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

General Information

Nature of business and principal activities	Provision of municipal services to communities within Zeerust, Lehurutshe and Groot Marico areas.
Mayoral committee	
Executive Mayor	DM Pitso
Speaker	LP Letshufi
Executive Council	AN Thale
	VO Mogale
	TV Kena
	JK Mokgatlhe
	TG Katametsi
Councillors	KB Kenosi
	KE Pitso
	BG Monamodi
	TJ Keebine
	KP Tsile
	KP Lekwape
	P Mokgatlhe
	E Motlogelwa
	PR Mogorosi
	I Malatsi
	MP Odiseng
	TP Gaealashwe
	TS Tlhame
	MIE Moarabi
	DA Seakentoa
	MA Makgokgoa
	IS Suliman
	TJ Morebantwa
	OO Diale
	RA Kgakatsi
	KD Molefe
	RA Moiloanyane
	M Moumakwa
	E Lof
	PM Keebine
	KJ Ledikwa
	KR Mosiane
	K Venter-Jacobs
Grading of local authority	Grade 3
Accounting Officer	L Mokgatlhe
Chief Finance Officer (CFO)	K Noke
Registered office	C/o President & Coetzee Street Zeerust 2865
Business address	C/o President & Coetzee Street Zeerust

General Information

	2865
Bankers	First National Bank Limited Absa Group Limited
Auditors	Auditor General of South Africa
Enabling legislation	Municipal Finance Management Act, (Act 56 of 2003) Municipal Systems Act, (Act 32 of 2000) Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 3 of 2017) Division of Revenue Act (Act 16 of 2019) Municipal Demarcation Act, (Act 27 of 1998)

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5 - 6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 15
Significant Accounting Policies	16 - 41
Notes to the Annual Financial Statements	42 - 100

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

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

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

L Mokgatlhe
Accounting Officer

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 provision of municipal services to communities within zeerust, lehurutshe and groot marico areas. and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 3,128,263 (2024: deficit R 156,778,385).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 529,388,418 and that the municipality's total assets exceed its liabilities by R 529,388,418.

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 will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial 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
L Mokgatlhe	South African

6. Corporate governance

General

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

Accounting Officer's Report

6. Corporate governance (continued)

Audit and risk committee

The Audit Committee has complied with the responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The attendance of committee meetings is summarised as follows:

Members	**Number of Attendance per Member (Audit committee meetings)**
Mr. M Mojapelo	8
Mr N.Mabunda	8
Mr R.Kgalaki	8
Ms S.Lesupi	6
Mr J Molapo	5

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

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

L Mokgatlhe
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	11	11,543,249	8,916,370
Receivables from exchange transactions	12	12,568,656	6,156,799
Receivables from non-exchange transactions	13	8,666,478	5,339,678
Consumer debtors	16	56,756,287	56,378,595
Cash and cash equivalents	17	8,758,971	14,033,751
		98,293,641	**90,825,193**
Non-Current Assets			
Investment property	3	42,071,024	43,588,474
Property, plant and equipment	4	702,694,088	687,078,833
Intangible assets	5	7,560	15,121
Heritage assets	6	404,550	404,550
		745,177,222	**731,086,978**
Total Assets		**843,470,863**	**821,912,171**
Liabilities			
Current Liabilities			
Other financial liabilities	18	358,717	396,022
Payables from exchange transactions	7	141,802,556	126,553,001
VAT payable	8	2,514,575	16,436
Consumer deposits	9	1,365,259	1,118,407
Employee benefit obligation	10	1,706,866	2,137,384
Provisions	19	5,976,100	5,570,053
Municipal debt relief arrangement	20	22,220,438	11,580,429
		175,944,511	**147,371,732**
Non-Current Liabilities			
Other financial liabilities	18	580,625	911,165
Employee benefit obligation	10	53,585,758	46,680,969
Provisions	19	46,584,146	41,080,310
Municipal debt relief arrangement	20	37,387,405	59,607,841
		138,137,934	**148,280,285**
Total Liabilities		**314,082,445**	**295,652,017**
Net Assets		**529,388,418**	**526,260,154**
Accumulated surplus		529,388,418	526,260,154
Total Net Assets		**529,388,418**	**526,260,154**

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	126,768,783	105,617,319
Licences and permits	24	2,498,095	3,014,912
Connections and disconnections		466,568	300,255
Rental income		107,751	104,593
Sundry income		7,474,917	655,694
Sale of land		35,930	72,103
Interest received	26	3,658,060	5,649,027
Gain or loss on disposal of assets and liabilities		-	1,255,552
Total revenue from exchange transactions		**141,010,104**	**116,669,455**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	78,613,555	63,118,934
Transfer revenue			
Government grants & subsidies	28	304,060,054	276,685,681
Public contributions and donations	29	-	7,221,765
Fines, Penalties and Forfeits	23	6,183,330	3,391,750
Other non-exchange revenue			
Municipal debt relief income		-	16,712,899
Total revenue from non-exchange transactions		**388,856,939**	**367,131,029**
Total revenue	21	**529,867,043**	**483,800,484**
Expenditure			
Employee related costs	30	(173,612,008)	(165,719,172)
Remuneration of councillors	31	(15,207,701)	(15,288,683)
Depreciation and amortisation	32	(30,508,200)	(30,692,050)
Reversal of impairments	33	(2,135,474)	(4,174,184)
Finance costs	34	(18,885,189)	(13,772,498)
Lease rentals on operating lease	25	(1,608,593)	(1,377,072)
Debt Impairment	36	(67,537,940)	(219,715,194)
Repairs and maintenance	4	(3,887,924)	(2,327,487)
Bulk purchases	38	(98,721,249)	(90,772,496)
Contracted Services	39	(14,567,901)	(14,905,578)
Gain or loss on disposal of assets and liabilities		(7,995,987)	-
Actuarial gains/losses		(520,754)	(116,589)
General Expenses	37	(91,549,860)	(81,717,866)
Total expenditure		**(526,738,780)**	**(640,578,869)**
Surplus (deficit) for the year		**3,128,263**	**(156,778,385)**

* See Note 46

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	**683,038,539**	**683,038,539**
Changes in net assets		
Surplus for the year	(156,778,385)	(156,778,385)
Total changes	(156,778,385)	(156,778,385)
Restated* Balance at 01 July 2024	**526,260,155**	**526,260,155**
Changes in net assets		
Surplus for the year	3,128,263	3,128,263
Total changes	3,128,263	3,128,263
Balance at 30 June 2025	**529,388,418**	**529,388,418**

Note(s)

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		138,311,310	89,909,235
Grants		304,060,054	276,685,681
Interest income		3,658,060	5,649,027
		446,029,424	372,243,943
Payments			
Employee costs		(189,030,862)	(183,550,337)
Suppliers		(194,533,674)	(126,619,892)
Finance costs		(12,641,917)	(8,189,979)
		(396,206,453)	(318,360,208)
Net cash flows from operating activities	40	**49,822,971**	**53,883,735**
Cash flows from investing activities			
Property, plant and equipment	4	(56,254,916)	(46,967,184)
Investment property	3	1,517,450	607,162
Intangible assets	5	7,561	7,560
Net cash flows from investing activities		**(54,729,905)**	**(46,352,462)**
Cash flows from financing activities			
Borrowings		(367,846)	726,235
Net increase/(decrease) in cash and cash equivalents		**(5,274,780)**	**8,257,508**
Cash and cash equivalents at the beginning of the year		14,033,751	5,776,243
Cash and cash equivalents at the end of the year	17	**8,758,971**	**14,033,751**

The accounting policies on pages 16 to 41 and the notes on pages 42 to 100 form an integral part of the annual financial statements.

* See Note 46

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	160,380,000	11,679,000	**172,059,000**	126,768,783	**(45,290,217)**	53.01
Licences and permits	14,686,000	(11,075,000)	**3,611,000**	2,498,095	**(1,112,905)**	53.02
Connections and disconnections	-	-	**-**	466,568	**466,568**	53.03
Rental income	-	23,000	**23,000**	107,751	**84,751**	53.04
Sundry income	9,348,000	11,789,000	**21,137,000**	7,474,917	**(13,662,083)**	53.05
Sale of land	-	-	**-**	35,930	**35,930**	53.06
Interest received	10,783,000	3,951,000	**14,734,000**	3,658,060	**(11,075,940)**	53.07
Total revenue from exchange transactions	**195,197,000**	**16,367,000**	**211,564,000**	**141,010,104**	**(70,553,896)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	69,267,000	14,348,000	**83,615,000**	78,613,555	**(5,001,445)**	
Transfer revenue						
Government grants & subsidies	249,133,000	660,000	**249,793,000**	304,060,054	**54,267,054**	53.08
Fines, Penalties and Forfeits	5,544,000	130,000	**5,674,000**	6,183,330	**509,330**	
Total revenue from non-exchange transactions	**323,944,000**	**15,138,000**	**339,082,000**	**388,856,939**	**49,774,939**	
Total revenue	**519,141,000**	**31,505,000**	**550,646,000**	**529,867,043**	**(20,778,957)**	
Expenditure						
Personnel	(169,032,000)	(11,136,000)	**(180,168,000)**	(173,612,008)	**6,555,992**	
Employee costs - Remuneration of councillors	(15,089,000)	2,486,000	**(12,603,000)**	(15,207,701)	**(2,604,701)**	53.09
Depreciation and amortisation	(52,919,000)	8,617,000	**(44,302,000)**	(30,508,200)	**13,793,800**	53.10
Impairment loss/ Reversal of impairments	-	-	**-**	(2,135,474)	**(2,135,474)**	53.11
Finance costs	(6,053,000)	-	**(6,053,000)**	(18,885,189)	**(12,832,189)**	53.12
Lease rentals on operating lease	-	-	**-**	(1,608,593)	**(1,608,593)**	53.13
Debt Impairment	(28,160,000)	-	**(28,160,000)**	(67,537,940)	**(39,377,940)**	53.14
Repairs and maintenance	-	-	**-**	(3,887,924)	**(3,887,924)**	53.15
Bulk purchases	(101,737,000)	(12,000,000)	**(113,737,000)**	(98,721,249)	**15,015,751**	53.16
Contracted Services	(72,034,000)	(5,591,000)	**(77,625,000)**	(14,567,901)	**63,057,099**	53.17
General expenses	(86,298,000)	(50,515,000)	**(136,813,000)**	(91,549,860)	**45,263,140**	53.18
Total expenditure	**(531,322,000)**	**(68,139,000)**	**(599,461,000)**	**(518,222,039)**	**81,238,961**	
Operating surplus	**(12,181,000)**	**(36,634,000)**	**(48,815,000)**	**11,645,004**	**60,460,004**	
Loss on disposal of assets and liabilities	-	-	**-**	(7,995,987)	**(7,995,987)**	53.19
Actuarial gains/losses	-	-	**-**	(520,754)	**(520,754)**	53.20
	-	**-**	**-**	**(8,516,741)**	**(8,516,741)**	
Surplus before taxation	**(12,181,000)**	**(36,634,000)**	**(48,815,000)**	**3,128,263**	**51,943,263**	

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	**(12,181,000)**	**(36,634,000)**	**(48,815,000)**	**3,128,263**	**51,943,263**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(20,404,000)	28,625,000	**8,221,000**	11,543,249	**3,322,249**	53.21
Receivables from exchange transactions	14,369,000	353,161,000	**367,530,000**	12,568,656	**(354,961,344)**	53.22
Receivables from non-exchange transactions	2,375,000	295,145,000	**297,520,000**	8,666,478	**(288,853,522)**	53.23
VAT receivable	45,161,000	18,645,000	**63,806,000**	-	**(63,806,000)**	53.25
Consumer debtors	-	-	**-**	56,756,287	**56,756,287**	53.26
Cash and cash equivalents	(29,849,000)	38,973,000	**9,124,000**	8,758,971	**(365,029)**	
	11,652,000	**734,549,000**	**746,201,000**	**98,293,641**	**(647,907,359)**	
Non-Current Assets						
Investment property	-	583,000	**583,000**	42,071,024	**41,488,024**	53.27
Property, plant and equipment	24,794,000	739,342,000	**764,136,000**	702,694,088	**(61,441,912)**	
Intangible assets	-	(300,000)	**(300,000)**	7,560	**307,560**	53.28
Heritage assets	-	-	**-**	404,550	**404,550**	53.29
	24,794,000	**739,625,000**	**764,419,000**	**745,177,222**	**(19,241,778)**	
Total Assets	**36,446,000**	**1,474,174,000**	**1,510,620,000**	**843,470,863**	**(667,149,137)**	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	**-**	358,717	**358,717**	53.30
Payables from exchange transactions	2,276,000	146,282,000	**148,558,000**	141,802,563	**(6,755,437)**	53.31
VAT payable	-	25,120,000	**25,120,000**	-	**(25,120,000)**	53.32
Consumer deposits	-	3,142,000	**3,142,000**	1,365,259	**(1,776,741)**	53.33
Employee benefit obligation	-	-	**-**	1,706,866	**1,706,866**	53.34
Provisions	-	18,740,000	**18,740,000**	5,976,100	**(12,763,900)**	53.35
Municipal debt relief arrangement	-	-	**-**	22,220,438	**22,220,438**	53.36
	2,276,000	**193,284,000**	**195,560,000**	**173,429,943**	**(22,130,057)**	
Non-Current Liabilities						
Other financial liabilities	-	1,190,000	**1,190,000**	580,625	**(609,375)**	53.30
Employee benefit obligation	-	-	**-**	53,585,758	**53,585,758**	53.34
Provisions	-	40,397,000	**40,397,000**	46,584,146	**6,187,146**	53.35
Municipal debt relief arrangement	-	-	**-**	37,387,405	**37,387,405**	53.36
	-	**41,587,000**	**41,587,000**	**138,137,934**	**96,550,934**	
Total Liabilities	**2,276,000**	**234,871,000**	**237,147,000**	**311,567,877**	**74,420,877**	
Net Assets	**34,170,000**	**1,239,303,000**	**1,273,473,000**	**531,902,986**	**(741,570,014)**	

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						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	36,175,000	1,133,102,000	**1,169,277,000**	529,388,416	**(639,888,584)**	53.37

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

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	221,877,000	48,785,000	**270,662,000**	-	**(270,662,000)**	53.38
Grants	297,883,000	5,997,000	**303,880,000**	304,060,054	**180,054**	53.38
Interest income	330,000	14,404,000	**14,734,000**	3,658,060	**(11,075,940)**	53.38
	520,090,000	**69,186,000**	**589,276,000**	**307,718,114**	**(281,557,886)**	
Payments						
Employee costs	-	-	**-**	(189,030,862)	**(189,030,862)**	53.37
Suppliers	(456,794,000)	(49,470,000)	**(506,264,000)**	(198,613,580)	**307,650,420**	53.37
Finance costs	(6,053,000)	-	**(6,053,000)**	(15,126,017)	**(9,073,017)**	53.37
	(462,847,000)	**(49,470,000)**	**(512,317,000)**	**(402,770,459)**	**109,546,541**	
Net cash flows from operating activities	**57,243,000**	**19,716,000**	**76,959,000**	**(95,052,345)**	**(172,011,345)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(87,093,000)	3,762,000	**(83,331,000)**	(56,254,916)	**27,076,084**	53.37
Cash flows from financing activities						
Borrowings	-	-	**-**	(367,846)	**(367,846)**	53.37
Net increase/(decrease) in cash and cash equivalents	(29,850,000)	23,478,000	**(6,372,000)**	(151,307,261)	**(144,935,261)**	
Cash and cash equivalents at the end of the year	**(29,850,000)**	**23,478,000**	**(6,372,000)**	**(151,307,261)**	**(144,935,261)**	
Reconciliation						

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

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.

Management considers key financial metrics and approved medium-term budgets, MFMA Section 71 reports together with the municipality’s dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 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:

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

The impairment for trade receivables is calculated on an assesment of the extent to which trade recievables have been defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This is performed per significant trade receivables first and then for all classes of trade receivables.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

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.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Distribution losses

The municipality recognises electricity distribution losses. Management calculates the distibution losses based on the energy that was not recovered after deducting internal usage.

The municipality recognises water distribution losses. Management calculates the distribution losses based on the water not recovered as a result of burst pipes, leakes and unmetered water sites.

1.6 Investment property

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

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

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

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	**Useful life**
Property - land	indefinite
Property - buildings	20 - 100 years

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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

Significant Accounting Policies

1.7 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 whenever it it possible to reliably differentiate between the different components.

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 is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Land	Straight-line	indefinite
Buildings	Straight-line	20 - 100 years
Plant and machinery	Straight-line	3 - 10 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 10 years
IT equipment	Straight-line	3 - 10 years
Infrastructure	Straight-line	20 - 100 years
Community	Straight-line	20 - 100 years
Other assets	Straight-line	3 - 10 years

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

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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 (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.8 Site restoration and dismantling cost

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

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

1.9 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.

Significant Accounting Policies

1.9 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, other	Straight-line	1-5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

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

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

1.10 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. Heritage assets have an indefinite useful life.

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.

1.10 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.11 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.

A financial asset is:

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

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

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

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

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

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.

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

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

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

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

- derivatives;
- 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.

Classification

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

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

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Municipal debt relief arrangement	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Significant Accounting Policies

1.11 Financial instruments (continued)

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

Gains and losses

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

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

Impairment and uncollectability of financial assets

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

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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

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

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

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

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

Financial liabilities

Significant Accounting Policies

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

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

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

Presentation

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

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

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

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

1.12 Statutory receivables

Identification

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

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

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

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.

1.12 Statutory receivables (continued)

Subsequent measurement

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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.

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.

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.

Significant Accounting Policies

1.13 Leases

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

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

Operating leases - lessor

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

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

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

Operating leases - lessee

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

1.14 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.

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.

Significant Accounting Policies

1.15 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.

1.16 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.

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 the period of time over which an asset is expected to be used by the municipality.

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.

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.

1.17 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.

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

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

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

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

Useful life is the period of time over which an asset is expected to be used by the municipality.

Identification

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Significant Accounting Policies

1.18 Employee benefits

Identification

Employee benefits

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

Classification of plans

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

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

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

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

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Significant Accounting Policies

1.18 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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:

(a) 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.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

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

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

Significant Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

(a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer’s share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

(i) those changes were enacted before the end of the reporting period; or

(ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Recognition and measurement: Plan assets

Fair value of plan assets

Significant Accounting Policies

1.18 Employee benefits (continued)

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.19 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.

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

1.20 Capital commitments

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

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- tems are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

Significant Accounting Policies

1.21 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.

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.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

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

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

- 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.

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

1.22 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.

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

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.

1.22 Revenue from non-exchange transactions (continued)

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.

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

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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tarrifs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

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

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.

Government grants and subsidies

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

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.

1.23 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.

1.24 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

1.24 Accounting by principals and agents (continued)

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

1.26 Unauthorised expenditure

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

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

1.27 Fruitless and wasteful expenditure

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

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

1.28 Irregular expenditure

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

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

1.29 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.

Significant Accounting Policies

1.30 Budget information

Municipalities 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 municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

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

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

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

The materiality threshold for variances between budget and actual amounts is 10%. Reasons for variances greater than or equal to 10% are disclosed in the financial statements.

1.31 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.

Significant Accounting Policies

1.32 Events after reporting date

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

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

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

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

1.33 Expenditure

Expenditure includes bulk purchases, contracted services, general expenses and repairs and maintenance. Expenses are decreases in economic benefits or service potential during the reporting period in the form outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Expenses are recognised in the period in which they are incurred.

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact of the is not material.

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	43,800,883	(1,729,859)	42,071,024	45,246,950	(1,658,476)	43,588,474

Reconciliation of investment property - 2025

	Opening balance	Disposals	Depreciation	Total
Investment property	43,588,474	(1,446,067)	(71,383)	42,071,024

Reconciliation of investment property - 2024

	Opening balance	Disposals	Depreciation	Total
Investment property	44,195,636	(535,779)	(71,383)	43,588,474

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

Notes to the Annual Financial Statements

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	30,458,096	-	30,458,096	30,458,096	-	30,458,096
Buildings	81,495,575	(65,071,855)	16,423,720	80,883,522	(61,328,317)	19,555,205
Plant and machinery	11,872,149	(6,696,313)	5,175,836	10,565,600	(5,047,747)	5,517,853
Furniture and fixtures	1,526,262	(753,361)	772,901	1,593,987	(632,041)	961,946
Motor vehicles	13,038,777	(6,755,729)	6,283,048	15,216,249	(7,121,563)	8,094,686
Office equipment	4,559,393	(3,542,248)	1,017,145	4,726,441	(3,553,802)	1,172,639
IT equipment	3,321,581	(1,592,823)	1,728,758	3,366,574	(1,596,098)	1,770,476
Infrastructure	1,064,431,455	(462,723,387)	601,708,068	1,038,616,161	(461,504,267)	577,111,894
Community	139,781,430	(106,138,018)	33,643,412	139,885,251	(102,729,765)	37,155,486
Leased assets	2,823,539	(2,823,539)	-	2,823,539	(2,823,539)	-
Landfill sites	15,578,827	(11,247,945)	4,330,882	15,578,827	(10,331,283)	5,247,544
Other assets	3,939,314	(2,787,092)	1,152,222	2,924,735	(2,891,727)	33,008
Total	**1,372,826,398**	**(670,132,310)**	**702,694,088**	**1,346,638,982**	**(659,560,149)**	**687,078,833**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	30,458,096	-	-	-	-	30,458,096
Buildings	19,555,205	612,052	-	(2,001,211)	(1,742,326)	16,423,720
Plant and machinery	5,517,853	1,347,205	-	(1,689,222)	-	5,175,836
Furniture and fixtures	961,946	40,306	-	(229,351)	-	772,901
Motor vehicles	8,094,686	-	(51,603)	(1,760,035)	-	6,283,048
Office equipment	1,172,639	146,292	(6)	(301,780)	-	1,017,145
IT equipment	1,770,476	517,765	(6,575)	(552,908)	-	1,728,758
Infrastructure	577,111,894	52,207,978	(7,779,387)	(19,832,417)	-	601,708,068
Community	37,155,486	-	(12,350)	(3,106,576)	(393,148)	33,643,412
Landfill sites	5,247,544	-	-	(916,662)	-	4,330,882
Other assets	33,008	1,158,327	(21)	(39,092)	-	1,152,222
	687,078,833	**56,029,925**	**(7,849,942)**	**(30,429,254)**	**(2,135,474)**	**702,694,088**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	30,458,096	-	-	-	-	30,458,096
Buildings	18,855,000	3,237,350	(266,358)	(2,171,301)	(99,486)	19,555,205
Plant and machinery	1,596,985	5,049,495	(508)	(1,128,119)	-	5,517,853
Furniture and fixtures	100,081	990,756	-	(128,891)	-	961,946
Motor vehicles	4,771,278	4,207,887	(4,781)	(879,698)	-	8,094,686
Office equipment	169,008	1,214,005	(4)	(210,370)	-	1,172,639
IT equipment	1,038,150	1,119,392	(2,346)	(384,720)	-	1,770,476
Infrastructure	561,695,260	36,511,853	(508,838)	(20,586,381)	-	577,111,894
Community	44,970,533	-	-	(3,740,349)	(4,074,698)	37,155,486
Landfill sites	3,297,006	3,090,828	-	(1,140,290)	-	5,247,544
Other assets	83,545	-	(60)	(50,477)	-	33,008
	667,034,942	**55,421,566**	**(782,895)**	**(30,420,596)**	**(4,174,184)**	**687,078,833**

Pledged as security

No property, plant and equipment were pledged as security.

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Buildings	Total
Opening balance	42,884,610	2,694,500	45,579,110
Additions/capital expenditure	52,207,978	612,053	52,820,031
Transferred to completed items	(49,380,864)	(3,306,553)	(52,687,417)
	45,711,724	**-**	**45,711,724**

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Buildings	Total
Opening balance	36,893,062	-	36,893,062
Additions/capital expenditure	36,511,850	3,237,350	39,749,200
Transferred to completed items	(30,520,303)	(542,850)	(31,063,153)
	42,884,609	**2,694,500**	**45,579,109**

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

Maintenance of property, plant and equipment

	2025	2024
Buildings	148,815	260,343
Machinery and Equipment	410,162	288,286
Motor Vehicle	706,649	1,608,744
Maintenanace of Equipment	1,980,995	92,401
Other Assets	641,303	77,713
	3,887,924	**2,327,487**

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	4,671,633	(4,664,073)	7,560	4,671,633	(4,656,512)	15,121

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	15,121	(7,561)	7,560

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	22,681	(7,560)	15,121

Pledged as security

No intangible assets were pledged as security.

6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Other	404,550	-	404,550	404,550	-	404,550

Reconciliation of heritage assets 2025

	Opening balance	Total
Other	404,550	404,550

Reconciliation of heritage assets 2024

	Opening balance	Total
Other	404,550	404,550

Age and/or condition of heritage assets

An assessment of the heritage assets was performed during the current financial year and the assessed assets were considered to be in fair and good condition.

Pledged as security

No heritage assets were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Payables from exchange transactions

Trade payables	56,029,048	44,034,392
Unallocated deposits	1,000,909	813,760
Accrued leave pay	14,582,629	13,860,488
Accrued bonus	5,424,242	4,879,660
Purchase accrual	1,174,144	1,174,144
Deposits received	164,494	164,494
Retentions	18,665,704	14,742,850
Net clearing salary	102,548	1,914,357
Debtors in credit	44,658,838	44,968,856
	141,802,556	**126,553,001**

8. VAT payable

VAT Control	6,547,854	16,436
VAT Output Accrual [on Receivables]	35,137	-
VAT receivable (Statutory receivables)	(4,068,416)	-
	2,514,575	**16,436**

9. Consumer deposits

Electricity	592,031	574,376
Water	779,542	544,031
Refuse	(6,314)	-
	1,365,259	**1,118,407**

10. Employee benefit obligations

Defined benefit plans - General information

The defined benefit liability as disclosed below are represented by two different post employment benefits. None of the benefits set out below are externally funded.

Post retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member’s death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Long service awards

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

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

Carrying value		
Present value of the defined benefit obligation	(55,292,624)	(48,818,353)
Non-current liabilities	(53,585,758)	(46,680,969)
Current liabilities	(1,706,866)	(2,137,384)
	(55,292,624)	**(48,818,353)**

The municipality has no further obligation to cover unfunded benefits

Category		
Current (In service) members	223	229
Continuation members (pensioners)	20	18
	243	**247**

Medical Aid		
Non-Current Liabilities	45,568,695	39,105,561
Current Liabilities	1,155,387	1,121,768
	46,724,082	**40,227,329**

Long Service Awards		
Non-Current Liabilities	8,017,063	7,575,408
Current Liabilities	551,479	1,015,616
	8,568,542	**8,591,024**

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

Opening balance	38,710,000	45,840,000
Net expense recognised in the statement of financial performance	6,474,271	(7,130,000)
	45,184,271	**38,710,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

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

Service cost	2,702,581	3,188,000
- Current service cost	2,702,581	3,188,000
Net interest on the net defined benefit liability (asset)	6,164,670	6,906,000
Remeasurements of the net defined benefit liability (asset)	(2,392,980)	(17,224,000)
- Actuarial gains and losses arising from:	180,924	(15,529,000)
- General movements	180,924	(15,529,000)
Benefits paid	(2,573,904)	(1,695,000)
	6,474,271	**(7,130,000)**

	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2024	40,227,329	8,591,024	48,818,353
Interest costs	5,354,118	810,552	6,164,670
Current service cost	2,088,428	614,153	2,702,581
Benefits paid (expected)	(1,121,768)	(1,452,136)	(2,573,904)
Actuarial (Gain)/Loss	175,975	4,949	180,924
Defined benefit obligation as at 30 June 2025	**46,724,082**	**8,568,542**	**55,292,624**

Estimated Future Contributions	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2025	46,724,082	8,568,542	55,292,624
Current service cost	2,473,268	607,014	3,080,282
Interest costs	5,782,820	1,118,978	6,901,798
Benefits paid (expected)	(1,155,387)	(551,479)	(1,706,866)
Estimated Future Defined benefit obligation as at 30 June 2026	**53,824,783**	**9,743,055**	**63,567,838**

Figures in Rand	2025	2024

10. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	13.50 %	12.53 %
Future price inflation expectation	7.40 %	6.52 %
Health care cost inflation	8.90 %	8.02 %
Net discount rate	4.23 %	4.18 %

A health care cost inflation rate of 8.90% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.07%.

A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.23% which derives from ((1+13.50%)/(1+8.90%))-1.

The expected inflation assumption of 5.07% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.72%) and those of fixed interest bonds (10.54%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+10.54%-0.50%)/(1+4.72%))-1.

Withdrawal rate assumptions

Assumptions generally observed in the South African market.

The withdrawal rates vary from 3% to 9% for the age group 20 - 50 years, while the estimated withdrawal rate from 55 years is calculated at 0%.

Other assumptions

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

	2025	**2024**	**2023**	**2022**	**2021**
Defined Benefit Obligation - Medical Aid	46,724,082	40,227,329	36,911,000	36,911,000	43,511,000
Defined Benefit Obligation - Long Service Awards	8,568,542	8,591,024	8,929,000	8,929,000	9,459,000

11. Inventories

Consumable stores	11,543,249	8,916,370

Inventory pledged as security

No Inventory assets were pledged s security for liabilities.

Inventory consumables on hand: Opening	8,916,370	8,925,121
Consumables purhased during the year	13,906,322	4,356,709
Consumables transfers / used during the year / expensed	(11,279,443)	(4,385,827)
Consumables write off	-	20,306
	11,543,249	**8,916,309**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Receivables from exchange transactions

Prepayments	63,223	630,925
Third party vendors	9,091,531	561,397
Licences and permits	252,514	312,130
Rental debtors	91,299	52,347
Other receivables	3,070,089	4,600,000
	12,568,656	**6,156,799**

13. Receivables from non-exchange transactions

Fines	8,626,600	5,299,800
Levies	-	-
Employee advances	3,125	3,125
Sundry debtors	36,753	36,753
Consumer debtors - Rates	-	-
	8,666,478	**5,339,678**

14. Receivables from non-exchange transactions

15. VAT receivable

Ramotshere Moiloa Local Municipality is registered as a Category C (monthly) vendor as contemplated in section 27(3) of the VAT Act No.89 of 1991, submitting VAT returns on a monthly basis.

The municipality calculates monthly tax payable in terms of Section 16(3)(b)(i), where a vendor in terms of Section 15 is required to account for tax payable on a payment basis (or cash basis).

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

16. Consumer debtors

Gross balances		
Rates	213,208,750	223,577,235
Electricity	43,234,583	37,983,058
Water	33,015,366	28,446,641
Sewerage	20,113,131	18,000,552
Refuse	56,620,160	50,398,235
Other (specify)	200,151	217,177
	366,392,141	**358,622,898**
Less: Allowance for impairment		
Rates	(187,336,591)	(194,042,724)
Electricity	(29,745,276)	(27,078,435)
Water	(27,820,846)	(23,523,806)
Sewerage	(17,334,569)	(15,579,716)
Refuse	(47,398,572)	(42,019,622)
	(309,635,854)	**(302,244,303)**
Net balance		
Rates	25,872,159	29,534,511
Electricity	13,489,307	10,904,623
Water	5,194,520	4,922,835
Sewerage	2,778,562	2,420,836
Refuse	9,221,588	8,378,613
Other (specify)	200,151	217,177
	56,756,287	**56,378,595**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Consumer debtors (continued)

Statutory receivables included in consumer debtors above are as follows:

Rates	25,872,159	29,534,511
Financial asset receivables included in consumer debtors above	**30,884,128**	**26,844,084**
Total consumer debtors	56,756,287	56,378,595

Included in above is receivables from exchange transactions

Electricity	13,489,307	10,904,623
Water	5,194,520	4,922,835
Sewerage	2,778,562	2,420,836
Refuse	9,221,588	8,378,613
	30,683,977	**26,626,907**

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates	25,872,159	29,534,511
Net balance	**56,556,136**	**56,161,418**

Rates

Current (0 -30 days)	5,676,631	14,823,061
31 - 60 days	4,786,016	2,951,781
61 - 90 days	5,136,204	2,086,723
91 - 120 days	145,201	55,494
121 - 365 days	341,971	55,362
> 365 days	9,786,136	9,562,090
	25,872,159	**29,534,511**

Electricity

Current (0 -30 days)	4,561,063	3,689,855
31 - 60 days	2,702,050	2,761,799
61 - 90 days	1,097,230	933,712
91 - 120 days	222,601	74,367
121 - 365 days	514,735	81,798
> 365 days	4,391,628	3,363,092
	13,489,307	**10,904,623**

Water

Current (0 -30 days)	926,071	1,021,358
31 - 60 days	772,421	989,047
61 - 90 days	644,025	602,062
91 - 120 days	37,083	28,548
121 - 365 days	49,888	29,292
> 365 days	2,765,032	2,252,528
	5,194,520	**4,922,835**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Consumer debtors (continued)

Sewerage		
Current (0 -30 days)	362,619	310,732
31 - 60 days	283,722	273,191
61 - 90 days	265,496	245,372
91 - 120 days	30,583	26,311
121 - 365 days	30,457	26,171
> 365 days	1,805,685	1,539,059
	2,778,562	**2,420,836**

Refuse		
Current (0 -30 days)	1,022,910	926,545
31 - 60 days	835,571	807,693
61 - 90 days	785,498	736,276
91 - 120 days	80,534	70,334
121 - 365 days	80,699	68,077
> 365 days	6,416,376	5,769,688
	9,221,588	**8,378,613**

Other (specify)		
Current (0 -30 days)	6,531	-
121 - 365 days	-	11
> 365 days	193,620	217,166
	200,151	**217,177**

Figures in Rand	2025	2024

16. Consumer debtors (continued)

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	4,636,470	7,921,913
31 - 60 days	4,328,879	3,528,565
61 - 90 days	4,664,713	3,196,316
91 - 120 days	4,003,619	3,187,987
121 - 365 days	3,930,475	3,196,536
> 365 days	212,546,467	199,373,422
	234,110,623	220,404,739
Less: Allowance for impairment	(220,761,215)	(206,060,487)
	13,349,408	**14,344,252**

Industrial/ commercial		
Current (0 -30 days)	7,155,267	12,198,506
31 - 60 days	4,591,815	3,908,504
61 - 90 days	2,726,941	1,282,343
91 - 120 days	2,234,582	737,092
121 - 365 days	4,404,358	710,572
> 365 days	90,053,608	102,637,178
	111,166,571	121,474,195
Less: Allowance for impairment	(96,692,548)	(104,084,842)
	14,474,023	**17,389,353**

Government		
Current (0 -30 days)	757,557	651,132
31 - 60 days	629,629	483,326
61 - 90 days	646,909	291,144
91 - 120 days	516,002	255,058
121 - 365 days	1,017,751	260,701
> 365 days	17,346,948	14,585,424
Less: Allowance for impairment	-	-
	20,914,796	**16,526,785**

Total		
Current (0 -30 days)	12,548,329	20,771,552
31 - 60 days	9,550,323	7,920,395
61 - 90 days	8,038,563	4,769,803
91 - 120 days	6,754,203	4,180,132
121 - 365 days	9,352,583	4,167,809
> 365 days	320,148,140	316,813,207
	366,392,141	358,622,898
Less: Allowance for impairment	(309,635,854)	(302,244,303)
	56,756,287	**56,378,595**

Less: Allowance for impairment		
31 - 60 days	(170,544)	(136,884)
61 - 90 days	(110,111)	(165,658)
91 - 120 days	(6,238,201)	(3,925,078)
121 - 365 days	(8,334,832)	(3,907,108)
> 365 days	(294,782,166)	(294,109,575)
	(309,635,854)	**(302,244,303)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Consumer debtors (continued)

Total debtor past due but not impaired

31 - 60 days	9,379,780	7,783,511
61 - 90 days	7,928,452	4,604,146
91 - 120 days	516,002	255,058
121 - 365 days	1,017,751	260,701
> 365 days	17,346,948	14,585,424
	36,188,933	**27,488,840**

Reconciliation of allowance for impairment

Balance at beginning of the year	(302,244,303)	(116,086,298)
Contributions to allowance	(7,391,551)	(186,158,005)
	(309,635,854)	**(302,244,303)**

Consumer debtors past due but not impaired

Consumer debtors which are more than 30 days outstanding are considered past due. All receivables are individually assessed for impairment. At 30 June 2025, R 36,188,933 (2024: R 27,488,840) were past due but not impaired.

The entity has assessed these balances for recoverability and believes that they are still of good credit quality.

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R (309,635,854) (2024: R (302,244,303)) were impaired and provided for.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	107,315	294,009
Bank balances	2,743,307	6,876,547
Short-term deposits	5,908,349	6,863,195
	8,758,971	**14,033,751**

The municipality invests unused funds in FNB Call Deposits and ABSA Call deposits accounts to earn interest. These funds are withdrawn as and when required.

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
FNB BANK - 62200495960	154,994	423,896	150,665	154,994	423,896	150,665
FNB BANK - 62224998023	227,634	795,881	215,887	227,634	795,881	215,887
FNB BANK - 54351140693 (Secondary account)	374,801	983,168	249,945	374,801	983,168	249,945
FNB BANK - 62063144431 (Main account)	1,985,878	4,673,602	1,013,725	1,985,878	4,673,602	1,013,725
ABSA 20-5825-7453	66,779	61,246	55,970	66,779	61,246	55,970
ABSA 93 0488 7397	78,661	73,636	68,693	78,661	73,636	68,693
ABSA 93 0779 6777	370,361	346,729	323,131	370,361	346,729	323,131
FNB 62689530775	258,347	735,807	1,083,044	258,347	735,807	1,083,044
FNB 62738773151	2,426,725	1,495,745	11,531	2,426,725	1,495,745	11,531
FNB 62738772418	1,015,487	4,040,577	284,990	1,015,487	4,040,577	284,990
FNB 62738773614	1,691,990	109,455	386,978	1,691,990	109,455	386,978
Total	**8,651,657**	**13,739,742**	**3,844,559**	**8,651,657**	**13,739,742**	**3,844,559**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Other financial liabilities

At amortised cost		
DBSA Loans	580,625	911,165
The loan has fixed interest of 11.73% per annum and is repayable in 40 half yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.		
The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.		
Short term portion of DBSA Loans	358,717	396,022
Terms and conditions		
	939,342	**1,307,187**
Total other financial liabilities	**939,342**	**1,307,187**
Non-current liabilities		
At amortised cost	580,625	911,165
Current liabilities		
At amortised cost	358,717	396,022

Figures in Rand	2025	2024

19. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Interest cost	Change in discount factor	Total
Environmental rehabilitation	46,650,363	5,570,053	339,830	52,560,246

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Change in discount factor	Total
Environmental rehabilitation	40,397,493	4,138,634	2,114,236	46,650,363

	2025	2024
Non-current liabilities	46,584,146	41,080,310
Current liabilities	5,976,100	5,570,053
	52,560,246	**46,650,363**

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act (Act no. 28 of 2002). The provision was determined by an independent expert as at 30 June 2025. And approximate the discounted expected future cash flows using reasonable estimation techniques.

The provision is for the rehabilitation of 3 landfill sites namely the Zeerust landfill site, Lehurutse landfill site and the Groot Marico landfill site.

It is estimated that the rehabilitation process will be finalised in 2030 for the Zeerust landfill site, 2026 for the Lehurutse landfill site and 2026 for the Groot Marico landfill site.

Rehabilitation cost was estimated using criteria for closure detailed in the Minimum Requirement for Waste Disposal by Landfill. Provision is made in terms of the municipality's licensing stipulations on the landfill waste sites, for the estimated cost of rehabilitating the waste sites.

The movement in the provision of the landfill site in the 2025 financial year is due to a new calculation obtained from engineers who calculated the estimate costs to rehabilitate the landfill sites. The change in discount rates and estimates also impacted the IGRAP 2 adjustment.

The contribution to the provision is based on the average Consumer Price Inflation which is calculated at 5.94% (2024: 6.51%).

The cost as at 30 June 2025 has been escalated annually with the average Consumer Price Index until the estimated time of closure and discounted to present value using the relevant South African Government Bond rates. All other adjustments are in line with the provisions of IGRAP.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Municipal debt relief arrangement

	2025	2024
Liability		
Municipal debt relief arrangement	37,387,405	59,607,842
Revenue		
Municipal debt relief income	-	16,712,899

Eskom confirmed the municipality's debt that is the subject of the debt relief is R87,901,169.90 as of 31 March 2023. This is after Eskom effected the necessary adjustment for any payment arrangement. The National Treasury notes that the municipality's application for debt relief and the related approval thereof constitute an acknowledgement of liability to Eskom as envisaged in Section 14 of the Prescription Act, 1969.

The National Treasury therefore hereby instructs Eskom to write-off one third (1/3) of the municipal debt of Ramotshere Moiloa Local Municipality to the value of R29,030,389.97.

The relief arrangement is amortised at 14.25 over three years, summarised as follows:

Period	Opening balance	Interest	Payment	Closing Balance
2023-2024	71,188,271	5,511,465	(17,091,894)	59,607,842
2024-2025	59,607,842	7,079,953	(29,300,390)	37,387,405
2025-2026	37,387,405	3,698,325	(29,300,390)	11,785,340
2026-2027	11,785,340	423,157	(12,208,497)	-

21. Revenue

	2025	2024
Service charges	126,768,783	105,617,319
Licences and permits	2,498,095	3,014,912
Connections and disconnections	466,568	300,255
Rental income	107,751	104,593
Sundry income	7,474,917	655,694
Sale of land	35,930	72,103
Municipal debt relief income	-	16,712,899
Interest received	3,658,060	5,649,027
Property rates	78,613,555	63,118,934
Government grants & subsidies	304,060,054	276,685,681
Public contributions and donations	-	7,221,765
Fines, Penalties and Forfeits	6,183,330	3,391,750
	529,867,043	**482,544,932**

	2025	2024
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	126,768,783	105,617,319
Licences and permits	2,498,095	3,014,912
Connections and disconnections	466,568	300,255
Rental income	107,751	104,593
Sundry income	7,474,917	655,694
Sale of land	35,930	72,103
Interest received	3,658,060	5,649,027
	141,010,104	**115,413,903**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	78,613,555	63,118,934
Transfer revenue		
Government grants & subsidies	304,060,054	276,685,681
Public contributions and donations	-	7,221,765
Fines, Penalties and Forfeits	6,183,330	3,391,750
Other revenue		
Municipal debt relief	-	16,712,899
	388,856,939	**367,131,029**

22. Service charges

Sale of electricity	99,350,793	81,272,408
Sale of water	13,065,480	11,472,797
Sewerage and sanitation charges	3,603,106	230,396
Refuse removal	10,749,404	12,641,718
	126,768,783	**105,617,319**

23. Fines, Penalties and Forfeits

Municipal Traffic Fines	6,183,330	3,391,750

24. Licences and permits

Road and Transport	2,498,095	3,014,912

25. Lease rentals on operating lease

Premises		
Contractual amounts	120,000	120,000
Equipment		
Contractual amounts	1,488,593	1,257,072
	1,608,593	**1,377,072**

26. Interest received

Interest revenue		
Bank	3,544,816	4,187,548
Consumer debtors	113,244	1,461,479
	3,658,060	**5,649,027**

27. Property rates

Rates received

Residential	26,279,403	27,300,134
Commercial	38,063,423	24,430,692
State	140,350	603,587
Small holdings and farms	14,130,379	10,784,521
	78,613,555	**63,118,934**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Government grants & subsidies

Operating grants		
Equitable share	244,093,000	231,415,999
Local Government SETA	180,054	313,243
Financial Management Grant	2,300,000	2,300,435
Expanded Public Works Programme	2,472,000	1,715,004
Library	928,000	-
	249,973,054	**235,744,681**
Capital grants		
Municipal Infrastructure Grant	52,609,000	40,941,000
Integrated National Electrification Programme	1,478,000	-
	54,087,000	**40,941,000**
	304,060,054	**276,685,681**

Equitable Share

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

Municipal Infrastructure Grant

Current-year receipts	52,609,000	40,941,000
Conditions met - transferred to revenue	(52,609,000)	(40,941,000)
	-	-

Purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. And to provide specific funding for the development of asset management plans for infrastructure servicing the poor.

Library

Current-year receipts	928,000	-
Conditions met - transferred to revenue	(928,000)	-
	-	-

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

Financial Management Grant

Current-year receipts	2,300,000	2,300,000
Conditions met - transferred to revenue	(2,300,000)	(2,300,000)
	-	-

Purpose of the grant is to provide direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms.

Figures in Rand	2025	2024

28. Government grants & subsidies (continued)

Expanded Public Works Programme

Current-year receipts	2,472,000	1,715,000
Conditions met - transferred to revenue	(2,472,000)	(1,715,000)
	-	-

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

Integrated National Electrification Programme

Current-year receipts	1,478,000	-
Conditions met - transferred to revenue	(1,478,000)	-
	-	-

The purpose of the grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Local Government SETA

Current-year receipts	180,054	313,243
Transferred to revenue	(180,054)	(313,243)
	-	-

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

29. Public contributions and donations

Public contributions and donations	-	7,221,765

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs

Basic	101,686,862	92,969,361
Bonus	7,721,517	7,387,271
Medical aid	12,219,059	12,526,388
UIF	689,366	657,512
SDL	1,418,331	1,345,116
Pension fund contributions	18,917,167	17,786,747
Travel allowances	8,104,864	7,010,032
Overtime payments	12,696,740	13,626,088
Long-service awards	1,452,136	1,915,607
Acting allowances	1,739,233	2,514,829
Housing benefits and allowances	1,198,872	886,327
Cellphone allowances	452,721	417,537
Bargaining council	40,188	38,429
Leave payout	923,082	2,430,111
Standby allowance	3,466,228	3,754,157
Bonus provision	544,582	1,327,209
Provision for employee benefit obligations	(381,082)	(465,000)
Leave pay provision	722,142	(408,549)
	173,612,008	**165,719,172**

Remuneration of the Director Technical Services (Mr M Mpshe) Terminated on 31-01-2024

Annual Remuneration	-	999,848
Car Allowance	-	192,901
Contributions to UIF, Medical and Pension Funds	-	1,417
SDL	-	11,662
Cellphone allowance	-	12,000
	-	**1,217,828**

Remuneration of the Director Technical Services (Mr PT Lepedi) Appointed on 01-07-2024

Annual Remuneration	938,418	-
Car Allowance	318,262	-
Contributions to UIF, Medical and Pension Funds	2,125	-
SDL	11,152	-
Cellphone allowance	18,000	-
	1,287,957	**-**

Remuneration of the Director Community Service (Mr TM Seleka) Terminated on 31-01-2024

Annual Remuneration	-	1,098,438
Car Allowance	-	192,901
Contributions to UIF, Medical and Pension Funds	-	1,417
SDL	-	12,648
Cellphone allowance	-	12,000
	-	**1,317,404**

Remuneration of the Acting Director Technical Services (Mr RT Mtshali) Acted on 30-11-2022 and from 01-03-2024 to 30-06-2024

Acting allowance	-	169,713

Figures in Rand	2025	2024

30. Employee related costs (continued)

Remuneration of the Director Local Economic Development (Mr R Mojapelo) Terminated on 31-03-2024

Annual Remuneration	-	1,093,445
Car Allowance	-	216,790
Contributions to UIF, Medical and Pension Funds	-	1,594
SDL	-	11,661
Cellphone allowance	-	13,500
	-	**1,336,990**

Remuneration of the Acting Director Local Economic Development (Mr OI Gasealahwe) acted on 30-11-2022 and from 01-04-2024 to 30-06-2024

Acting allowance	-	128,320

Remuneration of the Municipal Manager (Mr L I Mokgatlhe) Appointed on 03-07-2023

Annual Remuneration	1,197,999	1,309,683
Car Allowance	359,400	290,889
Contributions to UIF, Medical and Pension Funds	2,125	2,125
SDL	15,095	15,664
Cellphone allowance	24,000	24,000
	1,598,619	**1,642,361**

Remuneration of the Director Community Services and Acting Municipal Manager (Ms BD Madumo) Appointed on 01-07-2024 Acted on 01-04-2025 to 30-04-2025

Annual Remuneration	979,266	-
Car Allowance	293,780	-
Contributions to UIF, Medical and Pension Funds	2,125	-
SDL	11,996	-
Cellphone allowance	18,000	-
Acting allowances	11,374	-
	1,316,541	**-**

Remuneration of the Chief Financial Officer (Mr B K S Noke) Appointed on 01-08-2023

Annual Remuneration	1,051,218	982,262
Car Allowance	221,828	203,342
Contributions to UIF, Medical and Pension Funds	2,125	1,948
SDL	12,467	11,614
Cellphone allowance	18,000	16,500
	1,305,638	**1,215,666**

Remuneration of the Acting Chief Financial Officer (Mrs CM Lencoe) Acted on 01-10-2024 to 31-10-2024

Acting Allowance	19,410	-

Remuneration of the Acting Chief Financial Officer (Mr MS Lekaba) Acted on 01-06-2025 to 30-06-2025

Acting Allowance	20,589	35,184

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

30. Employee related costs (continued)

Remuneration of the Acting Director Community Service (Mr ME Mangope) acted on 31-05-2023 to 30-06-2023 and current year on 31-07-2023

Acting Allowance	-	7,340

Remuneration of the Director Corporate Services (Ms ZK Masuku) Appointed on 10-07-2023

Annual Remuneration	979,266	1,014,894
Car Allowance	293,780	281,360
Contributions to UIF, Medical and Pension Funds	2,125	2,125
SDL	12,323	12,580
Cellphone allowance	18,000	18,000
	1,305,494	**1,328,959**

31. Remuneration of councillors

Executive Major	1,030,954	1,018,257
Speaker	834,259	835,926
Councillors	13,342,488	13,434,500
	15,207,701	**15,288,683**

Refer to note 41 for details of remmuneration of councillors

32. Depreciation and amortisation

Property, plant and equipment	30,429,256	30,613,107
Investment property	71,383	71,383
Intangible assets	7,561	7,560
	30,508,200	**30,692,050**

33. Impairment loss

Impairments

Property, plant and equipment	2,135,474	4,174,184

34. Finance costs

Non-current borrowings	78,602	141,519
Trade and other payables	7,071,864	4,051,345
Landfill sites	5,570,053	4,138,634
Employee benefit obligations	6,164,670	5,441,000
	18,885,189	**13,772,498**

35. Auditors' remuneration

Fees	7,802,038	6,194,868

36. Debt impairment

Debt impairment	7,391,551	194,059,031
Traffic fines written off	1,303,746	-
Consumer debtors written off	58,842,643	25,656,163
	67,537,940	**219,715,194**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. General expenses

Advertising	576,301	284,182
Auditors remuneration	7,802,038	6,194,868
Bank charges	804,570	747,715
Cleaning	97,234	482,646
Commission paid	44,504	2,393,532
Consulting and professional fees	42,896,331	33,562,384
Consumables	11,561,725	4,482,645
Discount allowed	(6)	2,434,011
Hire	948,104	326,926
Insurance	3,458,485	1,010,152
Community development and training	2,047,493	667,791
Meetings, conferences and seminars	3,338,323	3,134,452
Fuel and oil	973,527	3,706,290
Printing and stationery	2,771,949	2,593,385
Software expenses	1,208,569	6,219,867
Staff welfare	55,702	426,938
Subscriptions and membership fees	605,457	1,886,057
Telephone and fax	839,697	19,411
Training	485,848	478,560
Travel and accommodation	2,873,748	1,741,104
Electricity	73,356	1,140,970
Uniforms	1,102,187	718,180
Inventory adjustment	-	111,390
Indingent subsidy	4,121,363	2,268,080
Tools	-	45,611
Extended public works program	-	1,214,131
Bursaries	69,593	-
Other expenses	2,793,762	3,426,588
	91,549,860	**81,717,866**

38. Bulk purchases

Electricity - Eskom	98,632,586	90,689,066
Water	88,663	83,430
	98,721,249	**90,772,496**

Electricity losses

Units purchased	45,586,559	48,279,825
Units sold	(17,168,334)	(17,168,334)
Total loss	**28,418,225**	**31,111,491**

39. Contracted services

Outsourced Services		
Meter Management	349,962	363,517
Security Services	14,217,939	14,542,061
	14,567,901	**14,905,578**

Figures in Rand	2025	2024

40. Cash generated from operations

Surplus (deficit)	3,128,263	(156,778,385)
Adjustments for:		
Depreciation and amortisation	30,508,200	30,692,050
Gain (loss) on sale of assets and liabilities	7,995,987	(1,255,552)
Impairment deficit	2,135,474	4,174,184
Debt impairment	67,537,940	219,715,194
Movements in employee benefit obligation	6,474,271	2,978,353
Movements in provisions	5,909,883	6,252,870
Public contributions and donations	-	(7,221,765)
Other non-cash items	37,305	(1,462,712)
Changes in working capital:		
Inventories	(2,626,879)	8,751
Receivables from exchange transactions	(77,276,597)	(225,055,683)
Consumer debtors	(377,692)	142,081,108
Other receivables from non-exchange transactions	-	36,754
Payables from exchange transactions	15,459,104	(32,529,892)
VAT	2,498,139	1,060,190
Municipal debt relief arrangement	(11,580,427)	71,188,270
	49,822,971	**53,883,735**

41. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	8,335,980	8,335,980
Receivables from non-exchange transactions	39,878	39,878
Consumer debtors	56,756,287	56,756,287
Cash and cash equivalents	8,758,971	8,758,971
	73,891,116	**73,891,116**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	939,342	939,342
Payables from exchange transactions	141,802,556	141,802,556
Consumer deposits	1,365,259	1,365,259
Municipal debt relief arrangement	59,607,843	59,607,843
	203,715,000	**203,715,000**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Financial instruments disclosure (continued)

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	5,213,744	5,213,744
Receivables from non-exchange transactions	39,878	39,878
Consumer debtors	56,378,595	56,378,595
Cash and cash equivalents	14,033,751	14,033,751
	75,665,968	**75,665,968**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	1,307,187	1,307,187
Payables from exchange transactions	126,553,001	126,553,001
Consumer deposits	1,118,407	1,118,407
Other financial liabilities	71,188,270	71,188,270
	200,166,865	**200,166,865**

42. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Property, plant and equipment	28,256,484	89,075,049
Total capital commitments		
Already contracted for but not provided for	28,256,484	89,075,049

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Contingencies

Various contractual claims are by contractors/suppliers, customers, community members and previous employees are currently in dispute and are subject to mediation. The potential extent of the liability cannot be determined, since its subject to litigation however an estimate for the expected outflow is as per below. A list of all files is kept within the municipality.

Contingent liabilities

Mathe Stephen Modise // RMLM	-	-
Abasebenzi (Pty)Ltd // RMLM	2,200,000	2,200,000
Ikageleng Community Trust // RMLM	-	425,000
Martinus Sephanus Smit // RMLM	-	-
Danel le Grande // RMLM	-	-
VimTsere Security and Protection Services // RMLM	-	5,442,819
Faizoonisha Kesam (previously Rajan) // RMLM	-	-
Langu Electrical Engineers // RMLM	1,567,000	-
Thapelo Merafe // RMLM	1,700,000	-
T. Mokoena // RMLM	-	-
Emmah Moloantwa // RMLM	-	-
	5,467,000	**8,067,819**

MATHE STEPHEN MODISE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

The other side withdrawn as attorneys of record.

Uncertanity exists around the timing of the outflow, if any and possibility of reimbursement is unknown.

ABASEBENZI (PTY)LTD // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Claim against RMLM for services rendered in terms of LGSETA agreement, the claimant was appointed to train the youth of RMLM, parties are still in the process exchanging pleadings / notices and preparing for trial.

Pleadings have been fully exhanged and closed and parties are to finalise pre-trial process and apply for trial date. Arrangements to be finalised with Mr Mothami for consultation with LGSETA's Thando Nolwaza to confirm position of LGSETA.

Uncertainty exists around the ultimate timing of the outflow,if any,as it will be determined by the outcome of the trial, the matter is on-going, estimated legal costs to be paid to the municipality attorneys, M.E Tlou is R306 160,36.

Possibility of reimbursement is unknown.

IKAGELENG COMMUNITY TRUST // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Claim against RMLM by beneficiaries of Ikageng Community Trust in respect of RDP houses erected on their property.

MARTINUS SEPHANUS SMIT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Malicious prosecution and unlawful arrest. Matter is pending.

Uncertanity exists around the timing of the outflow, if any. Possibility of reimbursement is unknown.

DANEL LE GRANDE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

The matter relates to the recession of a default judgement.

Uncertanity exists around the timing of the outflow as the final decision lies with the judge handling the matter, the matter is still pending, estimated legal costs to be paid to Ntsamai Attorneys is R12 041,67. There is possiblity of reimbursement.

VIMTSERE SECURITY AND PROTECTION SERVICES // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

43. Contingencies (continued)

Claim in the amount of R5 442 819.12 for unpaid services rendered.
Uncertanity exist around the timing of the outflow, the matter is on-going and estimated legal costs to be paid to Motshabi Incorporated is R10 000.

DELANIE BEZUIDENHOUT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Plaintiff has attached and removed Municipal assets, the attorney is in the process of drafting an application suspending execution. The plaintiff allerged that it suffered damages due to the negligent conduct of the Municiplality.
Uncertanity exist around the timing of the outflow and the matter is on-going, estimated legal costs to be paid to Motshabi Incorporated is R40 000.

FAIZOONISH KESAM (PREVIOUSLY RAJAN) // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Applicant is interdicting Municipality from encroaching her ERF in order to allocate graves sites to community of Groot Marico (Ward 19).

Uncertanity exist around the timing and amount of the outflow, the matter is on-going.

LANGU ELECTRICAL ENGINEERS // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Langu Electrical Engineers claim relate to services they rendered without following the scm process.

Uncertanity exist around the timing of the outflow, the matter is on-going.

THAPELO MERAFE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Mr Merafe is pursuing an unfair labour practice dispute wherein his claim relates to promotion to the position of Director Corporate Services.

Uncertanity exist around the timing of the outflow, the matter is on-going.

T MOKOENA // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

This matter relate to claim for damages (injuries) sustained by Mr Mokoena.

Uncertanity exist around the timing of the outflow, the matter is on-going.

EMMAH MOALOANTOA // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

This matter relates to claim for damages occasioned from pothole.

Uncertanity exist around the timing of the outflow, the matter is on-going.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note 5
Members of key management	Refer to employee related cost note 29 for disclosure of remmuneration of key management

Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Cell Phone Allowance	Travel Allowance	Backpay	Other allowances	Total
PR Mogorosi	222,814	47,004	74,271	11,637	2,963	358,689
BG Monamodi	222,813	47,004	74,271	11,637	2,963	358,688
MP Moabi	297,085	47,004	-	7,819	3,073	354,981
LJ Selebogo	384,979	47,004	-	5,434	3,797	441,214
I Sayed Suliman	297,085	47,004	-	11,637	3,112	358,838
KB Kenosi	222,813	47,004	74,271	11,637	2,963	358,688
K Venter Jacobs	222,813	47,004	74,271	11,637	2,963	358,688
AN Nyamane	-	-	-	727	7	734
TJ Morebantwa	222,813	47,004	74,271	11,637	2,963	358,688
AB Cassanga	297,085	47,004	-	4,728	3,043	351,860
TB Sebolao	265,100	47,004	88,367	7,637	3,374	411,482
KE Pitso	297,085	47,004	-	11,637	3,112	358,838
TJ Keebine	222,813	47,004	74,271	11,637	2,963	358,688
KP Tsile	297,085	47,004	-	11,637	3,112	358,838
KP Lekwape	-	-	-	1,637	16	1,653
P Mokgatlhe	294,599	47,004	98,200	15,403	3,766	458,972
VO Mogale	294,599	47,004	98,200	15,403	3,766	458,972
E Motlogelwa	297,085	47,004	-	11,637	3,112	358,838
I Malatsi	222,813	47,004	74,271	11,637	2,963	358,688
MP Odiseng	297,085	47,004	-	11,637	3,112	358,838
TP Gaealashwe	285,950	47,004	95,317	14,952	3,670	446,893
TS Tlhame	222,813	47,004	74,271	11,637	2,963	358,688
OG Moseki	222,813	47,004	74,271	11,637	2,963	358,688
AN Thale	294,599	47,004	98,200	15,403	3,766	458,972
DA Seakentoa	222,813	47,004	74,271	11,637	2,963	358,688
LP Letshufi	563,432	47,004	187,598	29,452	6,773	834,259
JK Mokgatlhe	294,599	47,004	98,200	15,403	3,766	458,972
DM Modukanele	704,090	47,004	234,697	36,815	8,348	1,030,954
MIE Moarabi	222,813	47,004	74,271	11,637	2,963	358,688
TV Kena	294,599	47,004	98,200	15,403	3,766	458,972
O Diale	222,813	47,004	74,271	11,637	2,963	358,688
TG Katametsi	252,312	47,004	84,104	15,403	3,315	402,138
RA Kgakatsi	297,085	47,004	-	11,637	3,112	358,838
KD Molefe	297,085	47,004	-	11,637	3,112	358,838
RA Moiloanyane	-	-	-	4,000	40	4,040
M Moumakwa	222,813	47,004	74,271	11,637	2,963	358,688
E Lof	-	-	-	6,001	60	6,061
PM Keebine	222,813	47,004	74,271	11,637	2,963	358,688
KJ Ledikwa	228,678	47,004	76,226	14,697	3,056	369,661
KR Mosiane	222,813	47,004	74,271	11,637	2,963	358,688
MA Makgokgowa	297,085	47,004	-	11,637	3,112	358,838
BS Maleka	-	-	-	5,819	58	5,877
	10,470,582	**1,739,148**	**2,371,374**	**499,787**	**126,801**	**15,207,692**

44. Related parties (continued)

2024

Name	Basic salary	Cell Phone Allowance	Travel Allowance	Backpay	Other allowances	Total
JG Pule	-	-	-	1,275	13	1,288
PR Mogorosi	216,451	45,453	72,150	26,553	3,029	363,636
MN Molokwane	-	-	-	1,275	13	1,288
RJ Mafora	-	-	-	1,275	13	1,288
MN Tshikovhi	-	-	-	1,275	13	1,288
BG Monamodi	216,450	45,453	72,150	24,084	3,004	361,141
SI Modibetsane	-	-	-	1,275	13	1,288
MP Moabi	145,633	23,502	-	25,405	1,727	196,267
SJ Rantwa	-	-	-	1,275	13	1,288
L Motsokwane	-	-	-	1,275	13	1,288
IT Moloantoa	-	-	-	1,275	13	1,288
RSB Phetwe	-	-	-	1,275	13	1,288
SF Ngweye	-	-	-	1,275	13	1,288
C Dreyer	-	-	-	1,275	13	1,288
PK Mothoagae	-	-	-	1,275	13	1,288
NT Sapala	-	-	-	1,275	13	1,288
KI Manthoko	-	-	-	1,275	13	1,288
NT Moroeng Sizane	-	-	-	1,275	13	1,288
LJ Selebogo	84,467	13,631	-	1,275	885	100,258
I Sayed Suliman	288,600	45,453	-	24,084	3,148	361,285
B Pheloane	-	-	-	1,275	13	1,288
TR Moiloa	-	-	-	1,275	13	1,288
KB Kenosi	216,450	45,453	72,150	24,984	3,013	362,050
L Selebogo	-	-	-	1,275	13	1,288
K Venter Jacobs	216,450	45,453	72,150	24,984	3,013	362,050
AN Nyamane	30,917	3,400	-	18,388	481	53,186
PJ Molefe	-	-	-	1,275	13	1,288
SS Thembo	-	-	-	1,275	13	1,288
TJ Morebantwa	222,296	45,453	66,304	24,984	3,025	362,062
LK Mosadi	-	-	-	1,275	13	1,288
AB Cassanga	84,467	13,631	-	1,275	885	100,258
OP Modirwa	-	-	-	1,275	13	1,288
UR Morake	-	-	-	1,275	13	1,288
GS Motswenyane	-	-	-	1,275	13	1,288
TB Sebolao	121,361	23,502	24,272	17,286	1,652	188,073
TE Modisane	-	-	-	1,275	13	1,288
Y Suliman	-	-	-	1,275	13	1,288
KE Pitso	288,600	45,453	-	23,709	3,145	360,907
TJ Keebine	216,450	45,453	72,150	23,709	3,000	360,762
KP Tsile	288,600	45,453	-	23,709	3,145	360,907
KP Lekwape	53,502	7,779	-	22,655	769	84,705
P Mokgatlhe	286,179	45,453	95,393	42,110	3,928	473,063
VO Mogale	286,179	45,453	95,393	41,585	3,923	472,533
E Motlogelwa	288,600	45,453	-	23,709	3,145	360,907
I Malatsi	216,450	45,453	72,150	23,709	3,000	360,762
MP Odiseng	288,600	45,453	-	23,709	3,145	360,907
TP Gaealashwe	279,531	45,453	77,588	39,686	3,732	445,990
TS Tlhame	222,296	45,453	66,304	23,709	3,012	360,774
OG Moseki	216,450	45,453	72,150	27,032	3,034	364,119
AN Thale	286,179	45,453	95,393	41,585	3,923	472,533
DA Seakentoa	216,450	45,453	72,150	23,709	3,000	360,762
LP Letshufi	547,174	45,453	182,391	29,269	6,584	810,871
JK Mokgatlhe	286,179	45,453	95,393	41,585	3,923	472,533
DM Modukanele	683,967	45,453	227,989	52,573	8,276	1,018,258

44. Related parties (continued)

MIE Moarabi	216,450	45,453	72,150	23,709	3,000	360,762
KR Mogotsi	-	-	-	24,806	248	25,054
TV Kena	286,179	45,453	95,393	41,585	3,923	472,533
LS Sekopamotse	-	-	-	2,100	21	2,121
O Diale	216,450	45,453	72,150	23,709	3,000	360,762
TG Katametsi	286,179	45,453	95,393	41,585	3,923	472,533
RA Kgakatsi	288,600	45,453	-	23,709	3,145	360,907
KD Molefe	288,600	45,453	-	23,709	3,145	360,907
RA Moiloanyane	142,967	21,951	-	23,784	1,673	190,375
M Moumakwa	216,450	45,453	72,150	23,709	3,000	360,762
E Lof	148,294	30,537	47,878	23,709	2,121	252,539
PM Keebine	216,450	45,453	72,150	23,709	3,000	360,762
KJ Ledikwa	274,204	45,453	91,402	33,977	3,722	448,758
KR Mosiane	216,450	45,453	72,150	23,709	3,000	360,762
MA Makgokgowa	288,600	45,453	-	8,434	2,992	345,479
BS Maleka	174,843	27,527	-	3,163	1,803	207,336
	10,055,644	**1,665,409**	**2,294,436**	**1,143,310**	**128,600**	**15,287,399**

45. Change in estimate

Intangible assets

Ramotshere Moiloa Local Municipality had decided to extend the remaining useful life (RUL) of assets who are still in use and will be reaching the end of their Expected Useful Life in 2024/25. Further investigation confirmed that the condition of the assets is also very poor and as such an additional 12mnts (1yr) service estimate has been provided based on their condition and service potential.

The effect of the change is as follows:

Decrease depreciation of Infrastructure from R 1 383 902 to R905 530 with a net decrease of R478 373
Decrease depreciation of Land and Buildings from R583 682 to R370 351 with a net decrease of R213 331
Decrease depreciation of Computer equipment from R93 to R33 with a net decrease of R60
Decrease depreciation of Motor vehicles from R9 875 to R3 215 with a net decrease of R6 660
Decrease depreciation of Office equipment from R55 114 to R26 107 with a net decrease of R29 007
Decrease depreciation of Other assets from R20 037 to R9 491 with a net decrease of R10 546
Decrease depreciation of Plant and machinery from R558 to R264 with a net decrease of R294

The change has been accounted for prospectively.

46. Prior-year adjustments

Prior period errors were identified during the current year and corrected in line with GRAP 3 - Accounting Policies, Changes in Accounting Policies and Errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassification of comparatives had on the amounts disclosed in the annual financial statements, followed by a description of each of the individual prior period error with the amounts involved.

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		2,829,960	3,326,838	6,156,798
Receivables from non-exchange transactions		8,023,456	(2,683,778)	5,339,678
VAT receivable/payable		1,034,381	(1,050,816)	(16,435)
Consumer debtors		173,093,896	(116,715,301)	56,378,595
Cash and cash equivalents		15,233,751	(1,200,000)	14,033,751
Investment property		43,638,474	(50,000)	43,588,474
Property, plant and equipment		690,859,035	(3,780,202)	687,078,833
Payables from exchange transactions		(164,049,727)	37,496,726	(126,553,001)
Consumer deposits		(2,977,440)	1,859,034	(1,118,406)
Municipal debt relief arrangement		-	(71,188,270)	(71,188,270)
Accumulated surplus		(648,439,485)	122,179,331	(526,260,154)
		119,246,301	**(31,806,438)**	**87,439,863**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Licences and permits		(6,582,271)	3,567,359	(3,014,912)
Municipal debt relief revenue		-	(16,712,899)	(16,712,899)
Fines, Penalties and Forfeits		(13,637,547)	10,245,797	(3,391,750)
Employee related costs		166,004,552	(285,381)	165,719,171
Depreciation and amortisation		30,640,254	51,796	30,692,050
Finance costs		18,845,579	(5,073,081)	13,772,498
Debt Impairment		25,656,163	194,059,030	219,715,193
Bulk purchases		92,006,912	(1,234,416)	90,772,496
(Gain)/Loss on disposal of assets and liabilities		(859,776)	859,776	-
Surplus for the year		**312,073,866**	**185,477,981**	**497,551,847**

46.01 Receivables from exchange transactions

In the prior year, a receivable vote in the accounting system was erroneously classified to revenue, as licence and permits in the Statement of Financial performance.

Third-pary vendors receivable arising from the sale of prepaid electricity were overstated in the prior financial year. The correction included restatements from eeceivables from non-exchange transactions.

Assets arising from insurance paid in advance were overstated by R51,749 in the prior financial year.

Amounts receivable arising from the sale of land to the value of R4,600,000 transferred to the customer in the 2020 financial year were not recognised in the books of the municipality. Receivables to this effect have been recognised, and the responding decrease of VAT reveivable amounting to R600,000 has been recognised.

These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

Statement of Financial Position		
Decrease in Receivables from non-exchange transactions - Sundry debtors	-	(700,000)
Decrease in Receivables from exchange transactions - Third party vendors	-	(2,460,110)
Increase in Accumuated surplus	-	(3,904,684)
Decrease in VAT receivable	-	(1,050,816)
Decrease in Receivables from exchange transactions - Prepayments	-	(51,749)
Increase in Receivables from exchange transactions - Other receivables	-	4,600,000
Statement of Financial Performance		
Decrease in Licence and permits	-	3,567,359
	-	-

46.02 Receivables from non-exchange transactions

In the prior year, revenue earned from traffic fines was recognised at R3,053,000, however, as per the fines register, the revenue earned amounted to R3,391,750. As such, revenue was understated by R338,750.

Additionally, According to circular 20 of 2006 of the Magistrates' Courts Judiciary, warrants of arrest issued in terms of section 56(5) of the Criminal Procedure Act, No. 51 of 1977 in respect of traffic offences have a life span of two (2) years from the date of issue thereof. As such, the fines register records that unpaid traffic fines from 1 July 2022 to 30 June 2024 amounted to R5,299,800. The receivables amount has been restated accordingly.

The correction included restatements from eeceivables from exchange transactions.

Statement of Financial Position		
Decrease in Receivables from non-exchange transactions - Fines	-	(745,082)
Decrease in Accumuated surplus	-	1,083,832
Statement of Financial Performance		
Increase in Fines, Penalties and Forfeits	-	(338,750)
	-	-

46.03 Unauthorised expenditure

In the prior year, unauthorised expenditure was misclassified and inappropriatly calculated, leading to the Auditor General expressing a limitation on the appriopriateness of disclosures from the 2019 financial year. As such, unauthorised expenditure has been reassessed for disclosure, leading to a restatement of the opening balance to R395,812,675. Moreover, in the current year, council resolved to authorise expenditure in excess of the budget incurred in the 2024 financial year amounting to R46,759,691. The cummulative effect of the error correction is a decrease on the balance of unauthorised expenditure amounting to R45,303,031.

46.04 Contingencies

During the prior year it was noted that contingent liability was overstated with the following matters which were incorrectly disclosed as contingencies due to the reasons noted below:

Ivan John Kleynhans & SA Kleynhans t/a Tapologo Lodge // RMLM Court: Zeerust Mag Court:
The matter is an ongoing litigation, however, does not meet the definition of a contingent liability as there is no claimed amount.

Delanie Bezuidenhout // RMLM:
The matter has been finalised and resolved through payment to the plaintiff.

Dominus consulting (PTY) // RMLM:
The matter has been successfully defended, as such, no longer meets the definition of a contingency.

Additionally, the matter was not disclosed as contingent liability, the matter however bears no financial implications.

FAIZOONISHA KESAM (PREVIOUSLY RAJAN) / RMLM:

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

46.05 Employee related costs - Overtime and Standby allowance

In the prior year, overtime and standby allowances were misstated due to cutt-off errors in recognition of overtime and standby worked by employees in the prior and preceeding periods. The municipality has reassessed overtime and standby records and made adjustments to correct misstatements as follows:

Statement of Financial Position		
Decrease in Accumuated surplus	-	1,443,918
Increase in Payables from exchange transactions - Net clearing salary	-	(1,158,537)
Statement of Financial Performance		
Decrease in Employee related costs - Overtime payments	-	(438,810)
Increase in Employee related costs - Standby allowance	-	153,429
	-	-

46.06 Commitments

Due to inaccurate record keeping, commitments were understated by R11,561,571 in the prior year relating to consultant fees, as well as a reduction of contractors fees. The adjusted value of commitments was restated to R89,075,049

46.07 Consumer deposits

The consumer deposits balance in the prior year included a take-on balance from the 2016/17 financial year amounting to R1,859,033. This balance could not be substantiated, as such, has been written off of the books of the municipality as follows:

Statement of Financial Position		
Decrease in Consumer deposits - Electricity	-	954,736
Increase in Consumer deposits - Water	-	904,297
Increase in Accumuated surplus	-	(1,859,033)
	-	-

46.08 Irregular expenditure

The balance disclosed in the prior year for irregular expenditure was incorrect due to various misstatements and limitations identified. In resolution of these errors, the balance as at the end of the 2024 financial year was restated to R403,385,345.

46.09 Property, plant and equipment

The opening balance of property, plant and equipment and investment property were adjusted due to reassessment of carrying values of various assets. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in Investment property	-	(50,000)
Increase in Property, plant and equipment - IT equipment	-	10,425
Increase in Property, plant and equipment - Buildings	-	224,419
Increase in Property, plant and equipment - Plant and machinery	-	75
Decrease in Property, plant and equipment - Infrastructure	-	(8,639)
Increase in Property, plant and equipment - Other assets	-	19
Decrease in Property, plant and equipment - Community	-	(4,006,544)
Increase in Property, plant and equipment - Motor vehicles	-	32
Increase in Property, plant and equipment - Office equipment	-	8
Increase in Property, plant and equipment - Furniture and fixtures	-	2
Statement of Financial Performance		
Increase in (Gain)/Loss on disposal of assets and liabilities	-	(395,776)
Increase in Depreciation and amortisation - Property, plant and equipment	-	4,225,979
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

46.10 Consumer debtors

In prior years, the balances of consumer debtors were misstated due to inaccurate billing, settlement of accounts, and misclassifications. The municipality therefore revisited the entire population for consumer debtors, ensuring that customers were billed at appropriate rates, and that where applicable, outstanding balances were assessed for impairment, per methodology applied in line with GRAP 104. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Increase in Accumulated surplus	-	(24,473,854)
Increase in Consumer debtors - Rates : Gross	-	345,302,022
Increase in Consumer debtors - Rates : Accumulated impairment	-	(139,349,100)
Decrease in Consumer debtors - Electricity : Gross	-	(438,891,295)
Decrease in Consumer debtors - Electricity : Accumulated impairment	-	3,949,211
Decrease in Consumer debtors - Water : Gross	-	(144,933,241)
Increase in Consumer debtors - Water : Accumulated impairment	-	(17,397,252)
Decrease in Consumer debtors - Sewerage and sanitation : Gross	-	(21,130,041)
Increase in Consumer debtors - Sewerage and sanitation : Accumulated impairment	-	(15,922,800)
Decrease in Consumer debtors - Refuse : Gross	-	(58,625,799)
Increase in Consumer debtors - Refuse : Accumulated impairment	-	(25,339,084)
Increase in Consumer debtors - Other services	-	387,721,058
Increase in Payables from exchange transactions - Debtors in credit	-	(44,968,856)
Statement of Financial Performance		
Increase in Debt Impairment	-	194,059,031
	-	-

46.11 Cash and cash equivalents

In the prior year, cash on hand was overstated as a result of incorrect reconciliation of POS control accounts to cash banked. This error has been corrected and the opening balance was adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in Accumulated surplus	-	1,200,000
Decrease in Cash and cash equivalents	-	(1,200,000)
	-	-

46.12 Municipal debt relief arrangement

Eskom confirmed the municipality’s debt that is the subject of the debt relief is R87 901 169.90 as of 31 March 2023. The adjustments to correct the amortisation of the arrangement were processed as follows:

Statement of Financial Position		
Decrease in Finance costs - Trade and other payables	-	(10,584,547)
Decrease in Fines, Penalties and Forfeits - Eskom interest Write-off - Eskom Municipal Debt write-off	-	10,584,547
Increase in Municipal debt relief revenue	-	(20,785,011)
Statement of Financial Performance		
Decrease in Payables from exchange transactions - Trade payables	-	87,901,170
Decrease in Municipal debt relief arrangement - Non-Current Portion	-	(47,649,822)
Decrease in Municipal debt relief arrangement - Current Portion	-	(19,466,337)
	-	-

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

46.13 Payables from exchange transactions

In the previous year, invoices from Eskom were recorded in the incorrect period, leading to an incorrect recognition of accruals. This error has been corrected and the opening balance was adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in Payables from exchange transactions - Purchase Accrual	-	1,234,416
Statement of Financial Performance		
Decrease in Bulk Purchases	-	(1,234,416)
	-	**-**

46.14 Accounting by Principal Agent

In the prior year, a receivable vote in the accounting system was erroneously classified to revenue as licence and permits in the statement of financial performance. Therefore Accounting by principal agent disclosure was restated with the amount of R3,567,359. Refer to Note 44.01 of the AFS for detailed movement.

These errors have been corrected and the disclosures were adjusted in the effect thereof.

47. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the municipality’s financial performance.

Financial instruments carried at fair value at the end of the reporting period are further characterised by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

47. Risk management (continued)

Liquidity risk

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

Liabilities are managed by ensuring that contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Financial liabilities that the municipality is exposed to are as follows:

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	358,717	212,845	367,780
Payables from exchange transactions - at amortised cost	141,802,556	-	-
Consumer deposits - at amortised cost	1,365,259	-	-
Municipal debt relief arrangement - at amortised cost	22,240,438	37,387,405	-
	165,766,970	**37,600,250**	**367,780**

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	396,022	358,717	552,448
Payables from exchange transactions - at amortised cost	126,553,001	-	-
Consumer deposits - at amortised cost	1,118,407	-	-
Municipal debt relief arrangement - at amortised cost	11,580,429	59,607,841	-
	139,647,859	**59,966,558**	**552,448**

47. Risk management (continued)

Credit risk

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

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. The objectives, policies and processes for managing and measuring the Entity's risk during the year in review have remained stable. The Entity's strategy for managing risk is inherent in its credit control and debt collection as well as tariff policy measures, which include encouraging residents to install prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Interest is charged on outstanding amounts. Receivables are provided for based on estimated irrecoverable amounts, as explained in the accounting policy. Additional information relating to the analysis of receivables is given in notes 12,13,15.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing, which can lead to a renegotiated fine.

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

Financial instrument	2025	2024
Receivables from exchange transactions - at amortised cost	12,568,656	6,156,799
Receivables from non-exchange transactions - at amortised cost	8,666,478	5,339,678
Consumer debtors - at amortised cost	56,756,287	56,378,595
Cash and cash equivalents - at amortised cost	8,758,971	14,033,751

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Risk management (continued)

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from short term deposits. Short term deposits issued at variable rates expose the municipality to cash flow interest rate risk. On the other hand, short term deposits issued at fixed rates expose the municipality to fair value interest rate risk. As at 30 June 2025 and 30 June 2024, the municipality's deposits and bank balances at fixed rate were denominated in the Rand.

Bank		
Bank FNB BANK - 62200495960 (B)	154,994	423,896
FNB BANK - 62224998023 (B)	227,634	795,881
FNB BANK - 54351140693 (B)	374,801	983,168
FNB BANK - 62063144431 (B)	1,985,878	4,673,602
ABSA 20-5825-7453 (B)	66,779	61,246
ABSA 93 0488 7397 (B)	78,661	73,636
ABSA 93 0779 6777 (B)	370,361	346,729
FNB 62689530775 (B)	258,347	735,807
FNB 62738773151 (B)	2,426,725	1,495,745
FNB 62738772418 (B)	1,015,487	4,040,577
FNB 62738773614 (B)	1,691,990	109,455
	8,651,657	**13,739,742**

Finance costs		
Finance costs - Trade payables	7,071,864	4,051,345

Finance income		
Finance income - Cash and cash equivalents	3,544,816	4,187,548

48. Going concern

The annual financial statements have been prepared on the going concern basis. Management has carefully assessed the municipality's ability to continue operating for the foreseeable future. The Statement of Financial Position of the municipality shows that the municipality is experiencing liquidity pressures, as evidenced by total liabilities exceeding total assets as at the reporting date. The municipality is therefore in a net current liability position. Despite this, the municipality has accumulated surpluses of over R500 million.

Management continuously monitors the budget and adjusts the budget every year in line with the operational requirements. This allows management to control costs and to implement revenue-enhancement strategies.

Based on the above considerations, the Accounting Officer is satisfied that the municipality will continue to operate as a going concern and that the annual financial statements can be prepared on that basis. 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. There are also no plans to liquidate or significantly curtail the operations of the municipality within the foresseable future.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Events after the reporting date

The National Treasury issued a formal instruction to Eskom to write off one-third of the Municipality's outstanding Eskom debt, amounting to R29,030,390. The approval follows the Municipality's participation in the national municipal debt-relief programme and the confirmation that the Municipality achieved 79% compliance with the conditions of the first debt-relief cycle, in line with the requirements of MFMA Circular No. 124. The write-off relates to the historical Eskom liability of R87,901,170 as assessed at 31 March 2023, adjusted for prior payment arrangements. Eskom was required to process the debt write-off in its financial system within 30 days and align the Municipality's Eskom statements and invoices within two months of the instruction (within two months from 23 June 2025). Eskom confirmed the write off of R29,030,390 subsequent to year end.

50. Unauthorised expenditure

Opening balance as previously reported	383,509,459	394,356,015
Prior period error	-	(57,606,247)
Add: Unauthorised expenditure - current	82,769,377	46,759,691
Less: Amount authorised - prior period	(46,759,691)	-
Closing balance	**419,519,145**	**383,509,459**

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

Non-cash	-	26,103,510
Cash	82,769,377	20,656,181
	82,769,377	**46,759,691**

Analysed as follows: cash

Property plant and equipment	-	13,949,629
Operating expenditure	82,769,377	32,810,062
	82,769,377	**46,759,691**

Unauthorised expenditure: Budget overspending – per municipal department:

Executive and Council	-	1,884,446
Finance and Administration	82,769,377	1,303,708
Community and Social Services	-	41,960,339
Planning and Development	-	1,611,197
	82,769,377	**46,759,690**

Recoverability of unuathorised expenditure

In the 2025 financial year, council resolved to authorise expenditure in excess of the budget incurred in the 2024 financial year amounting to R46,759,691.

51. Fruitless and wasteful expenditure

Opening balance as previously reported	42,373,716	42,232,197
Add: Fruitless and wasteful expenditure identified - current	8,911	141,519
Closing balance	**42,382,627**	**42,373,716**

Fruitless and wasteful expenditure is presented inclusive of VAT

Notes to the Annual Financial Statements

Figures in Rand		2025	2024

51. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest and penalties on late payment	No consequence management followed	8,911	141,519

Wavering of Interest Charged on Eskom Account

On the 01 December 2023, National Treasury approved the Municipality's application for debt relief in terms of MFMA Circular 134. As per the above mentioned Circular, the interest waived is regarded as revenue from a non-exchange transaction for the reporting entity.

Derecogntion of interest charged on Eskom Account from Fruitless and Wasteful expenditure amounted to R10,584,547 in the 2024 financial year, and R1,295,264 in the 2025 financial year.

52. Irregular expenditure

Opening balance as previously reported	469,424,459	422,584,146
Add: Irregular expenditure - current	2,001,056	4,282,563
Add: Irregular expenditure - prior period	-	42,557,750
Closing balance	**471,425,515**	**469,424,459**

Cases under investigation

Municipal Supply Chain Management Policies or By-laws	2,001,056	4,282,563

Figures in Rand	2025	2024

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,804,269	1,959,234
Amount paid - current year	(1,804,269)	(1,959,234)
	-	-

Audit fees

Opening balance	145,014	-
Current year subscription / fee	9,105,109	6,882,325
Amount paid - current year	(9,033,774)	(6,737,311)
	216,349	**145,014**

PAYE, UIF and SDL

Opening balance	-	2,214,666
Current year subscription / fee	31,247,069	29,887,910
Amount paid - current year	(31,247,069)	(32,102,576)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	3,578,577
Current year subscription / fee	47,432,895	44,148,577
Amount paid - current year	(47,432,895)	(47,727,154)
	-	-

VAT

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

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

Councillors' arrear consumer accounts

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

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor LP Leshufi	487	-	487
Councillor AN Thale	2,414	49,378	51,792
Councillor MI Moarabi	-	(4,819)	(4,819)
	2,901	**44,559**	**47,460**

54. 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.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

	Number of deviations in 2025	**Number of deviations in 2024**	**Amount in 2025**	**Amount in 2024**
Emergency	21	10	1,874,032	650,751
Sole supplier	1	11	3,743	292,973
Impractical	1	20	6,670	571,939
Urgent	-	1	-	288,600
	23	**42**	**1,884,445**	**1,804,263**

Reason	Date	Supplier	Description	2025
Service of Komatsu Grader by the dealer	16/09/2024	KOMATSU SOUTH AFRICA	Impractical	6,670
Supply and fit service kit KRD480NW	16/09/2024	ZEE TOY AUTO CC TA ZEERUST TOYOTA	Sole supplier	3,743
Supply and fit service kit, KRD480NW	29/10/2024	ZEE TOY AUTO CC TA ZEERUST TOYOTA	Emergency	6,017
Caliberation of the equipment at the vehicle testing station.	15/11/2024	WORKSHOP ELECTRONICS	Emergency	14,000
Appointed service provider for assesment of directors before appointment	27/11/2024	GIJIMA HOLDING PTY LTD	Emergency	28,800
Repairs on the lift by the maufacturer of the lift	12/12/2024	OTIS PROPRIETARY LIMITED	Emergency	106,502
Installation of wifi by the current internet service provider to improve access to technology for staff members	12/12/2024	HEROTEL BUSINESS PTY LTD	Emergency	63,883
Payment of legal costs	06/02/2025	A G MASHELE SHERIFF-ZEERUSTLEHURUTSHE	Emergency	80,980
Profiling of mayors foreword	06/02/2025	NTSAE MEDIA	Emergency	158,231
40 000km service and labour	14/02/2025	M S E AUTO TA WESTVAAL LICHTENBURG	Emergency	15,958
Installation of arms on the truck at the manufacturer	25/02/2025	Zoeller Waste Trucks	Emergency	259,038
Caliberation and repairs of the speed machines	20/02/2025	TRUVELO AFRICA ELECTRONICS DIVISIN	Emergency	12,310
Approval for a slot at a radio	28/02/2025	BOKONE - BOPHIRIMA FM NPO	Emergency	23,500
Payment of insurance excess fee	14/01/2025	MARICO PANEELKLOPPERS	Emergency	10,000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Deviation from supply chain management regulations (continued)

Gearbox repairs, wiring and clear faults	02/04/2025	NANA MOTORS	Emergency	29,500
Caliberation and repairs of the speed machines	02/04/2025	TRUVELO AFRICA ELECTRONICS DIVISIN	Emergency	2,517
Caliberation of the equipment at the vehicle testing station	22/04/2025	WORKSHOP ELECTRONICS	Emergency	25,636
Advertisement of IDP on the Local News paper. The community can acceses the newspaper for free In tribal offices and the municipality	15/05/2025	NTSAE MEDIA	Emergency	65,000
Payment of insurance excess fee	05/06/2025	GERMAN MOTORS ta HEAVY FEATHER TRADING 12	Emergency	7,769
Procurement of Team-Mate software for internal audit	19/06/2025	WOLTERS KLUWER	Emergency	680,034
Backup Generator for Rietpoort	03/06/2025	MASAKA A MANTLE TRADING	Emergency	207,950
Urgent hiring of Water tankers for khunotswane during the disaster of floods. Tankers were used to remove water from the village	25/06/2025	LUZ TRADING & PROJECTS	Emergency	49,500
Urgent hiring of Water tankers for khunotswane during the disaster of floods. Tankers were used to remove water from the village	25/06/2025	MOREDI TRADING AND PROJECTS	Emergency	26,910
				1,884,448

Reason	Date	Supplier	Description	2024
Procurement of 25 kg heavy duty rope for borehole pumps.	12/07/2023	NWK Beperk	Emergency	4,520
Repairs on HNC613NW Toyota corolla. Other parts and services were needed when an engine was fitted in the vehicle	15/09/2023	Nana Motors	Impractical	7,271
Repairs on JNW 204 NW. Other parts and services were needed when an engine was fitted in the vehicle	15/09/2023	Nana Motors	Impractical	35,500
The front-end loader needed parts after strip and quote to replace bucket tooth washers' bolts nuts and shims.	01/07/2023	Babcock Equipment	Impractical	9,721
Training on speed machines	10/08/2023	Truvelo	Sole supplier	29,750
Strip, quote and repair Toyota Hilux HMZ 494 NW	26/07/2023	Nana Motors	Impractical	14,400
TLB hire for digging of seven graves in zeerust	05/07/2023	Serokolo construction	Emergency	29,750
Renewal of ARCGIS licence	10/08/2023	Esri South Africa	Sole supplier	89,710
Calibration of speed machines	20/10/2023	Truvelo Africa Electronics Division (Pty) Ltd	Sole supplier	12,310
Accomodation for officials to participate on sports at Durban.	22/09/2023	Bra Clay	Urgent	288,600
The brake Cylinder is not functional Nissan refuse truck JNW 204 NW.	19/12/2023	Nana Motors	Impractical	26,410
Advertisement for appointement of Senior Managers	12/12/2023	Basadzi Media and personnel (Pty) Ltd	Impractical	65,168
Fuel pump not functional HMZ 507NW and radiator not operational and needed to be replaced for FTS 899 NW	18/12/2023	Nana Motors	Impractical	13,150

Notes to the Annual Financial Statements

Figures in Rand			2025	2024

54. Deviation from supply chain management regulations (continued)

Repair Bulldozer	07/11/2023	Piet Lister Trading	Impractical	76,000
TLB Hire to repair electrical fault.	17/11/2023	J CAT Plant Hire	Emergency	4,600
Repair electrical fault and supply of electrical material	02/11/2023	Botlhale re boneilwe Trading	Emergency	42,550
Repair electrical fault and supply of electrical material	26/10/2023	Botlhale re boneilwe Trading	Emergency	208,000
Pauper burial Thekiso Tuna bettie	15/10/2023	Ke Batho Botlhe Funeral Parlour	Impractical	2,500
Pauper burial	18/10/2023	Ke Batho Botlhe Funeral Parlour	Impractical	8,500
Repair electrical fault and supply of electrical material	31/10/2023	HJC Naude t/a HJC Electries	Emergency	32,488
Front and rear brakes were not functional refuse truck JNW 204 NW	18/10/2023	Nana Motors	Impractical	15,750
Repair of fuel tank for JMF 138 NW	19/12/2023	Nana Motors	Impractical	5,750
Repair the valve regulator and suction control for NP 300 JMF 138 NW	28/11/2023	Nana Motors	Impractical	10,105
TLB Hire for sewer spillage	19/12/2023	Taurus B Trading	Emergency	15,600
Pauper burial	24/01/2024	Ke Batho Botlhe Funeral Parlour	Impractical	2,500
Caliberation of Equipment	26/02/2024	Workshop Electronics	Sole supplier	25,556
Excess fee	06/03/2024	German motors	Sole supplier	8,525
Close specialised Training	01/03/2024	Ipeleng risk management services	Sole supplier	52,000
Drivers license score sheet books	08/01/2024	Variprint systems	Sole supplier	26,047
Purchasing of Cold Asphalt	15/02/2024	Carboncor	Emergency	190,900
Repair and service of aircorns in the server room	06/02/2024	Quick fix	Impractical	5,600
Digging of graves in Groot Marico	06/02/2024	Nombokotho Trading and enterprise	Emergency	20,000
Repair and service of aircorns in the chamber, director corp and sec office of the speaker	08/02/2024	Quick fix	Impractical	24,500
Puper Burial of Tebogo Victoria Phiri	02/01/2024	Ke Batho Botlhe Funeral Parlour	Impractical	2,500
Legal fees	01/02/2024	Motshabi and Associates	Emergency	102,344
Repairs at vehicle testing station	29/05/2024	Workshop Electronics	Sole supplier	5,569
Drivers licence test and score sheets books	15/05/2024	Variprint system	Sole supplier	26,047
Repair a bulldozer	23/05/2024	Piet Lister Trading	Impractical	75,500
Service crane truck	02/05/2024	Palfinger Southern Africa	Impractical	142,115
Caliberation of speed machine	06/06/2024	Truvelo	Sole supplier	14,587
Repair a bulldozer	16/06/2024	Piet Lister Trading	Impractical	29,000
	09/05/2024	Lexis Nexis	Sole supplier	2,874
				1,804,267

55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of five major functional areas: Executive and Council, Finance and Administration, Community and Social Services, Planning and Development, Technical Department. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

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.

55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Revenue						
Service charges	-	-	-	-	(126,768,783)	(126,768,783)
Licences and permits	-	-	(2,452,815)	(45,279)	-	(2,498,094)
Connections and disconnections	-	-	-	-	(466,568)	(466,568)
Rental income	-	(88,543)	-	(400)	(18,807)	(107,750)
Sundry Income	-	(7,282,711)	(49,733)	(100,761)	(41,712)	(7,474,917)
Sale of Land	-	(27,956)	-	(7,974)	-	(35,930)
Interest received	-	(3,658,060)	-	-	-	(3,658,060)
Property rates	-	(78,613,555)	-	-	-	(78,613,555)
Government grants & subsidies	(49,612,968)	(40,163,485)	(62,463,051)	(19,109,017)	(132,711,533)	(304,060,054)
Fines, Penalties and Forfeits	-	-	(6,183,330)	-	-	(6,183,330)
Total segment revenue	**(49,612,968)**	**(129,834,310)**	**(71,148,929)**	**(19,263,431)**	**(260,007,403)**	**(529,867,041)**
Entity's revenue						**(529,867,041)**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Expenditure						
Employee related costs	14,097,404	50,917,844	42,670,478	12,054,967	53,871,314	173,612,007
Remuneration of councillors	15,207,701	-	-	-	-	15,207,701
Depreciation and amortisation	-	27,990,734	757,431	-	1,760,035	30,508,200
Finance costs	-	7,150,466	-	5,570,053	6,164,670	18,885,189
Lease rentals on operating lease	-	1,488,593	-	-	120,000	1,608,593
Debt Impairment	-	66,234,194	1,303,746	-	-	67,537,940
Repairs and maintenance	-	538,802	410,162	-	2,938,960	3,887,924
Bulk purchases	-	-	-	-	98,721,249	98,721,249
Contracted services	-	349,962	14,217,939	-	-	14,567,901
(Gain)/Loss on disposal of assets and liabilities	-	7,995,987	-	-	-	7,995,987
General expenses	11,498,724	72,909,046	2,089,436	2,987,244	2,065,413	91,549,863
Reversals of impairments	-	2,135,474	-	-	-	2,135,474
Actuarial gains/losses	-	175,975	-	344,779	-	520,754
Total segment expenditure	**40,803,829**	**237,887,077**	**61,449,192**	**20,957,043**	**165,641,641**	**526,738,782**
Total segmental surplus/(deficit)	**(8,809,139)**	**108,052,767**	**(9,699,737)**	**1,693,612**	**(94,365,762)**	**(3,128,259)**
Assets						
Inventories	-	22,878,994	(13,036)	-	(11,322,709)	11,543,249
Receivables from exchange transactions	-	12,384,531	184,125	-	-	12,568,656
Receivables from non-exchange transactions	-	8,666,478	-	-	-	8,666,478
Consumer debtors	-	56,756,287	-	-	-	56,756,287
Cash and cash equivalents	-	8,758,971	-	-	-	8,758,971
Investment property	-	42,071,024	-	-	-	42,071,024
Property, plant and equipment	343,719	139,637,210	72,081,497	204,745	490,426,917	702,694,088
Intangible assets	-	7,560	-	-	-	7,560
Heritage assets	-	404,550	-	-	-	404,550
Total segment assets	**343,719**	**291,565,605**	**72,252,586**	**204,745**	**479,104,208**	**843,470,863**
Total assets as per Statement of financial Position						**843,470,863**

55. Segment information (continued)

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Liabilities						
Other financial liabilities	-	(939,342)	-	-	-	(939,342)
Payables from exchange transactions	-	(137,879,701)	-	-	(3,922,855)	(141,802,556)
Consumer deposits	-	(1,365,259)	-	-	-	(1,365,259)
VAT payable	-	(2,514,575)	-	-	-	(2,514,575)
Employee benefit obligation	-	(55,292,624)	-	-	-	(55,292,624)
Provisions	-	(46,584,146)	-	(5,976,100)	-	(52,560,246)
Municipal debt relief arrangement	-	(59,607,843)	-	-	-	(59,607,843)
Total segment liabilities	**-**	**(304,183,490)**	**-**	**(5,976,100)**	**(3,922,855)**	**(314,082,445)**
Total liabilities as per Statement of financial Position						**(314,082,445)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

55. Segment information (continued)

2024

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Revenue						
Service charges	-	(29,992,762)	-	-	(75,624,557)	(105,617,319)
Licences and permits	-	-	(3,014,912)	-	-	(3,014,912)
Connections and disconnections	-	-	-	-	(300,255)	(300,255)
Rental income	-	-	(16,570)	(79,253)	(8,770)	(104,593)
Sundry Income	-	(101,190)	(314,299)	(165,269)	(74,934)	(655,692)
Sale of Land	-	-	-	(72,103)	-	(72,103)
Interest received	-	-	-	(5,649,027)	-	(5,649,027)
Property rates	-	-	-	(63,118,933)	-	(63,118,933)
Government grants & subsidies	(16,055,624)	(53,154,286)	(45,609,599)	(5,334,169)	(156,532,003)	(276,685,681)
Public contributions and donations	-	-	-	-	(7,221,765)	(7,221,765)
Municipal debt relief revenue	-	(16,712,899)	-	-	-	(16,712,899)
Fines, Penalties and Forfeits	-	-	(3,391,750)	-	-	(3,391,750)
Total segment revenue	**(16,055,624)**	**(99,961,137)**	**(52,347,130)**	**(74,418,754)**	**(239,762,284)**	**(482,544,929)**
Entity's revenue						**(482,544,929)**

55. Segment information (continued)

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Expenditure						
Employee related costs	18,820,398	44,521,763	33,453,806	7,418,982	61,504,221	165,719,170
Remuneration of councillors	15,288,683	-	-	-	-	15,288,683
Depreciation and amortisation	-	6,785,566	5,057,570	18,848,914	-	30,692,050
Finance costs	-	4,192,865	-	4,138,634	5,441,000	13,772,499
Lease rentals on operating lease	-	1,257,072	-	-	120,000	1,377,072
Reversals of impairment	-	4,174,184	-	-	-	4,174,184
Debt Impairment	-	219,715,193	-	-	-	219,715,193
Repairs and maintenance	-	153,609	141,535	-	2,032,343	2,327,487
Bulk purchases	-	-	-	-	90,772,496	90,772,496
Contracted services	-	363,517	14,542,061	-	-	14,905,578
(Gain)/Loss on disposal of assets and liabilities	-	-	(1,255,552)	-	-	(1,255,552)
General expenses	10,518,863	53,890,863	4,213,348	951,210	12,143,581	81,717,865
Actuarial valuation movement	-	(2,286,671)	-	2,403,260	-	116,589
Total segment expenditure	**44,627,944**	**332,767,961**	**56,152,768**	**33,761,000**	**172,013,641**	**639,323,314**
Total segmental surplus/(deficit)	**28,572,320**	**232,806,824**	**3,805,638**	**(40,657,754)**	**(67,748,643)**	**156,778,385**
Assets						
Inventories	-	8,916,370	-	-	-	8,916,370
Receivables from exchange transactions	-	6,156,798	-	-	-	6,156,798
Receivables from non-exchange transactions	-	5,339,678	-	-	-	5,339,678
VAT receivable	-	(16,435)	-	-	-	(16,435)
Consumer debtors	-	56,378,595	-	-	-	56,378,595
Cash and cash equivalents	-	14,033,752	-	-	-	14,033,752
Investment property	-	43,588,474	-	-	-	43,588,474
Property, plant and equipment	313,913	167,886,310	72,434,310	204,745	446,239,556	687,078,834
Intangible assets	-	15,121	-	-	-	15,121
Heritage assets	-	404,550	-	-	-	404,550
Total segment assets	**313,913**	**302,703,213**	**72,434,310**	**204,745**	**446,239,556**	**821,895,737**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Total assets as per Statement of financial Position						**821,895,737**
Liabilities						
Other financial liabilities	-	(1,307,187)	-	-	-	(1,307,187)
Payables from exchange transactions	-	(126,553,001)	-	-	-	(126,553,001)
Consumer deposits	-	(1,118,406)	-	-	-	(1,118,406)
Employee benefit obligation	-	(48,818,353)	-	-	-	(48,818,353)
Provisions	-	(46,650,363)	-	-	-	(46,650,363)
Municipal debt relief arrangement	-	(71,188,270)	-	-	-	(71,188,270)
Total segment liabilities	**-**	**(295,635,580)**	**-**	**-**	**-**	**(295,635,580)**
Total liabilities as per Statement of financial Position						**(295,635,580)**

Figures in Rand	2025	2024

56. Budget differences

Material differences between budget and actual amounts

56.01 Service charges

Services charges were budgeted with the anticipaiton of increased revenue from new residential settlements and increased commercial property, as a result of increased economic activity and growth. This growth did not occur as anticipated.

56.02 Licences and permits

Licences and permits were budgeted with the anticipaiton of increased revenue from licencing services provided to the community.

56.03 Rental income

Rental income received exceeded budgeted amount due to improved revenue and debt management controls.

56.04 Connections and disconnections

Income from connections and disconnections was budgeted for under sundry income, as part of anxillary services.

56.05 Sundry Income

Sundry income was budgeted with the anticipaiton of increased revenue from anxillary services provided to the community in pursuit of improved service delivery.

56.06 Sale of land

The sale of land proceeds were not budgeted for as the municipality did not anticipate any sale of land in the current financial year.

56.07 Interest received

Lower than expected interest revenue is due to lower than expected balances of interest earning short term investments held by the municipality, as well as interest forgone on consumer debtors written off.

56.08 Government grants

The actual grant income is more than the budgeted amount. This is due to additional MIG and EPWP grants that were received in the current year that were not budgeted for.

56.09 Employee related costs - remuneration of councillors

The remuneration of councillors actual amount is more than the budgeted amount. This is due to overspending on these costs than anticipated, as well as unmonitored overtime.

56.10 Depreciation and amortisation

Lower than expected depreciation and amortisation is due to the effect of disposals, changes in estimates, and lower than expected capitalisation of municipal assets.

56.11 Impairment loss

Lower than expected depreciation and amortisation is due to the effect of disposals, changes in estimates, and lower than expected capitalisation of municipal assets.

56.12 Finance costs

Increased finance costs are as a result of the incorporation of interest incurred on the amortisation of the municipal debt relief arrangement, which was not budgeted for.

Figures in Rand	2025	2024

56. Budget differences (continued)

56.13 Lease rentals on operating leases

The budgeted costs on lease rentals is allocated to contracted services for budgeting purposes, hence the variance.

56.14 Debt impairment

Lower than expected debt impairment is as a result of improved customer management and collection controls.

56.15 Repairs and maintenance

Lower than expected repairs and maintenance costs are as a result of improved expenditure and asset management controls.

56.16 Bulk purchases

Lower than expected bulk purchases are as a result of cash constraints faced by the municipality, and cost containment measures.

56.17 Contracted services

Lower than expected procurement contracted services are as a result of cash constraints faced by the municipality.

56.18 General expenses

Lower than expected operational expenditure is as a result of cash constraints faced by the municipality, as well as and cost containment measures.

56.19 Loss on disposal of assets and liabilities

Loss on disposal of assets and liabilities are non-cash movement not budgeted for by the municipality..

56.20 Actuarial gains/losses

Actuarial gains/losses are non-cash movement arising from third-party provisions not budgeted for by the municipality.

56.21 Inventories

Higer than expected balance of inventories are as a result of increased inventories on hand.

56.22 Receivables from exchange transactions

The balance of receivables was budgeted inclusive of consumer debtors (provision of exchange services) at unimpaired debt values.

56.23 Statutory receivables

The balance of statutory receivables was budgeted inclusive of rates and fines at unimpaired debt values.

56.24 Receivables from non-exchange transactions

The balance of receivables was not budgeted for as the municipality did not anticipate any movements in these balances

56.25 VAT receivable

Net VAT receivable is less than the budgeted amount. This is due less spending by the municipality on contracted services and general expenses in the current financial year.

56.26 Consumer debtors

Consumer debtors were budgeted for under receivables from exchange, statutory receivables and non-exchange transactions.

56. Budget differences (continued)

56.27 Investment property

Due to the nature of functions and activities, the bulk of investment property was budgeted for as part of property, plant and equipment.

56.28 Intangible assets

The carrying amount of intangible assets is less than the budgeted amount as there were no procurements of assets to be capitalised as intangible assets in the current year.

56.29 Heritage assets

Due to the nature of functions and activities, the bulk of investment property heritage assets budgeted for as part of property, plant and equipment. No additions were recognised in the current year.

56.30 Other financial liabilities

The other financial liabilities liabilities budgeted balance is less than the actual balance. This is due to payments made on the other financial liabilities, resulting in a lower actual balance than anticipated.

56.31 Payables from exchange transactions

Lower than expected balance of payables is as a result of improved expenditure controls and earlier settlement of incurred liabilities.

56.32 VAT payable

The budgeted amount is more than the actual amount. The municipality budgeted for a VAT payable but ended up in a net receivable position due to less spending on general expensess and contracted services in the current financial year.

56.33 Consumer deposits

Lower balance of consumer deposits is as a result of write-off of legacy balances and unclaimed amounts.

56.34 Employee benefit obligation

Actual employee benefit obligation is more than the budgeted amount. This is as a result of the economic conditions and assumptions applied by the Actuaries.

56.35 Provisions

Actual provisions is more than the budgeted amount. This is as a result of the economic conditions and assumptions applied by the Actuaries on the estimation of rehabilitation costs to landfil sites.

56.36 Municipal debt relief arrangement

Due to the novelty of the arrangement, the municipality had not budgeted for the liabilities, income, and finance costs arising from this arrangement.

56.37 Accumulated surplus and cashflows

The movement in cashflows and accumulated surplus are as a result of the cummulative effects of all other movements in the statements of financial position and performance.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters and changes in the overall budget parameters. For details on these changes please refer to the annual report and the MBRR Adjustment Budget and Supporting Documents report.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

57. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

North West Department of Community Safety and Transport

The Department of Community Safety and Transport management entered into an agreement/contact with the local municipality for performing of the motor vehicle registration and licencing function as well as the motor vehicle renewal licences on an agency basis.

Entity as agent

	2025	2024
Revenue recognised		
North West Department of Community Safety and Transport	3,105,327	3,014,912

	2025	2024
Expenditure incurred		
North West Department of Community Safety and Transport - Employee related costs	8,608,492	13,244,793
North West Department of Community Safety and Transport - Drivers license card printing	211,483	-
	8,819,975	**13,244,793**

	2025	2024
Assets		
North West Department of Community Safety and Transport - Licences and permits	252,514	312,130

58. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.