 358	3 267 542
Bakwena systems	2 443 423	2 443 423
Less:Impairment allowance	(2 443 423)	(2 443 423)
	35 032 257	**30 416 274**

Figures in Rand	2025	2024

10. Receivables from exchange transactions (continued)

	2025	2024
Statutory receivables included in receivables from exchange transactions above are as follows:		
Input VAT accrual	27 909 000	23 565 356
VAT receivable from SARS	3 694 358	3 267 542
	31 603 358	**26 832 898**
Financial asset receivables included in receivables from exchange transactions above	**3 428 899**	**3 583 376**
Total receivables from exchange transactions	35 032 257	30 416 274

Statutory receivables general information

Transaction(s) arising from statute

The Municipality claims VAT in terms of the VAT Act 89 of 1991.

VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable at the end of the financial year is based on the input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods and services.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis.

The ageing of other receivables

June 2025	Other receivables	Bakwena system	Input VAT accrual	VAT receivables due from SARS	Total
0 to 30 days	143 153	-	11 980 528	3 694 358	15 818 039
31 to 60 days	127 198	-	2 957 322	-	3 084 520
61 to 90 days	102 141	-	3 555 032	-	3 657 173
91 to 120 days	105 059	-	524 471	-	629 530
Above 120 days	2 564 500	2 443 422	9 278 495	-	14 286 417
Less: Alowance for impairment	-	(2 443 422)	-	-	(2 443 422)
	3 042 051	**-**	**28 295 848**	**3 694 358**	**35 032 257**

Trade and other receivables pledged as security

There are no trade and other receivables pledged as security at the end of the year.

Other receivables aging

The municipality acts as an agent on behalf of the department. Other receivables relates to debt owed by Nort West Traffic Department for the vehicle registration fees issued by the municiplality on behalf of the department. 80% of the fees is due to the department and 20% is paid to the municipality as agency fees. During the year the department owed the municipality R 3 042 051 (R 3 048 719 in 2024).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Consumer debtors

Gross balances		
Rates	667 406 519	617 311 756
Water	899 135 478	796 740 796
Sewerage	18 547 832	15 877 673
Refuse	60 032 877	43 471 094
Sundry debtors	2 116 586	1 429 901
Water consumption from the last readings	1 454 835	3 921 710
	1 648 694 127	**1 478 752 930**
Less: Allowance for impairment		
Rates	(568 642 036)	(534 289 742)
Water	(832 297 492)	(705 588 968)
Sewerage	(14 904 248)	(12 172 595)
Refuse	(59 638 215)	(42 873 900)
Sundry debtors	(2 096 937)	(1 424 687)
	(1 477 578 928)	**(1 296 349 892)**
Net balance		
Rates	98 764 483	83 022 014
Water	66 837 986	91 151 828
Sewerage	3 643 584	3 705 078
Refuse	394 662	597 194
Sundry debtors	19 649	5 214
Water consumption from the last readings	1 454 835	3 921 710
	171 115 199	**182 403 038**
Statutory receivables included in consumer debtors above are as follows:		
Rates	98 764 483	83 022 014
Financial asset receivables included in consumer debtors above	**72 350 716**	**99 381 024**
Total consumer debtors	171 115 199	182 403 038
Included in above is receivables from exchange transactions		
Water	66 837 984	91 151 828
Sewerage	3 643 081	3 705 078
Refuse	394 662	597 194
Water consumption from the last readings	1 454 835	3 921 710
	72 330 562	**99 375 810**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	98 764 483	83 022 014
Sundry debtors	19 649	5 214
	98 784 132	**83 027 228**
Net balance	**171 114 694**	**182 403 038**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Consumer debtors (continued)

Rates		
Current (0 -30 days)	15 539 726	14 295 446
31 - 60 days	14 387 614	12 200 336
61 - 90 days	13 905 670	12 077 307
91 - 120 days	13 886 857	12 031 925
121 - 365 days	609 686 757	566 706 742
Allowance for impairment	(568 642 141)	(534 289 742)
	98 764 483	**83 022 014**
Water		
Current (0 -30 days)	24 266 122	22 834 565
31 - 60 days	22 480 419	23 932 019
61 - 90 days	24 162 051	23 717 292
91 - 120 days	22 369 528	24 170 574
121 - 365 days	863 678 301	702 086 346
Allowance for impairment	(890 118 435)	(705 588 968)
	66 837 986	**91 151 828**
Sewerage		
Current (0 -30 days)	570 543	496 669
31 - 60 days	383 803	769 530
61 - 90 days	646 310	504 767
91 - 120 days	397 982	465 743
121 - 365 days	16 549 696	13 640 964
Allowance for impairment	(14 904 750)	(12 172 595)
	3 643 584	**3 705 078**
Refuse		
Current (0 -30 days)	1 670 472	1 401 870
31 - 60 days	1 519 391	1 382 530
61 - 90 days	1 516 880	1 384 395
91 - 120 days	1 508 302	1 379 054
121 - 365 days	53 817 831	37 923 245
Allowance for impairment	(59 638 214)	(42 873 900)
	394 662	**597 194**
Business service levies		
Current (0 -30 days)	64 627	63 952
31 - 60 days	62 619	58 624
61 - 90 days	63 215	58 239
91 - 120 days	63 758	58 446
121 - 365 days	1 861 760	1 190 641
Allowance for impairment	(2 096 330)	(1 424 688)
	19 649	**5 214**
Other (specify)		
Current (0 -30 days)	1 454 835	3 921 710

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Consumer debtors (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(1 296 349 892)	(1 831 578 857)
Debt impairment written off against allowance and other adjustments	87 228 574	859 568 033
Contributions to allowance	(268 457 610)	(324 339 068)
	(1 477 578 928)	**(1 296 349 892)**

Statutory receivables general information

Transaction(s) arising from statute

Municipal Property Rates Act (MRP Act) section 2 states that a metropolitan or local municipality may levy a rate on property in its area.

Determination of transaction amount

Rates amounts are determined in terms of section 11 of the MRP Act and the approved rates policy of the municipality

Interest or other charges levied/charged

Interest is charged on past due balances

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

Payment history of receivables is used to assess whether the receivable is impaired

Discount rate applied to the estimated future cash flows

No discount rate is applied on above mentioned statutory recievables to estimate future cash flow

Credit quality of consumer debtors

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through establised practices and legislation. Discounting of trade and other recievables on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Non current assts held for sale

Management took a decision to dispose the transport assets as these assets had become expensive to mantain, the mileage of the assets was very high and the physical condition of the assets had deteriorated.

Reconciliation - June 2025	**Opening Balance**	**Additions**	**Transfers**	**Total**
Vehicles held for sale	554 938	-	-	554 938

Reconciliation - June 2024	**Opening Balance**	**Additions**	**Transfers**	**Total**
Vehicles held for sale	124 896	430 042	-	554 938

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Other receivables

Other receivables relates to the maintenance plan of leased vehicles from Standard Bank.

Reconciliation June 2025	Opening balance	Expensed during the year	Total
Maintenance plan	1 605 652	(1 067 938)	537 714

Reconciliation June 2024	Opening balance	Additions	Expensed during the year	Total
Maintenance plan	2 673 590	-	(1 067 938)	1 605 652

	2025	2024
Non current	-	537 714
Current	537 714	1 067 938
	537 714	**1 605 652**

14. Other financial liabilities

	2025	2024
At amortised cost		
INCA annuity loan	2 703 279	3 588 133
ABSA annuity loan	-	16 495
	2 703 279	**3 604 628**
Total other financial liabilities	**2 703 279**	**3 604 628**

<u>INCA Civic Ext 2</u>

Type of loan	Annuity loan
Original amoumt	R10 000 000
Period of loan	20 years
Loan raised	January 2008
Redemption date	December 2027
Interest rate	9.48%
Purpose of loan	Extention Civic Centre
Terms and conditions	Payable half yearly December and June

	2025	2024
Non-current liabilities		
At amortised cost	1 711 498	2 703 279
Current liabilities		
At amortised cost	991 781	901 349

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Finance lease obligation

Minimum lease payments due		
- within one year	9 361 109	15 349 180
- in second to fifth year inclusive	-	9 694 599
	9 361 109	25 043 779
less: future finance charges	(330 728)	(2 099 179)
Present value of minimum lease payments	**9 030 381**	**22 944 600**
Present value of minimum lease payments due		
- within one year	9 029 436	13 949 236
- in second to fifth year inclusive	-	8 995 364
	9 029 436	**22 944 600**
Non-current liabilities	-	8 995 364
Current liabilities	9 029 436	13 949 236
	9 029 436	**22 944 600**

The average lease term is 3 years and the average effective borrowing rate was 12% (June 2024: 12%).

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

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4 .

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(23 268 000)	(25 555 000)
Non-current liabilities	(20 218 000)	(21 676 000)
Current liabilities	(3 050 000)	(3 879 000)
	(23 268 000)	**(25 555 000)**

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for). The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.
Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service awards is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.
The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 30 June 2025.
There are 542 employees that are currently entitled to Long Service Awards.

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

Opening balance	25 555 000	21 361 000
Benefits paid	(3 366 178)	(3 525 922)
Net expense recognised in the statement of financial performance	1 079 178	7 719 922
	23 268 000	**25 555 000**

Net expense recognised in the statement of financial performance

Current service cost	2 159 000	1 951 000
Interest cost	2 614 000	2 210 000
Actuarial (gains) losses	(3 693 822)	3 558 922
	1 079 178	**7 719 922**

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,70 %	11,05 %
CPI inflation rate	3,80 %	5,20 %
General earnings inflation rate	4,80 %	6,20 %

It is difficult to predict future investment returns and inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at this valuation for the period over which the DBO is to be settled.

Discount Rate
GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.7% per annum has been used. The corresponding index-linked yield is 5.3%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025.

These yields were obtained by calculating the duration of the DBO and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the DBO). The duration of the DBO was estimated to be 8 years.

Earnings Inflation Rate
This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee’s earnings at the date of the award.
The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

The assumption is traditionally split into two components, namely general earnings inflation and promotional earnings escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in consumer price index (CPI) than in absolute terms. In most industries, experience has shown that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 3.8% per annum was obtained from the differential between market yields on index-linked bonds (5.3%) consistent with the estimated term of the DBO and those of nominal bonds (9.7%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

Thus, a general earnings inflation rate of 4.8% per annum over the expected term of the DBO has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.7%.

It was assumed that the next general earnings increase will take place on 1 July 2026.

16. Employee benefit obligations (continued)

Demographic Assumptions
Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

Promotional Earnings Scale
The annual inflation rates below are in addition to the General Earnings Inflation assumption of 4.8% per annum for all employees.

Promotional earnings scale

Age Band	Additional Promotional Scale
20 – 24	5.0%
25 – 29	4.0%
30 – 34	3.0%
35 – 39	2.0%
40 – 44	1.0%
45+	0.0%

Average Retirement Age
The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Mortality During Employment
SA85-90 ultimate table, adjusted for female lives.

Termination of Service
If an eligible employee leaves due to resignation or retrenchment, the employer’s DBO in respect of that employee ceases. It is therefore important not to overstate termination rates. The assumed annual rates are set out below.

Termination rates per annum

Age Band	Rate
20 – 24	9.0%
25 – 29	8.0%
30 – 34	6.0%
35 – 39	5.0%
40 – 44	5.0%
45 -- 49	4.0%
50 --54	3.0%
>55	0.0%

Other assumptions

Assumed general earnings rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings rate would have the following effects:

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	23 268 000	25 555 000	21 361 000	19 034 000	17 814 000

Notes to the Annual Financial Statements

Figures in Rand

17. Provisions

Reconciliation of provisions - June 2025

	Opening Balance	Additions	Utilised during the year	Change in provision	Interest Charge	Total
Environmental rehabilitation	23 040 914	-	-	2 527 403	2 458 557	28 026 874
Workmen's compensation	2 431 068	2 668 485	(2 431 068)	-	-	2 668 485
	25 471 982	**2 668 485**	**(2 431 068)**	**2 527 403**	**2 458 557**	**30 695 359**

Reconciliation of provisions - June 2024

	Opening Balance	Additions	Change in provision	Interest Charge	Total
Environmental rehabilitation	21 572 627	-	(995 652)	2 463 939	23 040 914
Workmen's compensation Provision	-	2 431 068	-	-	2 431 068
	21 572 627	**2 431 068**	**(995 652)**	**2 463 939**	**25 471 982**

Non-current liabilities	28 026 874	23 040 914
Current liabilities	2 668 485	2 431 068
	30 695 359	**25 471 982**

Figures in Rand	2025	2024

17. Provisions (continued)

Environmental rehabilitation provision

Unit Costs
Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

CPI
The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 2.8878%

.
Discount Rate
GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans,government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation linked rates are used.
The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.
- For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.
- For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used.
- For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

Assumption	
CPI	2.8878%
Discount rate	8.6378%
Net effectivediscount rate	5.75%

18. Consumer deposits

	2025	2024
Consumer water deposit received	601 513	598 725

Consumer deposits relates the security amounts charged and held by the Municipality for water connections

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Payables from exchange transactions

Trade payables	146 703 429	97 559 475
Payments received in advance	70 099 139	60 504 774
Other payables	1 253 737	1 365 659
Accrued leave pay	48 474 654	44 754 305
Retentions	46 146 434	41 540 972
Unallocated receipts	3 550 500	3 951 000
Accrued Bonus	8 274 771	8 781 557
Vat Payable	8 305 325	11 020 019
	332 807 989	**269 477 761**

Vat Payable

Output Vat Accrual	114 676 798	97 698 495
Provision for doubtful debt impairment	(106 371 473)	(86 678 476)
	8 305 325	**11 020 019**

The Municipality levies VAT in terms of the VAT Act 89 of 1991.

VAT output is levied for goods and services suplied by the municipality for taxable suplies. The VAT payable at the end of the financial year is based on the output VAT levied for municipal services.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis.

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrustructure Grant	5 944 310	158 079
Library Grant	437 401	1 041 486
Water Service Infrustructure Grant	3 045 133	2 052 516
EPWP Grant	-	52 709
PMU Grant	313 125	-
	9 739 969	**3 304 790**

Movement during the year

Balance at the beginning of the year	3 304 790	8 099 389
Additions during the year	232 475 000	243 682 000
Income recognition during the year	(225 829 033)	(243 372 934)
Roll over denied	(210 788)	(5 103 665)
	9 739 969	**3 304 790**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Revenue

Service charges	148 978 436	207 677 023
Other income	6 552 264	6 370 049
Interest charged on receivables	73 037 744	62 710 017
Property rates	165 034 514	150 271 916
Interest on non exchange receivables	36 517 704	35 160 963
Government grants & subsidies	825 898 824	809 459 933
Public contributions and donations	-	7 535 109
Fines, Penalties and Forfeits	1 825 950	1 758 600
	1 257 845 436	**1 280 943 610**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	148 978 436	207 677 023
Other income	6 552 264	6 370 049
Interest received - investment	73 037 744	62 710 017
	228 568 444	**276 757 089**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	165 034 514	150 271 916
Interest on receivables from non exchange transactions	36 517 704	35 160 963
Transfer revenue		
Government grants & subsidies	825 898 824	809 459 933
Public contributions and donations	-	7 535 109
Fines, Penalties and Forfeits	1 825 950	1 758 600
	1 029 276 992	**1 004 186 521**

22. Service charges

Sale of water	130 816 069	190 274 590
Sewerage and sanitation charges	4 878 811	4 786 279
Refuse removal	13 283 556	12 616 154
	148 978 436	**207 677 023**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Other income

Clearance certificates	171 451	28 352
Drainage fees	387	872
Sale of tender documents	302 935	438 118
Valuation services	4 415	3 671
Cemetry	35 021	28 119
Town planning	189 347	264 874
Recoveries	1 749 026	890 106
Photocopies and faxes	9 570	28 870
Advertisements	8 939	-
Water connections	15 778	43 927
Skills Development Fund	535 766	599 388
Commission	256 857	-
Insuarance claims received	641 171	277 235
Licence fees	2 587 508	3 128 182
Skip Bin - Waste removal	8 461	247 936
Rental income	25 184	98 899
Sale of properties	10 448	291 500
	6 552 264	**6 370 049**

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users of the services as required according to approved tariffs.

24. Interest Income - Exchange items

Interest revenue		
Bank	13 234 607	13 500 249
Interest charged on receivables	59 803 137	49 209 768
	73 037 744	**62 710 017**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Property rates

Rates received

Commercial	54 719 643	53 587 646
State	87 307 218	77 969 245
Residential: Developed	1 901 974	1 261 318
Agricultural properties	304 285	248 802
Vacant Land	6 845 270	6 741 892
Mining	16 861 620	13 430 897
Industrial	1 066 666	1 030 907
Public Service Infrastructure	8 190	5 494
Less: Income forgone	(3 980 351)	(4 004 284)
	165 034 515	**150 271 917**

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act. Interim valuations are processed on a monthly basis to take into account changes in individual property value due to alterations, completions, consolidations and subdivisions.

Rates are levied monthly on property owners and are payable at the end of each month. Owners are allowed to pay the 12 monthly instalments annually by 30 September each year. Interest is levied on outstanding rates amounts.

The new general valuation was implemented on 01 July 2021.

Valuations

Residential	1 832 131 436	2 194 586 000
Commercial	1 330 567 500	477 433 000
Industrial	157 639 000	135 021 000
State	1 512 309 448	2 046 753 600
Church and parks	16 255 000	2 600 000
Mining	25 031 000	147 280 000
Public Benefit Organizations	419 800	419 800
Agriculture	1 828 996 902	1 525 359 600
Municipal (non taxable valuations)	531 051 300	76 265 100
Public Service infrustructure	30 683 300	30 184 100
Vacant land	53 128 000	33 497 100
	7 318 212 686	**6 669 399 300**

26. Public contributions and donations

Public contributions and donations 1	-	7 535 109

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Government grants & subsidies

Operating grants		
Equitable share	600 069 789	566 087 000
Expanded Public Works Programme Grant	1 124 000	1 576 618
Project Management Unit Grant	5 485 700	5 400 000
Financial Management Grant	2 000 000	1 950 898
Library Grant	1 604 086	1 139 056
Energy, Efficiency Demand Side Management	-	1 000 000
	610 283 575	**577 153 572**
Capital grants		
Municipal Infrustructure Grant	161 607 865	162 524 338
Water Service Infrustructure Grant	54 007 384	69 782 023
	215 615 249	**232 306 361**
	825 898 824	**809 459 933**

Municipal Infrastructure Grant

Balance unspent at beginning of year	158 079	179 418
Current-year receipts	167 552 175	162 503 000
Conditions met - transferred to revenue	(161 607 865)	(162 524 339)
Roll over denied	(158 079)	-
	5 944 310	**158 079**

The grant was utilised to construct roads, streetlighting, water and sewerage infrustructure.
Conditions still to be met - remain liabilities (see note 20).

Library Grant

Balance unspent at beginning of year	1 041 486	1 434 206
Current-year receipts	1 000 000	1 200 000
Conditions met - transferred to revenue	(1 604 085)	(1 139 056)
Other	-	(453 664)
	437 401	**1 041 486**

The grant is utilised for the operation and maintanance of the libaries in the area.
Conditions still to be met - remain liabilities (see note 20).

Water Services Infrastructure Grant

Balance unspent at beginning of year	2 052 516	1 834 540
Current-year receipts	55 000 000	70 000 000
Conditions met - transferred to revenue	(54 007 383)	(69 782 024)
	3 045 133	**2 052 516**

Conditions still to be met - remain liabilities (see note 20).

Expanded Public Works Grant

Balance unspent at beginning of year	52 709	327
Current-year receipts	1 124 000	1 629 000
Conditions met - transferred to revenue	(1 124 000)	(1 576 618)
Roll over denied	(52 709)	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Government grants & subsidies (continued)

	-	**52 709**

Conditions still to be met - remain liabilities (see note 20).

Financial Management Grant

Balance unspent at beginning of year	-	898
Current-year receipts	2 000 000	1 950 000
Conditions met - transferred to revenue	(2 000 000)	(1 950 898)
	-	**-**

Conditions still to be met - remain liabilities (see note 20).

MIG (PMU) Grant

Current-year receipts	5 798 825	5 400 000
Conditions met - transferred to revenue	(5 485 700)	(5 400 000)
	313 125	**-**

Conditions still to be met - remain liabilities (see note 20).

Energy, Efficiency Demand Side Management Grant

Balance unspent at beginning of year	-	4 650 000
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(1 000 000)
Roll over denied	-	(4 650 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 20).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Employee related costs

Basic	216 547 446	208 402 097
Bonus	15 214 601	16 238 285
Medical aid - company contributions	17 687 520	16 360 350
UIF	1 286 085	1 273 051
SDL	2 437 329	2 634 351
Increase/(Decrease) in leave provision	4 034 739	4 059 426
Bargaining council	86 527	83 324
Travel, motor car, accommodation, subsistence and other allowances	1 311 247	1 708 485
Overtime payments	18 282 652	19 897 665
Long-service awards	1 079 178	7 719 922
Acting allowances	1 542 322	1 249 032
Housing benefits and allowances	852 707	763 266
Standby allowances	3 895 257	4 064 482
Pension fund company contributions	38 746 562	37 234 734
Shift allowance	269 465	284 555
	323 273 637	**321 973 025**

Remuneration of Municipal Manager

Annual Remuneration	1 487 591	1 415 945
Car Allowance	265 000	265 000
Structured Bonuses	124 098	117 995
Contributions to UIF, SDL,Medical and Pension Funds	284 798	257 132
Amount paid above upper limits (recoverable)	(100 848)	-
	2 060 639	**2 056 072**

Remuneration for the Acting Corperate Services

Acting allowance	-	3 441

SP Piek acted as director corporate services from 20 November 2023 to 3 December 2023.

Remuneration of the Chief Finance Officer

Annual Remuneration	1 363 589	963 008
Car Allowance	216 000	162 000
Structured Bonus	113 740	-
Contributions to UIF, Medical and Pension Funds	260 740	188 932
Amount paid above upper limits (recoverable)	(269 576)	-
	1 684 493	**1 313 940**

Remuneration of Acting CFO

Acting Allowance	49 779	64 740

Ms B Kutumela acted as CFO from 01 October 2023 until 31 December 2023.

Mr. T. Pitse acted as CFO from 05 May to 22 May 2025

Remuneration of HOD Community Services

Annual Remuneration	-	1 348 238
Car Allowance	-	240 000
Structured Bonus	-	60 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	-	2 262
	-	**1 650 500**

Remuneration of HOD Technical Services

Annual Remuneration	1 662 038	1 588 238
Car Allowance	60 000	60 000
Contributions to UIF,SDL,Medical and Pension Funds	19 369	2 262
Amount paid above upper limits (recoverable)	(56 914)	-
	1 684 493	**1 650 500**

Remuneration of HOD Planning and Development

Annual Remuneration	158 466	950 794
Car Allowance	65 247	391 485
Structured Bonuses	-	79 233
Contributions to UIF,SDL, Medical and Pension Funds	41 550	231 589
	265 263	**1 653 101**

Remuneration for Acting HOD: Planning and Development

Acting Allowance	35 735	4 132
	-	

Mr MV MMope acted as HOD planning from 13 March 2024 until 28 March 2024. and 30 August 2024 to 30 June 2025.

Remuneration of Acting HOD: Local Economic Development

Acting Allowance	201 640	220 347

FT Mogolwane acted from 01 July 2023 to 31 August 2023 and also 01 March 2024 to 28 March 2024.
TG Masheleni acted from 1 December 2023 until 29 February 2024.
AT Mogashoa acted from 02 April 2024 until 30 June 2024, 1 July 2024 to 28 February 2025 and 1 May 2025 to 30 June 2025..

Remuneration of HOD: Corporate Services

Annual Remuneration	1 358 225	1 299 615
Structured Bonuses	30 000	30 000
Contributions to UIF, Medical and Pension Funds	349 599	322 251
Amount paid above upper limits (recoverable)	(53 331)	-
	1 684 493	**1 651 867**

Remuneration of Acting HOD: Community Services

Acting Allowance	55 483	10 417
		-

ND Moeng acted from 31 July 2023 to 11 August 2023 and from 1 July 2024 to 30 May 2025.
Ms. J. Malinga acted as HOD: Corporate Services from 26 May to 06 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Remuneration of councillors

Mayor	858 978	843 566
Single WHIP	636 435	631 368
Executive Committee	5 898 913	5 686 716
Speaker	704 122	770 832
Councillors	14 941 621	14 714 642
Councillors pension, medical aid contibutions and SDL	3 737 132	3 422 109
Traveling allowance	959 411	1 098 786
Cell phone allowance	3 172 657	3 126 288
	30 909 269	**30 294 307**

In-kind benefits

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

The Mayor is entitled to stay at the mayoral residence owned by the Municipality and has use of a Council owned vehicle for official duties.

30. Depreciation and amortisation

Property, plant and equipment	123 659 529	118 699 800
Intangible assets	2 243 564	2 596 679
	125 903 093	**121 296 479**

31. Finance costs

Non Current Borrowings	2 157 507	3 970 273
Finance cost from landfill site provision	2 458 557	2 463 939
	4 616 064	**6 434 212**

32. Debt impairment

Consumer Debtors	302 687 193	307 869 973
Traffic Fines	1 640 756	1 188 512
	304 327 949	**309 058 485**

33. Bulk purchases

Water	147 808 566	157 715 356

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Bulk purchases (continued)

Water losses

Units purchased	14 390 424	16 950 132
Units sold	(9 749 613)	(9 978 935)
Total loss	**4 640 811**	**6 971 197**

Value of loss	53 572 643	70 105 047

Percentage Loss	32 %	41 %

34. Contracted services

Outsourced Services		
Accounting fees and asset management	21 158 151	15 677 720
Vat consultants fees	6 215 777	4 172 302
Debt collection fees	4 427 179	1 803 790
Information technology services	1 455 544	1 653 331
Refuse Removal	21 216 372	22 709 328
Consultants and Professional Services		
Financial systems support	3 561 785	2 223 680
Property valuation cost	-	1 643 613
Contractors		
Electrical	-	1 300 000
Maintenance of buildings and facilities	4 863 884	3 419 884
Maintenance of motor vehicles	3 767 645	2 512 700
Maintenance of infrastructure	51 366 657	43 736 521
	118 032 994	**100 852 869**

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these services.

35. Fuel fraud under investgation

Financial loss under investgation	629 593	4 673 807

Financial loss under investgation relates to fuel which was paid for by the municipality but which might not have been incured for municipal purposes. The fraud is still under investgation.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. General expenses

Auditors remuneration	6 035 381	6 186 146
Cleaning	1 768 407	-
Legal costs	2 127 753	1 915 306
Consumables	10 050 328	10 861 009
Fines and penalties	751 640	-
Insurance	6 453 668	4 674 218
IT expenses	15 493 170	10 218 576
Promotions and sponsorships	11 374 245	14 176 142
Fuel and oil	10 919 290	10 477 356
Repairs and maintenance	-	-
Security (Guarding of municipal property)	32 571 660	25 203 940
Worken's compensation fund	2 669 303	2 431 068
Subscriptions and membership fees	3 270 150	3 234 758
Telephone and fax	8 388 931	7 331 574
Training	2 635 496	641 331
Travel - local	4 379 154	6 954 459
Water Tankering	4 232 042	2 393 538
Rural sanitation	14 182 340	-
Electricity	42 143 728	44 384 616
Uniforms	1 971 919	1 247 540
Maintenance plan - write down	1 067 938	1 067 938
Ward committee fees	5 255 325	4 612 950
Water quality and chemicals	4 517 590	6 746 987
Other expenses	6 615 940	5 034 668
	198 875 398	**169 794 120**

37. Impairment of assets

Impairments		
Property, plant and equipment	10 096 263	1 654 326

The main classes of assets affected by impairment losses are:

Infrastructure assets

Value in use
The value in use for the high mast lights impaired is Nil as these assets are not in use..
Fair value less cost to sell
The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use.

Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Cash generated from operations

Surplus	37 052 750	47 574 730
Adjustments for:		
Depreciation and amortisation	125 903 093	121 296 479
Gain on sale of assets and liabilities	13 016 593	9 443 601
Public donations	-	(7 535 109)
Inventory write off	292 511	(4 536)
Maintenance plan- Write down	1 067 938	1 067 938
Fair value adjustments	(11 329 715)	(1 587 810)
Finance costs	2 458 557	2 463 939
Impairment loss	10 096 263	1 654 326
Debt impairment	254 051 337	309 058 485
Movements in employee benefits	1 079 178	7 719 922
Movements in provisions	-	180 600
Movement in accrued leave	4 034 739	2 532 334
Movement in accrued bonus	(506 786)	1 917 443
VIP toilets	14 182 340	-
Changes in working capital:		
Inventories	(11 258 614)	(4 121 220)
Receivables from exchange transactions	(4 615 983)	4 420 846
Consumer debtors	(264 714 100)	(239 380 584)
Other receivables from non-exchange transactions	(3 903 299)	(3 112 984)
Payables from exchange transactions	83 193 790	4 177 551
Unspent conditional grants and receipts	6 435 179	(4 794 599)
Consumer deposits	-	7 932
Provisions	237 417	2 431 068
Employee benefits obligation	(3 366 178)	(3 525 922)
	253 407 010	**251 884 430**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	159 790 674	132 025 522
Total capital commitments		
Already contracted for but not provided for	159 790 674	132 025 522

Total commitments

Total commitments		
Authorised capital expenditure	159 790 674	132 025 522

This committed expenditure relates to infrastructure projects and will be financed by grants from National and Provincial Treasury.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	2 644 742	-
- in second to fifth year inclusive	2 964 608	-
	5 609 350	**-**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating leases relate to property, plant and equipment with lease terms not longer than 5 years with an option to extend for a further period. The operating lease contract contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the leased period.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

40. Contingencies

Claims against the municipality

Van Heerden Construction	1 078 782	1 078 782
Enigma Chartered Accountants	-	5 211 874
R.I Mogotsi	8 000 000	8 000 000
Norman Montshiwa & 33 others V MKLM	12 000 000	12 000 000
Sandra Mafisa V MKLM	2 400 000	2 400 000
SAMWU obo TKL V MKLM	300 000	300 000
Tsholo Moloi V MKLM	754 481	754 481
J Malinga,I Rasepae	150 000	150 000
Maragela Consulting Engineers	-	949 770
Rushreeds holdings	2 349 545	-
	27 032 808	**30 844 907**

40. Contingencies (continued)

Van Heerden Construction
Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thuba, Dr. Mokgothu, the owner of Lefika La Thuba as well as the Municipality.
It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

Enigma Chartered Accountants
Claim by Enigma for R 5 211 872.84. The Municipality appointed Enigma to investigate and claim back VAT paid. Enigma would then be entitled to 20% commission on recovered amount. Notice of Motion received in October 2019. Matter was set down for hearing on 15 November 2024 in the North West High Court. Application was dismissed with costs. The case was being handled by Setshedi, Makgale and Matlapeng Attorneys in Rustenburg.

R.I Mogotsi
Mr Mogotsi claims to have bought stands from the Municipality which are burdened by servitudes. He claims compensation of an amount of R8 000 000 and loss of rental income.

Norman Montshiwa & 33 others V MKLM
Claim for payment in respect of leave encashment, the matter is pending before Labour Court.The claim against the municipality is estimated to being above R12 million however, there are no prospects of success.

Sandra Mafisa V MKLM
Claim of unfair dismissal, the employee seek reinstatement. The matter is pending before the Labour Court. There is no prospects of success. The employee concerned has reached retirement age. The financial exposure is estimated at R2,4 million

SAMWU obo TKL Matlapeng V MKLM
Claim for unfair Labour Practice. The matter is pending before the Labour Court. Employee does not have prospects of success, however the municipality is exposed to a financial claim in excess of R300 000.

Tsholo Moloi V MKLM
Claim for unfair dismissal. The matter is before the Labour Appeal Court. The claim could be estimated as per her salary from the period of dismissal. However there are no prospects of success.

Jeanette Malinga, Irene Rasepae V MKLM
Two employees who's positions got affected by the review of an organisation structure resulting in them having to perform duties of two positions whlist not being compensated for additional duties that they are performing. The Municipality is exposed to a financial claim of R150 000.

Maragela Consulting Engineers
Claim for R949 770.35 with regard to Sandfontein Water Supply Phase 2. Maragela Consulting Engineers drew plans for a road project. The Project is still to be approved by COGTA. Claim has some probability to succeed. The project is funded by conditional grants (MIG) and provincial government has not yet approved or allocated funding to this project.

Rushreeds holdings
Rushreeds is claiming an amount of R 2 349 544.57 due to not aligning their billing to include CPIX increase per clause 5.2 of their contract.There are no prospects of success on the case.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Related parties

Relationships

Head of Departments	
Municipal Manager	Mr M.V Letsoalo
Chief Financial Officer	Mr M Mkhize
Planning and Development	Mr TG Masheleni
Technical Services	Mr B Maseloane
Corporate Services	Mr FD Radiokana
For remuneration of head of departments	Refer to note 28
For remuneration of councillors	Refer to note 29

Related party balances

Receivables from non exchange - Owing by related parties	2025	2024
Municipal Manager	100 848	-
Chief Financial Officer	269 576	-
HOD: Technical Services	56 914	-
HOD: Corporate Services	53 331	-

Receivables from non exchange relates to overpayments made to senior managers above upper limits.

42. Risk management

Financial risk management

Liquidity risk

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

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

At 30 June 2025	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	192 849 863	-	-	192 849 863
Other financial liabilities	991 781	1 711 498	-	2 703 279
Consumer deposits	-	-	601 513	601 513
Finance lease obligations	9 029 436	-	-	9 029 436
	202 871 080	**1 711 498**	**601 513**	**205 184 091**

At 30 June 2024	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
Trade and other payables from exchange transactions	145 837 954	-	-	145 837 954
Other financial liabilties	901 349	2 703 279	-	3 604 628
Consumer deposits	-	-	598 725	598 725
Finance lease obligations	13 949 236	8 995 364	-	22 944 600
	160 688 539	**11 698 643**	**598 725**	**172 985 907**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Risk management (continued)

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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

Financial instrument	June 2025	June 2024
Receivables from non exchange	21 339 453	19 765 314
Cash and Cash equivalents	55 564 854	43 586 917
Consumer Debtors	72 330 562	99 381 024
Receivables from exchange transactions	3 042 051	3 583 376

Market risk

Interest rate risk

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are subtantially independent of changes in market interest rates.

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality. There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

43. Financial instruments disclosure

Categories of financial instruments

June 2025

Financial assets

	At fair value	At amortised cost	Total
Receivables from non exchange transactions	-	22 111 126	22 111 126
Consumer debtors	-	72 350 562	72 350 562
Cash and cash equivalent	55 564 854	-	55 564 854
Receivables from exchange transactions	-	3 042 051	3 042 051
	55 564 854	**97 503 739**	**153 068 593**

Notes to the Annual Financial Statements

43. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	189 889 840	189 889 840
Consumer deposits	601 513	601 513
	190 491 353	**190 491 353**

June 2024

Financial assets

	At fair value	At amortised cost	Total
Receivables from non exchange transactions	-	19 769 495	19 769 495
Consumer debtors	-	99 375 810	99 375 810
Cash and cash equivalent	43 586 917	-	43 586 917
Receivables from exchange transactions	-	3 583 376	3 583 376
	43 586 917	**122 728 681**	**166 315 598**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	139 100 454	139 100 454
Consumer deposits	598 725	598 725
	139 699 179	**139 699 179**

44. Change in estimate

Property, plant and equipment

The municipality reviews the useful lives of the assets in the asset register regularly and makes adjustments as needed. The effect of the adjustments on the useful life of the assets had the following effect on the depreciation of the assets compared to the prior year:

Property, plant and equipment

Infrastructure Assets	-	(8 615 214)
Community Assets	-	(666 757)
Buildings	-	(605 992)
Furniture and Fittings	(1 801 331)	(1 168 413)
Motor Vehicles	(3 359 483)	(361 353)
Plant and Equipment	(73 914)	(21 611)
	(5 234 728)	**(11 439 340)**

Service charges

The municipality bills estimates for water accounts were there are no actual readings. The estimates are then reversed once the actual readings have been confirmed. The change in estimates resulted in decrease in revenue for the current year by R 10 305 938,50.

Figures in Rand	2025	2024

45. Prior period errors and reclassifications

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

1. Investment property
In the current year we noted that investment property was overstated with 3 properties that were included in the investment property register but these properties dd not belong to the municipality. Correction of the error resulted in decrease in investment property by R 1 475 418 in both 2024 and 2023 financial years.

2.Property Plant and Equipment
2.1 Movables
:In the Current Year we noted a Vehicle was classified under Furniture and Fittings and not Motor Vehicles. The Correction of this error results of an increase of Cost for Motor Vehicle with R1 000 000 and decrease of Cost for Furniture and Fittings with R 1 000 000 also increase of Accumulated Depreciation for Motor Vehicles with R 993 896,76 and decrease of Accumulated Depreciation for Furniture and Furniture with R 993 896,76. The Depreciation of Motor Vehicles Increase with R 20 876,48 and depreciation of Furniture and Fittings decrease with R 20 876,48.

2.2 Infrastructure
In the Current Year we noted that, a WIP Project that was completed in the prior year and transferred from the WIP Register to Completed Assets. Additional cost was spend in the current year, and the projects was only finalised in the current year. Correction of this error resulted of an increase in Infrastructure WIP with R 26 324 593, decrease of Infrastructure completed assets with R 26 324 593. The Accumulated depreciation and depreciaiton expense decrease with R 5 882.56

In the current year we noted that an assets was Donated to the municipality in the prior years and was not included in the fixed asset registers. Correction of this error resulted of an increase in Infrastructure cost of R 4 682 370 and ncrease of accumulated depreciation with R 280 528 and increase of depreciation with R 151 710,56,

Assets components were identified during physical verification procedures omitted during the years. These have been included in the current year. Infrastructure cost increased R 844 655, accumulated depreciation increase with R 446 089 and depreciation increased with R 32 965,70. Community Asset cost increased with R 60 904,38, accumulated depreciation increase with R 21 519,55 and depreciation increase with R 2 030,15.

During the year we notice Assets components were replaced during 2023.2024 FY with repairs and maintenance, but not derecognise in the FAR. Correction of this error results a Decrease of Infrastructure Cost with R 6 101 016, decrease of Accumulated Depreciation with R 1 451 540, Depreciation decrease with R 192 687 and Loss on Disposal increase with R 4 842 163,84.

2**. Receivables from exchange transactions, VAT and Payables from exchange transactions reclassification.**
In the current year VAT has been reclassified to receivables from exchange transactions and payables from exchange transactions in terms of the FACT SHEET (Classification of VAT) issued by Accounting Standards Board (ASB). The reclassification resulted in decrease in VAT by R 15 837 899, increase in receivables from exchange transactions by R 26 857 918 and increase in payables from exchange transactions by R 11 020 019. In addition in 2023 financial year the reclassification also resulted in decrease in VAT by R 24 035 455, increase in receivables from exchange transactions by R 32 326 813 and increase in payables from exchange transactions by R 8 291 358.

3. Payables from exchange transactions
In the prior year payables from exchange transactions was overstated due to PIG grant that was received in 2019 and was not allocated to revenue. Correction of the error resulted in decrease in payables from exchange by R 1 478 580 and increase in accumulated surplus by R 1 478 580 in both 2024 and 2023 financial years.

4**. General expenses and contracted services**
In the current year repairs and maintanance has been reclassified from general expenses to contracted services. The reclassification resulted in increase in contracted services and decrease in general expenses by R 21 668 193.

5.**General expenses Note 36**
In the current year entertainement expoenses were reclassified to promotions and sponsorships. The reclassification resulted in decrease in entertainment expenses and increase in promotions by R 1 849 603.

45. Prior period errors and reclassifications (continued)

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property		152 297 869	(1 475 418)	-	150 822 451
Property, plant and equipment		3 098 277 050	(157 307)	-	3 098 119 743
Intangible assets		12 478 228	-	-	12 478 228
Heritage assets		14 000	-	-	14 000
Receivables from non exchange transactions		17 825 041	-	-	17 825 041
Other receivables		537 714	-	-	537 714
Inventories		21 350 667	-	-	21 350 667
Receivables from exchange transactions		3 583 376	(25 020)	26 857 918	30 416 274
Receivables from non exchange transactions		2 283 869	-	-	2 283 869
VAT receivables		15 837 899	-	(15 837 899)	-
Consumer debtors		182 403 038	-	-	182 403 038
Non current assets held for sale		554 938	-	-	554 938
Other receivables		1 067 938	-	-	1 067 938
Cash and cash equivalents		43 586 917	-	-	43 586 917
Other financial liabilities		(2 703 279)	-	-	(2 703 279)
Finance lease obligation		(8 995 364)	-	-	(8 995 364)
Employee benefit obligation		(21 676 000)	-	-	(21 676 000)
Provisions		(23 040 914)	-	-	(23 040 914)
Consumer deposits		(598 725)	-	-	(598 725)
Other financial liabilities		(901 349)	-	-	(901 349)
Finance lease Obligation		(13 949 236)	-	-	(13 949 236)
Payables from exchange transactions		(260 128 145)	1 670 396	(11 020 019)	(269 477 768)
Employee benefit obligation		(3 879 000)	-	-	(3 879 000)
Unspent conditional grants and receipts		(3 304 790)	-	-	(3 304 790)
Provisions		(2 431 068)	-	-	(2 431 068)
Accumulated surplus		(3 210 490 674)	(12 651)	-	(3 210 503 325)
		-	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Prior period errors and reclassifications (continued)

Statement of financial performance

June 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		207 677 023	-	-	207 677 023
Other income		6 370 049	-	-	6 370 049
Interest from exchange transactions		62 710 017	-	-	62 710 017
Property rates		150 271 916	-	-	150 271 916
Interest from non exchange transactions		35 160 963	-	-	35 160 963
Government grants and subsidies		809 459 933	-	-	809 459 933
Public contributions and donations		7 535 109	-	-	7 535 109
Fines and penalties		1 758 600	-	-	1 758 600
Employee related costs		(321 973 025)	-	-	(321 973 025)
Remuneration of councillors		(30 294 307)	-	-	(30 294 307)
Depreciation and amortisations		(121 308 342)	11 863	-	(121 296 479)
Finance costs		(6 434 212)	-	-	(6 434 212)
Lease rentals		(1 813 753)	-	-	(1 813 753)
Debt impairment		(309 058 485)	-	-	(309 058 485)
Bulk purchases		(157 715 356)	-	-	(157 715 356)
Contracted services		(79 184 676)	-	(21 668 193)	(100 852 869)
Financial loss		(4 673 807)	-	-	(4 673 807)
General Expenses		(191 462 312)	-	21 668 193	(169 794 119)
Loss on disporsal of assets		(4 601 437)	(4 842 164)	-	(9 443 601)
Gain/(loss) on foreign exchange		43 114	-	-	43 114
Fair value adjustment		1 634 085	(46 275)	-	1 587 810
Impairment loss		(1 654 326)	-	-	(1 654 326)
Inventories loss		4 536	-	-	4 536
Surplus for the year		**52 451 307**	**(4 876 576)**	**-**	**47 574 731**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Prior period errors and reclassifications (continued)

General expenses Note 36

	Note	As previously reported	Correction of error	Re-classification	Restated
Auditors remuneration		6 186 146	-	-	6 186 146
Consulting and professional fees		1 915 306	-	-	1 915 306
Consumables		10 861 009	-	-	10 861 009
Entertainment		1 849 603	-	(1 849 603)	-
Insurance		4 674 218	-	-	4 674 218
IT expenses		10 218 576	-	-	10 218 576
Promotions and sponsorships		12 326 539	-	1 849 603	14 176 142
Fuel and oil		10 477 356	-	-	10 477 356
Repairs and maintenance		21 668 192	(21 668 192)	-	-
Security (Guarding of municipal property)		25 203 940	-	-	25 203 940
Worken's compensation fund		2 431 068	-	-	2 431 068
Subscriptions and membership fees		3 234 758	-	-	3 234 758
Telephone and fax		7 331 574	-	-	7 331 574
Training		641 331	-	-	641 331
Travel - local		6 954 459	-	-	6 954 459
Water Tankering		2 393 538	-	-	2 393 538
Electricity		44 384 616	-	-	44 384 616
Uniforms		1 247 540	-	-	1 247 540
Maintenance plan - write down		1 067 938	-	-	1 067 938
Ward committee fees		4 612 950	-	-	4 612 950
Water quality and chemicals		6 746 987	-	-	6 746 987
Other expenses		5 034 668	-	-	5 034 668
Surplus for the year		**191 462 312**	**(21 668 192)**	**-**	**169 794 120**

Notes to the financial year

Irregular expenditure

	2025	2024
Opening balance	1 361 564 599	1 361 564 599
Adjustments made	9 267 254	-
Restated opening balance	**1 370 831 853**	**1 361 564 599**

During the current year we noted that irregular expenditure was understated by R 9 267 253.54. This was due to irregular expenditure identified by AGSA using the CAATS system of R 1 878 741 and R 7 388 513 due to expedniture incured last year but was only paid in the current year. There was no effect in the 2023 financial year.

46. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of 3 247 556 271 and that the municipality's total assets exceed its liabilities by 3 247 556 271.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This will not result in any material uncertainty for the municipality to continue as going concern since it also relies on grants from national government in order to fund its operations. The municipality is a service delivery vehicle of government and there has not been any indication from National Government to discontinue the operation of the municipality and the medium term revenue and expenditure framework has made allocations to the municipality . The most significant of these is that the accounting officer will continue to procure funding for the ongoing operations of the municipality.

Figures in Rand	2025	2024

47. Unauthorised expenditure

Opening balance as previously reported	291 797 965	208 931 229
Add: Unauthorised expenditure - current	-	82 866 736
Less: Written off ITEM 83/01/2025	(63 394 134)	-
Closing balance	**228 403 831**	**291 797 965**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	63 394 134
Cash	-	19 472 602
	-	**82 866 736**

The write off refers to Non Cash items which were condoned by council per Item 18/01/2025 (R 63 394 134).

Analysed as follows: non-cash

Long Service Awards	-	7 719 922
Provision of impairment	-	55 674 212
	-	**63 394 134**

Analysed as follows: cash

Audit fees	-	2 183 253
Business Management fees	-	10 961 404
Research and advisory services	-	104 364
Transport	-	1 820 121
Accommodation	-	1 436 178
Workmans compensation	-	2 278 923
salaries	-	688 359
	-	**19 472 602**

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Council	-	5 535 222
Municipal Manager	-	9 903 175
Budget and Treasury	-	67 323 974
Local Economic Development	-	104 364
	-	**82 866 735**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure

Opening balance as previously reported	152 176 630	134 275 861
Add: Fruitless and wasteful expenditure identified - current	1 382 641	5 560 067
Add: Fruitless and wasteful expenditure identified - prior period	-	12 340 702
Closing balance	**153 559 271**	**152 176 630**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

ICT Expenditure	-	114 938 123
Interest on overdue accounts	753 047	11 739 541
Reversal of recoverable amount (not yet recovered)	-	1 218 685
Hall construction expenditure	-	385 825
Fines	-	20 000
Unearned remuneration	-	778 557
Penalties	-	4 228 043
Fuel Transactions	629 593	18 867 856
	1 382 640	**152 176 630**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Irregular expenditure

Opening balance as previously reported	1 361 564 600	1 562 731 374
Add: Irregular expenditure - current	181 823 518	179 547 118
Add: Irregular expenditure - prior period	9 267 254	43 714 109
Less: Amount written off - current	(772 929 318)	(424 428 001)
Closing balance	**779 726 054**	**1 361 564 600**

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

Competitive bidding not invited	671 244	690 829
Three written quotations not invited	43 954	36 744 308
SCM processes not followed	24 582 551	132 571 927
Deviations	4 093 798	15 083 802
Non-disclosure of Interest	7 375 310	31 062 859
Non-compliant tax status	9 250	112 701
MSCMR-section 2(1)(b) Fairness	145 047 411	-
	181 823 518	**216 266 426**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. Deviation from supply chain management regulations

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

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

In terms of section 36 of the municipal 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.

Description		
Deviation as per section 36(1)(i) of the SCM regulations (Emergencies in urgent procurements)	2 500	-
Deviation as per section 36(1)(ii) of the SCM regulations (Sole supplier)	2 365 523	2 061 861
Deviation as per section 36(1)(v) of the SCM regulations (Exceptional case)	754 985	541 087
	3 123 008	**2 602 948**

Supplier		
DENT TECH CC (Impractical/Exceptional case	-	15 000
GLASFIT (Impractical/Exceptional case)	2 667	26 273
GOVERNMENT PRINTING WORKS (sole Suplier)	-	17 654
KGATLENG COMMUNITY RADIO ((Impractical/Exceptional case)	-	19 700
MALL OF THE NORTH (Impractical/Exceptional case)	-	12 259
MICROSOFT IRELAND OPERATIONS (Sole Supplier)	2 337 675	1 893 171
PANEL BEATING UNLIMITED (Impractical/Exceptional case)	56 845	22 500
PG GLASS (Impractical/Exceptional case)	-	3 500
PRESTIGE PANELBEATERS (Impractical/Exceptional case)	-	10 000
REED EXIBITION (PTY) LTD (Impractical/Exceptional case)	-	73 572
SALGBC (Sole Supplier)	-	4 529
SYNERGY BUSINESS EVENT (Impractical/Exceptional case)	-	68 283
THE INSTITUDE OF INTERNAL AUDITORS (Sole Supplier)	20 148	21 228
TRANSPORT DRIVING LICENSE CARD (Sole Supplier)	-	122 609
SOUTH AFRICAN POST OFFICE (sole supplier)	-	2 670
WITS SCHOOL OF GOVERNANCE (Impractical/Exceptional case)	600 000	290 000
Kallies Panelbeaters (Impractical/Exceptional case)	8 672	-
KBS Panelbeaters (Impractical/Exceptional case	10 000	-
Kunene Makopo Risk Solutions (Impractical/Exceptional case)	46 354	-
Mystic River Trading (Impractical/Exceptional case)	30 447	-
IT Sure Procurement (Pty) LTD (Impractical/Exceptional case)	2 500	-
South African Society of Arc	7 700	-
	3 123 008	**2 602 948**

51. Events after the reporting date

There were no material events after reporting date..

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Budget differences

Material differences between budget and actual amounts

51.1 Service charges
The variance is due to the many disruptions in the supply of water by the Water board. The disruptions resulted in actual expenditure being low than the budget.

51.2 Differences below R1 000 000
The varience is immetaerial.

51.3 Interest received from exchange transactions
Increase in additional funds available to invest resulted in the increase in interest.

51.4 Property Rates
The variance is due to the adjustment of property rates billed on property owners as well as state owned properties during the financial year

51.5 Interest from non exchange
The variance is due to the increase in outstandind debtos not paying property rates billed on private own properties

51.6 Governement Grants
The reason for the varience is due to under spend on capital and operating grant grants and will request for roll over

51.7 Employee related services
The variance is due to the municipality not filling of all vacancies and late appointments made during the year.

51.8 Depreciation and amortisation
The decrease in the provision for depreciation of municipal assets is due to the non completion of projects which will only be depreciated once they are completed.

51.9 Debt impairment
The variance is due to debtors written off which resulted in the decrease of provision for debt impairment.

51.10 Bulk purchases
The varience is due to under budget for bulk purchases.

51.11 Contracted services
The main reason for the varience is due to the reclassification of expenditure between contracted services and general expenses.

51.12 General expenses
The main reason for the varience is due to the reclassification of expenditure between contracted services and general expenses.

51.13 Gains/losses on disporsal of assets

The reason for the diffrence is because there was no budget raised for the loss.

51.14 Loss on disporsal
The reason for the diffrence is that there was no budget for loss on disporsal.

51.15 Other Income
The reason for the difference is due to additional income raised in current year from legal fees on court cases that were dismissed with cost in favour of the municipality.

51.16 Inventories

52. Budget differences (continued)
The reaso for the varience is due to less inventory issued as compared to what was budgeted for.

51.17 Receivables from exchange transactions
The budget did not VAT that was reclassified to exchange in the current year.

51.18 Receivables from non exchange
There was no budget for receivable from non exchange.

51.19 Consumer debtors
The reason for varience is due to significant impairment raised at year as compared to what was budgeted for.

51.20 Other receivables
The municipality budgeted more for other receivables as compared to actual.

51.21 Cash and cash equivalent
The reason for the varience is due to the municipality paying less expenditure at year end than originally budgeted for.

51.22 Investment property
The reason for the varience is due to prior year adjustment and also a significant fair value adjustment.

51.23 Property plant and equipment
The municipality acquired less assets in the current year than budgeted for.

51.24 Intangible assets
The reason for the varience is due to amortisation not correctly accounted for on the budget.

51.25 Receivable for non exchange transactions
There was no budget raised for receivable from non exchange.

51.26 Other financial liabilities
The municipality budgeted more than the actual loans outstanding.

51.27 Finance lease
There was no budget raised for financial lease obligation.

51.28 Payables from exchange

The munipality had more creditors at year end that originally anticipated.

51.29 Employee benefits
There was no budget raised for employee benefits obligation.

51.30 Unspent grant
The municipality expected to spend te full amount of grants received during the year.

51.31 Provisions
The municipality budgeted more for provisions than the actual.

Cashflow

51.36 Sale of goods
The reason for the balance is that the municpality received less from consumers than intially budgeted for.

51.37 Grants
The municipality received less grants in the current year than they had intially budgeted for.

5**1.38 Interest Income**
The municipality received less interest than budgeted for.

52. Budget differences (continued)

5**<u>1.39 Payments to suppliers</u>**
The municipality incured less expenditure than what was budgeted for.

51.40 There was no budget for finance costs incured.

<u>51.41 Purchase of PPE</u>
The municipality incured less expenditure that what was originally budgeted for.

<u>51.42 Intangible assets</u>
There was no budget for intangible assets.

53. Segment information

General information

Identification of segments

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

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

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	**Goods and/or services**
Unallocated	Relates all amounts which do not meet the definition of asegment
Finance & Administration	Provision of financial and administrative services to othersegments of the municipality.
Economic & Environmental Services	Provision of economic development activities in the municipality
Community & Public Safety	Construction and maintenance of community facilities owned a nd ensuring safety and security to the communities. by t he municipality.
Water management	Provision of water basic services
Waste water Management	Provision of Sanitation basic services
Waste Management	Provision of refuse removal basic services

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

June 2025

	Unallocated	Community and Public Safety	Planning	Water management	Waste water management	Waste management	Total
Revenue							
Service charges	-	-	-	130 816 069	4 878 811	13 283 556	148 978 436
Other income	3 673 699	2 518 658	198 286	153 160	8 461	-	6 552 264
Interest from exchage	73 037 745	-	-	-	-	-	73 037 745
Property Rates	165 034 513	-	-	-	-	-	165 034 513
Interest income from non exchange	36 517 704	-	-	-	-	-	36 517 704
Government grants and subsidies	408 941 649	1 604 086	-	297 238 412	25 612 982	92 501 695	825 898 824
Fines	-	1 825 950	-	-	-	-	1 825 950
Total segment revenue	**687 205 310**	**5 948 694**	**198 286**	**428 207 641**	**30 500 254**	**105 785 251**	**1 257 845 436**
Entity's revenue							**1 257 845 436**

53. Segment information (continued)

	Unallocated	Community and Public Safety	Planning	Water management	Waste water management	Waste management	Total
Expenditure							
Employee costs	(190 132 345)	(36 557 954)	(11 219 279)	(66 172 006)	(14 165 792)	(5 026 263)	(323 273 639)
Remuneration of councillors	(30 909 269)	-	-	-	-	-	(30 909 269)
Depreciation and amortisation	(48 868 899)	(16 647 181)	-	(57 593 107)	(2 134 010)	(659 896)	(125 903 093)
Finance costs	(4 616 064)	-	-	-	-	-	(4 616 064)
Lease rentals	(4 698 295)	-	-	-	-	-	(4 698 295)
Debt impairment	(98 986 430)	(2 367 760)	-	(133 818 640)	(3 051 995)	(15 826 512)	(254 051 337)
Bulk purchases	-	-	-	(147 808 566)	-	-	(147 808 566)
Contracted services	(48 648 288)	-	-	(29 970 614)	(5 028 837)	(34 385 255)	(118 032 994)
General expenses	(93 339 316)	(44 507 544)	-	(46 684 498)	(14 182 340)	(161 699)	(198 875 397)
Loss on on disposal of assets	(1 721 554)	(346 817)	-	(10 763 075)	(185 147)	-	(13 016 593)
Gain foreign exchange	81 212	-	-	-	-	-	81 212
Financial loss under investgation	(629 593)	-	-	-	-	-	(629 593)
Fair Value adjustment	11 329 715	-	-	-	-	-	11 329 715
Inventory losses/writeoff	(292 511)	-	-	-	-	-	(292 511)
Impairment loss	(507 123)	-	-	(5 841)	-	(9 583 300)	(10 096 264)
Total segment expenditure	**(511 938 760)**	**(100 427 256)**	**(11 219 279)**	**(492 816 347)**	**(38 748 121)**	**(65 642 925)**	**(1 220 792 688)**
Total segmental surplus/(deficit)	**175 266 550**	**(94 478 562)**	**(11 020 99**	**(64 608 706)**	**(8 247 867)**	**40 142 32**	**37 052 748**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

June 2024

	Unallocated	Community and Public safety	Economic and Envoronmental services	Water Management	Waste Water Management	Waste Management	Total
Revenue							
Service charges	-	-	-	190 274 591	4 786 279	12 616 154	207 677 024
Interest received on outstanding debtors	97 870 980	-	-	-	-	-	97 870 980
Other income	2 628 023	3 434 345	263 754	43 927	-	-	6 370 049
Property rates	150 271 917	-	-	-	-	-	150 271 917
Government grants and subsidies	629 153 767	1 139 055	-	179 167 110	-	-	809 459 932
Fines, Penalties and Forfeits	-	1 758 600	-	-	-	-	1 758 600
Donantions	-	7 535 110	-	-	-	-	7 535 110
Total segment revenue	**879 924 687**	**13 867 110**	**263 754**	**369 485 628**	**4 786 279**	**12 616 154**	**1 280 943 612**
Entity's revenue							**1 280 943 612**

53. Segment information (continued)

	Unallocated	Community and Public safety	Economic and Envoronment al services	Water Management	Waste Water Management	Waste Management	Total
Expenditure							
Employee related cost	(176 059 932)	(40 115 615)	(21 579 570)	(62 368 263)	(16 625 362)	(5 224 283)	(321 973 025)
Remuneration of councillors	(30 294 307)	-	-	-	-	-	(30 294 307)
Depreciation and amortisation	(37 538 543)	(26 376 462)	-	(54 628 306)	(1 989 150)	(764 018)	(121 296 479)
Finance cost	(3 339 446)	(2 995 487)	-	(99 279)	-	-	(6 434 212)
Lease rentals on operating lease	(1 813 753)	-	-	-	-	-	(1 813 753)
Debt Impairment	(156 030 340)	(1 188 512)	-	(134 432 967)	(3 192 183)	(14 214 484)	(309 058 486)
Fair value adjustments	1 587 810	-	-	-	-	-	1 587 810
Bulk purchases	-	-	-	(157 715 356)	-	-	(157 715 356)
Contracted services	(37 106 414)	(1 680 157)	-	(21 668 193)	(6 860 902)	(33 537 203)	(100 852 869)
Fuel fraud under investigation	(4 673 807)	-	-	-	-	-	(4 673 807)
General Expenses	(71 425 296)	(37 476 355)	(3 755 011)	(57 094 713)	-	(42 745)	(169 794 120)
Gains on disposal of assets and liabilities	(222 091)	(602 655)	-	(8 529 659)	(89 196)	-	(9 443 601)
Loss on foreign exchange	43 114	-	-	-	-	-	43 114
Invetory losses	4 536	-	-	-	-	-	4 536
Impairment loss	(1 654 326)	-	-	-	-	-	(1 654 326)
Total segment expenditure	**(518 522 795)**	**(110 435 243)**	**(25 334 581)**	**(496 536 736)**	**(28 756 793)**	**(53 782 733)**	**(1 233 368 881)**
Total segmental surplus/(deficit)	**361 401 892**	**96 568 133**	**(25 070 827)**	**(127 051 108)**	**(23 970 514)**	**(41 166 579)**	**47 574 731**

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government-SALGA

Current year subscription / fee	3 131 040	3 230 229
Amount paid - current year	(3 131 040)	(3 230 229)
	-	-

Figures in Rand	2025	2024

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

Audit fees

Opening balance	780 214	-
Current year subscription / fee	6 940 616	7 114 068
Amount paid - current year	(7 720 830)	(6 333 854)
	-	**780 214**

PAYE and UIF

Current year subscription / fee	58 730 294	55 729 401
Amount paid - current year	(58 730 294)	(55 729 401)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	90 549 928	85 819 833
Amount paid - current year	(90 549 928)	(85 819 833)
	-	-

VAT

VAT receivable	31 603 358	26 832 898
VAT payable	(8 305 325)	(11 020 019)
	23 298 033	**15 812 879**

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Councillors' arrear consumer accounts

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

30 June 2025	**Outstanding more than 90 days**	**Total**
Councillor A LETSOALO	203 275	203 275
Councillor B J SEMAKANE	42 164	42 164
Councillor C.N MOTSHABI	37 977	37 977
Councillor D RADIOKANA	25 119	25 119
Councillor E APHIRI	15 690	15 690
Councillor EN MATABOGE	66 403	66 403
Councillor G.D MINTE	28 378	28 378
Councillor M MAGOLENG	49 768	49 768
Councillor M NKOTSWE	5 826	5 826
Councillor M.Z MOTSOENYANE	36 401	36 401
Councillor P THOBOKE POULOS	90 508	90 508
Councillor R.J. MANGANYE	53 499	53 499
Councillor S MOSAKO	57 983	57 983
Councillor S SEKOBOANE	6 601	6 601
	719 592	**719 592**

30 June 2024	**Outstanding more than 90 days**	**Total**
Councillor Minte G.D	24 991	24 991
Councillor Motshabi C.N	31 653	31 653
Councillor Modisakeng E.T	153 904	153 904
Councillor Aphiri E	13 096	13 096
Councillor Thoboke P	65 356	65 356
Councillor Radiokana DH	21 757	21 757
Councillor Letsoalo A	177 290	177 290
Councillor Mataboge E.N	57 220	57 220
Councillor Lentswe E	10 019	10 019
Councillor Semakane B.J	37 050	37 050
Councillor Magoleng M	40 830	40 830
Councillor Manganye R.J	37 492	37 492
	670 658	**670 658**

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

Purchase from relatives of persons in service of the state

Supplier name	Related person	Organ of state	Capacity at Municipality	Relationship	June 2025	June 2024
Mo Kasi Creations and Media Pty Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee & Partner	945 313	712 703
Genplay Broadcast Media	Kefilwe Motlaba	Moses Kotane Local Municipality	Supplier	State Employee & Associate	-	31 500
Kamogelo Investments	Mr M Ramagaga	Moses Kotane Local Municipality	Supplier	State Employee & Brother	-	143 508
Mmolawa Investments	Mr D Mmolawa	Moses Kotane Local Municipality	Supplier	Municipal Councillor & Brother	-	478 429
Oarabile Projects Pty Limited	MI Ramasodi	Moses Kotane Local Municipality	Supplier	State Employee & Associate	-	127 150
Bothlale Consulting	Ms B Molefe	Moses Kotane Local Municipality	Supplier	State Employee & Spouse	51 050	144 900
Mokoka and Partners attoneys		Moses Kotane Local Municipality	Supplier	State Employee & Associate	285 938	-
Deepermas Projects Pty (Ltd		Moses Kotane Local Municipality	Supplier	State Employee & Partner	91 500	-
Gijima Holdings	Ashwin Hirjee trimjee	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	36 000
Tsele Services (Pty) Ltd	Mr P Dantye	Moses Local Municipality	Supplier	State Employee & Partner	51 500	55 510
Lerako Resources (Pty) Ltd	Mr D Lekalakala	Moses Kotane Local Municipality	Supplier	State Employee & Partner	15 000	11 000
Kaboentle Safety and Training Consulting Pty (ltd)		Moses Kotane Local Municipality	Supplier	State Employee & Partner	21 850	-
Frigate bird Holdings (Pty) Ltd	Mr EL Kgoroba	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	404 743
Monna Mo Africa Transport and Trading		Moses Kotane Local Municipality	Supplier	State Employee & Partner	370 500	-
Lethowe confectionery and projects	Elizabeth Wendy Lethowe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	45 000
Kholagano Enterprise	Kgakgamatso Fortunate Thebe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	45 161
Reatlega enterprise	Virgina Mahole Refilwe Mahole	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	23 000

Figures in Rand					2025	2024

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

					1 832 651	**2 258 604**

Levies

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

Purchases from persons in service of state

Suplier name	Person in service of state	Organ of state	Capacity at municipality	Relationship	June 2025	June 2024
Maranje Consulting	T Nemaranze	Eskom Holdings	Supplier	State Employee	1 739 579	-
TK Elroy (Pty) Ltd	KJ Monnakgotla	NW: Econ Dev, Conserv, Env & Tourism	Supplier	State Employee	75 750	36 000
Akim Holdings (Pty) Ltd	OS Marobe	NAT: Basic Education	Supplier	State Employee	15 000	9 000
RTK Boerdery (Pty) Ltd	KT Ramoitheki	South African Broadcasting Corporation	Supplier	State Employee	-	223 650
Elegance Explosions cc	H T Khupari	Eskom	Supllier	State Employee	111 480	-
JTZ Family Trading Enterprise	PF Zwane	Industrial Development Corporation of SA (SEFA SC)	Supplier	State Employee	3 938 858	29 674 903
Kopo Entle Pty LTD	KM Moisa	Tourism	Supplier	State Employee	69 800	69 800
DEEPER MAS PROJECT			Supplier	State Employee	-	119 650
FRIGATE BIRD HOLDINGS (PTY) LTD			Supplier	State Employee	-	404 743
KABOENTLE SAFETY AND TRAINING CONSULTING PTY LTD			Supplier	State Employee	-	53 600
MMOLAWA INVESTMENTS			Supplier	State Employee	-	478 429
RTK BOERDERY PTY LTD			Supplier	State Employee	196 250	201 650
MO KASI CORPORATE PTY LTD			Supplier	State Employee	-	95 141
MO KASI EULLAFIED JV			Supplier	State Employee	-	499 745
MONNA MO AFRICA TRANSPORT AND TRADING			Supplier	State Employee	-	80 010
OARABILE PROJECTS PTY LTD			Supplier	State Employee	-	39 600
NTEKA PLATINUM GROUP PTY LTD	Mpho Nokwane		Supplier	State Employee	44 500	26 750
VEGAX PTY LTD			Supplier	State Employee	-	20 550
TSELE SERVICES PTY LTD			Supplier	State Employee	-	39 909

Figures in Rand					2025	2024

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

MOTSETA AND BOKAMOSO TRADING AND PROJECT PTY LTD			Supplier	State Employee	-	9 000
Gabz Tebz pProjects PTY LTD	YG Mathine	Public works	Supplier	State Employee	37 750	-
					6 228 967	**32 082 130**