City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	The principal activities of the City of Tshwane Metropolitan Municipality are to: • Provide democratic and accountable government to the local communities; • Ensure sustainable services delivery to communities; • Promote social and economic development; • Provide local communities equitable access to the municipal services; • Promote and undertake development in the municipality; • Promote a safe and healthy environment; and • Encourage the involvement of communities in local government affairs.
Grading of local authority	Category A Grade 10 urban municipality (demarcation code - TSH)
Chief Financial Officer	Gareth Mnisi
Accounting Officer	Johann Mettler
Legislation governing the Municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa, 1996 Local Government: Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 3 of 2016)
Entities to be consolidated at year end	Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements Housing Company Tshwane NPC (Registration nr 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2006/019396/07)

General Information

Mayoral committee	
Executive Mayor	Cllr Nasiphi Moya
Deputy Executive Mayor	Clllr Eugene Thipe Modise
Speaker	Cllr Mncedi Ndzwanana
Chief Whip	Ald Molatelo Samuel Mashola
Member of the Mayoral Committee	Cllr Mokhokela Kgope Frans Boshielo
	Cllr Kholofelo Vivian Morodi
	Cllr Tshegofatso Molefe Mashabela
	Cllr Tlangi Jina Mogale
	Cllr Veronica Palesa Modise
	Cllr Aaron Mokgale Maluleka
	Cllr Obakeng Samuel Ramabodu
	Cllr Johannes Jacobus Coetzee
	Cllr Sarah Makaoka Mabotsa
Members of the Audit Committee	Robert Cameron-Ellis (Chairperson) Percy Mongalo Lungelwa Sonqishe Suren Maharaj Natalie Skeepers
Registered office	Tshwane House 320 Madiba street Pretoria 0002
Postal address	PO Box 408 Pretoria 0001
Bankers	ABSA Bank Limited
Auditors	Auditor-General South Africa (AGSA) Registered Auditors

General Information

Other Councillors

LM, Aphane
JJ, Baloyi
JW, Barendrecht
EM, Basson
JC, Bekker
C, Billson
TS, Boikanyo
MKF, Boshielo
AS, Breytenbach
A, Breytenbach
C, Brink
BW, Chapman
HQ, Chauke
EP, Chiloane
JS, Coetze
JJ, Coetzee
GP, De Bruin
MI, De Klerk
IA, De Kock
SI, De La Rey
RK, Dibakwane
T, Dippenaar
KB, Disoloane
J, Du Plooy
IP, Du Plooy
YK, Dzumba
BHJ, Erasmus
M, Erasmus
AA, Erasmus
DJ, Farquharson
TE, Fosi
HL, Fronhlich
H, Gafane
B, Govender
RJ, Grebe
D, Harmse
WP, Helfrich
WA, Jacobs
AN, Jacobs
LD, Janse Van Rensburg
M, Joubert
ME, Kekana
F, Kgaboesele
TF, Kgatle
WN, Kgopa
KP, Kgopotso
JK, Kgosiemang
ME, Kruger Muller
LP, Kruyshaar
SC, Kumako
P, Kwenaite
BW, Lawrence
A, le Roux
DT, Williams-Moses
TW, Lee
SL, Legodi
SP, Lelaka
A, Lesch
MH, Lewele
S, Maas
MC, Mabaswa
TW, Mabena
VE, Mabena
MO, Mabogwana
NS, Mabolawa
SMM, Mabotsa
TE, Mabusela
MR, Mabusela
PL, Machava
MT, Madileng
MI, Madonsela
ON, Madzebatela
N, Mahlangu
DT, Mahlangu
DE, Majola
SM, Makena
KG, Makgaleng
MA, Makhafula
MJ, Makola
TP, Malefane
P, Malope
T, Malosi
AM, Maluleka
SP, Mamatepa
SF, Mampuru
MS, Manamela
RM, Manhique
MS, Marishane
GEC, Marx
TM, Masemola
VI, Masemola
MK, Masha
T.M, Mashabela
SN, Mashamaite
DH, Mashao
MA, Mashapa
TPK, Mashapa
PJ, Mashego
FZ, Mashigo
MS, Mashola
CS, Masia
JK, Masilela
BM, Masina
EN, Masuku
NR, Masupha
JK, Mathabathe
RK, Mathebe
DZ, Zwane
BK, Mathevula
MT, Mathibedi
AB, Matjeke
PP, Matlala
RL, Matlhabane
MH, Matlou
OP, Matshiane
MS, Mazibuko
EP, Mbokane
MM, Mehlape-Zimu
PWW, Meijer
CA, Meyer
Q, Meyer
AWF, Middelberg
PE, Millar
ME, Mlotshwa
NP, Mnisi
SS, Moabelo
OAR, Moalusi
NT, Mocumi
JT, Modiba
VP, Modise
ET, Modise
TJ, Mogale
TT, Mohlamme
NA, Mokgalotsi
ED, Moloi
ST, Moloisane
MF, Monama
RGM, Monchusi
R, Morake
KV, Morodi
T, Moshidi
SK, Motale
LG, Motau
LH, Mothoa
J, Motlhasedi
HE, Motubatse
HZ, Moya
MTR, Mphahlele
PG, Mthimunye
RM, Mtshali
S, Muller
M, Ndlovu
M, Ndzwanana
AC, Nefdt
EJ, Nel
C, Ngoveni
MS, Nhlapo
TS, Nkgadima
HJ, Nortje
O, Notununu
ZS, Ntohla
NC, Pascoe
N, Patel
V, Phalwane
MV, Phasha
KS, Phiri
STT, Phokoje
CF, Pienaar
IJ, Pietersen
NA, Pillay
MPJ, Rakabe
OS, Ramabodu
TV, Rambau
P, Ramjee
MI, Ramphile
AM, Randall
UB, Rasweswe
SM, Ratau
GK, Ratikwane
SN, Seanego
AM, Sebola
TG, Sebotsane
NJ, Seelane
DS, Sekanka
D, Selowa
KD, Semfeng
RS, Sethole
Z, Setimo
TJ, Shume
FJ, Smith
A, Sparg
CE, Strydom
MA, Surgeon
P, Sutton
TI, Thabatha
FM, Thema
UG, Theunissen
DS, Thwala
PP, Tlou
DK, Tsela
MS, Tshabadi
SPC, Tsiane
R, Uys
J, Uys
JG, Van Buuren
DJJ, Van der Spuy
MR, Van der Westhuizen
PW, Van Heerden
AM, Van Niekerk
TC, Vilakazi
HJ, Viljoen
GP, Visser
DG, Wannenburg
S, Wilkinson

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

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Abbreviations used:

City	City of Tshwane Municipality
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
USDG	Urban Settlement Development Grant
HCT	Housing Company Tshwane
TEDA	Tshwane Economic Development Agency
TASEZ	Tshwane Automotive Special Economic Zone
VAT	Value-Added Tax
MTREF	Medium-Term Revenue Expenditure Framework

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 audited consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited consolidated annual financial statements fairly present the state of affairs of the group as at 30 June 2025 and the results of its operations and cash flows for the period then ended.

The audited consolidated 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 audited consolidated 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 group and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, standards are set 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited consolidated annual financial statements.

The accounting officer has reviewed the group'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 group has or has access to adequate resources to continue in operational existence for the foreseeable future. As at 30 June 2025, the group is in net liability position, the going concern Note 55 has disclosed measures taken by the group to ensure that the City will continue operating viably in the foreseeable future.

The liquidity of the group is still under strain due to past performances. The group is on the right trajectory and will recoup prior losses over a period of time.

The consolidated annual financial statements are prepared on the basis that the group is a going concern and that the group has neither the intention nor the need to liquidate or curtail materially the scale of the group.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 40 to these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The audited consolidated annual financial statements set out on pages 6 to 192, which have been prepared on the going concern basis, were approved on 30 September 2025 and were signed on its behalf by:

Johann Mettler
City Manager

City of Tshwane Metropolitan Municipality
Audited Consolidated Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

		Group		Municipality	
Figures in Rand	Note(s)	2025	2024 Restated*	2025	2024 Restated*
Assets					
Current Assets					
Inventories	3	956 602 683	900 377 067	955 395 490	897 057 852
Current tax receivable	18	-	301 080	-	-
Consumer receivables: Exchange	4	5 483 099 276	4 628 221 024	7 515 793 994	4 628 221 024
Consumer receivables: Non exchange	4	2 263 845 361	2 308 996 324	231 150 643	2 308 996 324
Other receivables from exchange transactions	5	4 458 702 262	4 267 157 055	4 444 029 135	4 263 306 666
Other receivables from non-exchange transactions	5	365 924 503	320 652 017	376 148 144	314 174 883
Long-term receivables - current portion	6	233 184 594	231 150 643	233 184 594	231 150 643
VAT receivable	21	384 304 679	286 865 983	384 209 364	284 721 029
Interest rate swaps	16	612 461	-	612 461	-
Cash and cash equivalents	8	2 363 782 321	2 018 959 942	2 300 299 346	1 985 987 136
		16 510 058 140	**14 962 681 135**	**16 440 823 171**	**14 913 615 557**
Non-Current Assets					
Long-term receivables	6	286 726 142	221 142 572	286 726 142	221 142 572
Redemption fund asset	7	79 805 458	89 031 657	79 805 458	89 031 657
Living resources	9	353 727	302 127	353 727	302 127
Investment property	10	1 996 339 156	2 061 784 591	1 996 339 156	2 061 784 591
Property, plant and equipment	11	42 909 696 758	42 395 616 830	42 077 627 655	41 515 051 919
Intangible assets	12	998 980 386	1 016 598 278	998 265 477	1 015 994 678
Heritage assets	13	3 370 069 069	3 371 581 599	3 370 069 069	3 371 581 599
Investments in controlled entities	14	-	-	1 000	1 000
Investments in associates	15	885 927 442	880 831 780	885 927 442	880 831 780
Interest rate swaps	16	-	130 045 708	-	130 045 708
		50 527 898 138	**50 166 935 142**	**49 695 115 126**	**49 285 767 631**
Total Assets		**67 037 956 278**	**65 129 616 277**	**66 135 938 297**	**64 199 383 188**
Liabilities					
Current Liabilities					
Other financial liabilities	24	1 420 000 000	-	1 420 000 000	-
Loans and bonds	17	1 655 294 895	456 593 191	1 655 294 895	456 593 191
Current tax payable	18	713 652	-	-	-
Finance lease obligation	19	30 520 200	36 065 202	30 407 991	35 670 455
Operating lease liability	53	13 681	315 937	-	-
Payables from exchange transactions	20	15 138 633 521	20 965 866 208	15 096 784 370	20 939 310 051
Consumer deposits	22	780 176 709	773 337 672	780 176 709	773 337 672
Employee benefit obligation	23	3 329 879 427	1 730 295 344	3 314 799 528	1 722 552 127
Unspent conditional grants	24	46 557 025	215 347 138	46 557 025	215 347 138
Provisions	27	183 685 320	166 301 424	183 685 320	121 859 448
Interest rate swaps	16	279 617	-	279 617	-
Service concession arrangements	28	332 268 292	316 303 123	332 268 292	316 303 123
		22 918 022 339	**24 660 425 239**	**22 860 253 747**	**24 580 973 205**
Non-Current Liabilities					
Other financial liabilities	24	2 833 626 983	-	2 833 626 983	-
Redemption fund liability	7	-	132 631 547	-	132 631 547
Interest rate swaps	16	85 188 891	3 349 646	85 188 891	3 349 646
Loans and bonds	17	7 061 729 797	8 705 933 679	7 061 729 797	8 705 933 679
Finance lease obligation	19	5 916 370	30 545 312	5 845 565	30 362 298
Employee benefit obligation	23	1 902 027 100	1 808 591 800	1 902 027 100	1 808 591 800
Deferred tax	26	95 786	319 777	-	-
Provisions	27	1 613 191 643	1 508 529 714	1 613 191 643	1 508 529 714
Service concession arrangements	28	2 396 576 244	2 338 272 589	2 396 576 244	2 338 272 589
		15 898 352 814	**14 528 174 064**	**15 898 186 223**	**14 527 671 273**
Total Liabilities		**38 816 375 153**	**39 188 599 303**	**38 758 439 970**	**39 108 644 478**
Net Assets		**28 221 581 125**	**25 941 016 974**	**27 377 498 327**	**25 090 738 710**
Reserves					
Revaluation reserve		33 827 147	30 409 912	-	-
Accumulated surplus		28 187 753 978	25 910 607 062	27 377 498 327	25 090 738 710
Total Net Assets		**28 221 581 125**	**25 941 016 974**	**27 377 498 327**	**25 090 738 710**

* See Note 71

Statement of Financial Performance

		Group		Municipality	
Figures in Rand	Note(s)	2025	2024 Restated*	2025	2024 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	29	27 172 669 056	24 417 469 893	27 173 647 469	24 417 988 998
Rental of facilities and equipment	36	229 663 109	212 507 588	175 598 335	178 953 241
Interest received (trading)	37	2 286 913 315	2 204 064 231	2 286 615 198	2 204 005 121
License and permits	38	41 188 912	43 618 141	41 188 912	43 618 141
Share of profit in associates: TASEZ	15	5 095 662	55 756 392	5 095 662	55 756 392
Service concession arrangements	28	53 412 890	53 412 887	53 412 890	53 412 887
Other income	30	1 193 914 319	1 347 278 397	1 185 463 430	1 344 477 151
Investment revenue - Interest	31	293 546 474	242 573 540	291 901 201	240 960 240
Total revenue from exchange transactions		**31 276 403 737**	**28 576 681 069**	**31 212 923 097**	**28 539 172 171**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates and penalties	32	10 822 015 348	9 763 616 730	10 823 008 235	9 764 561 956
Interest - Taxation revenue		-	88 651	-	-
Transfer revenue					
Government grants & subsidies	33	7 245 180 342	6 497 589 571	7 235 144 966	6 437 996 731
Fuel Levy	34	1 635 021 000	1 628 341 000	1 635 021 000	1 628 341 000
Public contributions and donations		18 541 503	31 954 694	18 541 503	31 993 863
Fines, Penalties and Forfeits	35	271 015 347	167 079 243	271 015 347	167 079 243
Other income - HCT		-	-	14 000 000	-
Total revenue from non-exchange transactions		**19 991 773 540**	**18 088 669 889**	**19 996 731 051**	**18 029 972 793**
Total revenue		**51 268 177 277**	**46 665 350 958**	**51 209 654 148**	**46 569 144 964**
Expenditure					
Employee related costs	39	(13 517 520 186)	(11 537 634 766)	(13 422 010 751)	(11 453 371 977)
Remuneration of councillors	40	(136 861 352)	(133 389 734)	(136 861 352)	(133 389 734)
Depreciation and amortisation	42	(1 610 361 374)	(1 639 985 746)	(1 579 875 395)	(1 618 026 846)
Finance costs	44	(2 208 668 383)	(2 328 628 170)	(2 208 638 123)	(2 328 540 270)
Debt Impairment	45	(5 572 067 483)	(4 516 911 567)	(5 562 913 589)	(4 508 916 482)
Inventory consumed	46	(5 010 498 360)	(4 683 709 378)	(5 010 498 360)	(4 683 709 378)
Bulk purchases	47	(15 481 090 667)	(13 409 872 807)	(15 481 090 667)	(13 409 872 807)
Contracted services	48	(5 040 300 668)	(4 213 186 383)	(5 025 809 038)	(4 134 401 910)
Transfers and Subsidies	49	(1 068 111)	(2 052 520)	(148 661 958)	(99 854 090)
General Expenses	50	(1 764 432 426)	(1 567 249 229)	(1 731 749 738)	(1 538 175 746)
Total expenditure		**(50 342 869 010)**	**(44 032 620 300)**	**(50 308 108 971)**	**(43 908 259 240)**
Operating surplus		**925 308 267**	**2 632 730 658**	**901 545 177**	**2 660 885 724**
Gain/(loss) on disposal of assets		(13 331 900)	(97 736 478)	(12 048 616)	(96 995 180)
(Loss)/gain on foreign exchange		(778 045)	(803 977)	(778 045)	(803 977)
Fair value adjustments		193 366 404	(107 974 164)	193 366 404	(107 974 164)
Actuarial gains	23	69 317 407	172 520 258	69 317 407	172 520 258
Decommissioning of asset		195 165 361	-	195 165 361	-
Impairment loss	43	(382 395 013)	(174 166 742)	(349 099 913)	(106 701 573)
Asset ceiling	15	(108 992 074)	(153 045 280)	(108 992 074)	(153 045 280)
Interest rate swaps fair value gain/(loss) valuation		(211 552 109)	4 270 125	(211 552 109)	4 270 125
Surplus arising on debt restructuring		1 609 836 031	-	1 609 836 031	-
		1 350 636 062	**(356 936 258)**	**1 385 214 446**	**(288 729 791)**
Surplus before taxation		**2 275 944 329**	**2 275 794 400**	**2 286 759 623**	**2 372 155 933**
Taxation	51	2 102 206	1 867 898	-	-
Surplus for the year		**2 273 842 123**	**2 273 926 502**	**2 286 759 623**	**2 372 155 933**

* See Note 71

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Group			
Opening balance as previously reported	34 133 331	25 428 702 270	25 462 835 601
Adjustments			
Correction of errors	289 662	(1 795 850 981)	(1 795 561 319)
Balance at 01 July 2023 as restated*	**34 422 993**	**23 632 851 289**	**23 667 274 282**
Changes in net assets			
Surplus for the year		2 273 926 502	2 273 926 502
Revaluation (deficit)/surplus	(183 810)		(183 810)
Transfer between revaluation reserve and accumulated surplus	(3 829 271)	3 829 271	
Total changes	(4 013 081)	2 277 755 773	2 273 742 692
Opening balance as previously reported	28 303 777	32 670 392 201	32 698 695 978
Adjustments			
Correction of errors 71	2 106 135	(6 759 785 140)	(6 757 679 005)
Restated* Balance at 01 July 2024 as restated*	**30 409 912**	**25 910 607 061**	**25 941 016 973**
Changes in net assets			
Surplus for the year		2 273 842 123	2 273 842 123
Revaluation surplus	6 722 029		6 722 029
Transfer between revaluation reserve and accumulated surplus	(3 304 794)	3 304 794	
Total changes	3 417 235	2 277 146 917	2 280 564 152
Balance at 30 June 2025	**33 827 147**	**28 187 753 978**	**28 221 581 125**
Note(s)			

Municipality	
Opening balance as previously reported	24 479 942 633
Adjustments	
Correction of errors	(1 761 359 856)
Balance at 01 July 2023 as restated*	**22 718 582 777**
Changes in net assets	
Surplus for the year	2 372 155 933
Total changes	2 372 155 933
Opening balance as previously reported	31 762 471 484
Adjustments	
Correction of errors (refer to note 71)	(6 671 732 780)
Restated* Balance at 01 July 2024	**25 090 738 704**
Changes in net assets	
Surplus for the year	2 286 759 623
Total changes	2 286 759 623
Balance at 30 June 2025	**27 377 498 327**

* See Note 71

Cash Flow Statement

		Group		Municipality	
Figures in Rand	Note(s)	2025	2024 Restated*	2025	2024 Restated*
Cash flows from operating activities					
Cash generated from operations					
Cash receipts from ratepayers, government and other		47 919 095 574	43 940 157 688	47 659 652 387	43 715 025 719
Cash paid to suppliers. entities and employees		(43 354 795 429)	(41 352 637 970)	(43 154 125 152)	(41 200 625 123)
		4 564 300 145	2 587 519 718	4 505 527 235	2 514 400 596
Finance income		427 340 153	307 670 809	425 218 105	306 052 069
Finance costs		(802 835 867)	(827 074 405)	(802 805 847)	(826 989 091)
		(375 495 714)	(519 403 596)	(377 587 742)	(520 937 022)
Net cash flows from operating activities	54	**4 188 804 431**	**2 068 116 122**	**4 127 939 493**	**1 993 463 574**
Cash flows from investing activities					
Purchase of property, plant and equipment		(1 413 798 646)	(1 531 176 265)	(1 383 838 616)	(1 440 081 602)
Proceeds from disposal of property, plant and equipment	11	1 909 815	12 303 037	1 909 807	12 300 000
Purchase of investment property		-	(15 171 420)	-	(15 171 420)
Purchase of other intangible assets		(85 728 203)	(104 860 897)	(85 728 203)	(104 860 897)
Net movement in Investments		278 179 427	2 050 295 509	278 179 427	2 050 295 509
Net cash flows from investing activities		**(1 219 437 607)**	**411 389 964**	**(1 189 477 585)**	**502 481 590**
Cash flows from financing activities					
Repayment of loans and bonds		(1 477 003 725)	(1 451 953 017)	(1 477 003 725)	(1 451 953 017)
Finance lease payments		(40 816 907)	(52 706 751)	(40 422 160)	(51 836 533)
Movements in Service concession arrangements		(6 723 813)	(3 210 990)	(6 723 813)	(3 210 990)
Eskom debt arrangement (Other financial liabilities)		(1 100 000 000)	-	(1 100 000 000)	-
Net cash flows from financing activities		**(2 624 544 445)**	**(1 507 870 758)**	**(2 624 149 698)**	**(1 507 000 540)**
Net increase/(decrease) in cash and cash equivalents		**344 822 379**	**971 635 328**	**314 312 210**	**988 944 624**
Cash and cash equivalents at the beginning of the year		2 018 959 942	1 047 324 614	1 985 987 136	997 042 512
Cash and cash equivalents at the end of the year	8	**2 363 782 321**	**2 018 959 942**	**2 300 299 346**	**1 985 987 136**

* See Note 72

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group - 2025											
Exchange Revenue											
Service charges - Electricity	18 432 905 553	-	18 432 905 553	-		18 432 905 553	17 586 625 817	(846 279 736)	95 %	95 %	
Service charges - Water	5 928 831 596	160 544 370	6 089 375 966	-		6 089 375 966	5 923 664 825	(165 711 141)	97 %	100 %	
Service charges – Waste Water Management	1 921 556 302	(96 104 266)	1 825 452 036	-		1 825 452 036	1 674 008 396	(151 443 640)	92 %	87 %	
Service charges – Waste Management	2 005 971 249	(74 800)	2 005 896 449	-		2 005 896 449	1 988 228 006	(17 668 443)	99 %	99 %	
Other service charges	-	-	-	-		-	142 012	142 012			
Rental of facilities and equipment	206 890 715	(16 763 139)	190 127 576	-		190 127 576	229 663 109	39 535 533	121 %	111 %	[1]
Interest earned from receivables	874 792 579	437 202 413	1 311 994 992	-		1 311 994 992	2 286 913 315	974 918 323	174 %	261 %	[2]
Interest earned from current and non-current receivables	61 328 413	93 299 909	154 628 322	-		154 628 322	293 546 474	138 918 152	190 %	479 %	[3]
Licences and permits	43 618 849	(3 200 000)	40 418 849	-		40 418 849	41 188 912	770 063	102 %	94 %	
Share of profit in associate: TASEZ	-	-	-	-		-	5 095 662	5 095 662			[4]
Service concession arrangements	-	-	-	-		-	53 412 890	53 412 890			[5]
Other income	1 153 060 566	5 941 348	1 159 001 914	-		1 159 001 914	1 193 914 319	34 912 405	103 %	104 %	[6]
Non-Exchange Revenue											
Property rates and penalties	10 677 583 503	164 972 827	10 842 556 330	-		10 842 556 330	10 822 015 348	(20 540 982)	100 %	101 %	
Government grants & subsidies	5 240 674 544	99 243 746	5 339 918 290	-		5 339 918 290	5 311 379 287	(28 539 003)	99 %	101 %	
Fuel levy (RSC Replacement Grant)	1 635 021 000	-	1 635 021 000	-		1 635 021 000	1 635 021 000	-	100 %	100 %	
Public contributions and donations	-	-	-	-		-	18 541 503	18 541 503			[7]
Fines, Penalties and Forfeits	292 024 099	(71 016 723)	221 007 376	-		221 007 376	271 015 347	50 007 971	123 %	93 %	[8]
Total revenue (excluding capital transfers and contributions)	**48 474 258 968**	**774 045 685**	**49 248 304 653**	**-**		**49 248 304 653**	**49 334 376 222**	**86 071 569**	**100 %**	**102 %**	

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Employee costs	(13 392 749 085)	346 524 918	(13 046 224 167)	-	150 000	(13 046 074 167)	(13 517 520 186)	(471 446 019)	104 %	101 %	
Remuneration of councillors	(161 437 708)	-	(161 437 708)	-	-	(161 437 708)	(136 861 352)	24 576 356	85 %	85 %	[9]
Depreciation and amortisation	(3 138 342 495)	834 212 968	(2 304 129 527)		(2)	(2 304 129 529)	(1 610 361 374)	693 768 155	70 %	51 %	[10]
Finance charges	(1 830 918 653)	162 689 225	(1 668 229 428)	-	-	(1 668 229 428)	(2 208 668 383)	(540 438 955)	132 %	121 %	[11]
Debt Impairment	(3 190 728 932)	(1 444 678 721)	(4 635 407 653)	-	-	(4 635 407 653)	(5 572 067 483)	(936 659 830)	120 %	175 %	[12]
Bulk purchases	(15 538 834 238)	-	(15 538 834 238)	-	2	(15 538 834 236)	(15 481 090 667)	57 743 569	100 %	100 %	
Inventory consumed	(4 564 055 549)	(115 100 527)	(4 679 156 076)	-	(18 579 621)	(4 697 735 697)	(5 010 498 360)	(312 762 663)	107 %	110 %	
Contracted services	(4 522 596 363)	(603 028 127)	(5 125 624 490)	-	(22 909 040)	(5 148 533 530)	(5 040 300 668)	108 232 862	98 %	111 %	
Transfers and grants	(9 893 107)	157 000	(9 736 107)	-	-	(9 736 107)	(1 068 111)	8 667 996	11 %	11 %	
Other expenditure	(1 969 138 964)	118 671 456	(1 850 467 508)	-	41 338 661	(1 809 128 847)	(1 764 432 426)	44 696 421	98 %	90 %	
Total expenditure	**(48 318 695 094)**	**(700 551 808)**	**(49 019 246 902)**	**-**	**-**	**(49 019 246 902)**	**(50 342 869 010)**	**(1 323 622 108)**	**103 %**	**104 %**	
Surplus arising on debt restructuring	-	-	-	-	-	-	1 609 836 031	1 609 836 031			[13]
(Loss)/gain on foreign exchange	-	-	-	-	-	-	(778 045)	(778 045)			[14]
Gain/(loss) on disposal of assets	(49 767)	-	(49 767)	-	-	(49 767)	(13 331 900)	(13 282 133)			[15]
Fair value adjustments	-	-	-	-	-	-	193 366 404	193 366 404			[16]
Actuarial gains/losses	-	-	-	-	-	-	69 317 407	69 317 407			[17]
Impairment loss	-	-	-	-	-	-	(382 395 013)	(382 395 013)			[10]
Interest rate swaps fair value gain/(loss) valuation	-	-	-	-	-	-	(211 552 109)	(211 552 109)			[18]
Decommissioning of asset	-	-	-	-	-	-	195 165 361	195 165 361			[19]
Asset ceiling	-	-	-	-	-	-	(108 992 074)	(108 992 074)			
	(48 318 744 861)	**(700 551 808)**	**(49 019 296 669)**	**-**	**-**	**(49 019 296 669)**	**(48 992 232 948)**	**27 063 721**	**100 %**	**101 %**	
Surplus/(Deficit)	**155 514 107**	**73 493 877**	**229 007 984**	**-**		**229 007 984**	**342 143 274**	**113 135 290**	**149 %**	**220 %**	
Transfers recognised – capital	2 076 249 552	(116 453 785)	1 959 795 767	-		1 959 795 767	1 933 801 055	(25 994 712)	99 %	93 %	
Surplus (Deficit) after capital transfers and contributions	**2 231 763 659**	**(42 959 908)**	**2 188 803 751**	**-**		**2 188 803 751**	**2 275 944 329**	**87 140 578**	**104 %**	**102 %**	
Taxation	544 264	-	544 264	-		544 264	2 102 206	1 557 942	386 %	386 %	
Surplus/(Deficit) for the year	**2 231 219 395**	**(42 959 908)**	**2 188 259 487**	**-**		**2 188 259 487**	**2 273 842 123**	**85 582 636**	**104 %**	**102 %0**	

Capital expenditure and funds sources										
Sources of capital funds										
Transfers recognised - capital	2 076 249 552	(116 453 785)	1 959 795 767	-		1 959 795 767	1 892 390 966	(67 404 801)	97 %	91 %
Public contributions & donations	50 000 000	-	50 000 000	-		50 000 000	49 640 955	(359 045)	99 %	99 %
Internally generated funds	221 303 024	109 025 000	330 328 024	-		330 328 024	314 202 606	(16 125 418)	95 %	142 %
Total sources of capital funds	**2 347 552 576**	**(7 428 785)**	**2 340 123 791**	**-**		**2 340 123 791**	**2 256 234 527**	**(83 889 264)**	**96 %**	**96 %**

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement	Final budget	Actual amounts on comparable basis	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Financial position											
Total current assets	9 445 899 800	409 291 163	9 855 190 963	-		9 855 190 963	16 510 058 140	6 654 867 177	168 %	175 %	
Total non current assets	54 995 539 744	2 937 742 734	57 933 282 478	-		57 933 282 478	50 527 898 138	(7 405 384 340)	87 %	92 %	
Total current liabilities	(15 103 379 687)	2 298 770 771	(12 804 608 916)	-		(12 804 608 916)	(22 918 022 339)	(10 113 413 423)	179 %	152 %	
Total non current liabilities	(13 973 137 372)	(6 152 095 756)	(20 125 233 128)	-		(20 125 233 128)	(15 898 352 814)	4 226 880 314	79 %	114 %	
Community wealth/Equity	35 364 922 485	(506 291 088)	34 858 631 397	-		34 858 631 397	28 221 581 125	(6 637 050 272)	81 %	80 %	
Cash flows											
Net cash from (used) operating	2 962 357 773	(1 463 107 010)	1 499 250 763	-		1 499 250 763	4 188 804 431	2 689 553 668	279 %	141 %	
Net cash from (used) investing	(2 548 415 647)	172 838 713	(2 375 576 934)	-		(2 375 576 934)	(1 219 437 607)	1 156 139 327	51 %	48 %	
Net cash from (used) financing	(384 095 782)	(121 545)	(384 217 327)	-		(384 217 327)	(2 624 544 445)	(2 240 327 118)	683 %	683 %	
Net increase/(decrease) in cash and cash equivalents	**29 846 344**	**(1 290 389 842)**	**(1 260 543 498)**	**-**		**(1 260 543 498)**	**344 822 379**	**1 605 365 877**	**(27)%**	**1 155 %**	
Cash and cash equivalents at the beginning of the year	909 303 437	1 088 563 238	1 997 866 675	-		1 997 866 675	2 018 959 942	21 093 267	101 %	222 %	
Cash and cash equivalents at year end	**939 149 781**	**(201 826 604)**	**737 323 177**	**-**		**737 323 177**	**2 363 782 321**	**(1 626 459 144)**	**321 %**	**252 %**	

Statement of Comparison of Budget and Actual Amounts

Budget information

Reasons for variances

Revenue

[1] Rental of facilities and equipment

The increase in revenue was primarily driven by higher income from the rental of accommodation and business premises. This positive variance is attributable to an increase in the number of rental contracts being billed during the reporting period, as well as an improved debt collection rate. The strengthened billing base, coupled with effective credit control measures, contributed to the enhanced revenue performance**.**

HCT

The variance of 19% (overperformance) was due to improved occupancy rate at Townlands as the Entity tenanted 1,147 units against 900 units budgeted for and billed R32,2 million. As at the end of June 2025, the Entity billed 2,054 units (Eloff, Clarina, SSEs ,Townlands and Group Property Stock (693 + 1,147 + 214).

[2] Interest earned from receivables

The over recovery is due to a change in the City's interest rate policy. This resulted in an increase in interest earned on outstanding debtors.

[3] Interest earned from current and non-current receivables

Revenue exceeded expectations, mainly on Interest on Bank Accounts, Long and Short-term Investments and Call Accounts.

HCT

Interest on investment was lower than the budget by 12% due to less interest accrued in cash investments. As at 30 June 2025 the call account balance was R17,2 million at the interest of 8.1% compounded daily.

[4] Share of profit in associate: TASEZ

The variance is attributable to the income not included in the budget, the income is non-cash and unstable and a reliable estimate cannot be derived.

The transaction is attributable to the share of profit from associates, arising from the 33.33% equity interest held in TASEZ. This share of profit is determined by applying the equity method of accounting, as prescribed by GRAP 36: Investments in Associates and Joint Ventures. In accordance with this standard, the City recognises its proportionate share of TASEZ's net assets and financial results in its own financial statements.

[5] Service concession arrangements

The variance is attributable to the income not being included in the budget. The income is consistent, and stable and management will consider budgeting for this line item in the future.

[6] Other income

Revenue was more than projected mainly on Breakages and losses due to refund on over charging the City and Recoveries of monies transferred to conveyancers for land acquisitions. The other items like Capital Income Received from Insurer depends on the number of high value claims above the excess, settled by the Insurers. Township Development Contribution: The income is totally application driven and dependable on the number of applications received.

TEDA

Revenue from other income is it at 26% against the budget of R2,000,000 which was earmarked from revenue generating events hosted in city on trade and investment promotion. This type of revenue is geared towards cost recovery initiatives from the hosting of industry bespoke events. The bulk of the revenue is in-kind contributions amounting to R1,813.043.

[7] Public contributions and donations

Statement of Comparison of Budget and Actual Amounts

The reason for deviation is as a result of the newly identified assets as well as donated assets.

[8] Fines, Penalties and Forfeits

The deviation is mainly as a result of forfeit unclaimed monies and on AARTO due to improvements in the speed infringement processes and procedures.

Expenditure

[9] Remuneration of councillors

The variance of 15% is due to non- implementation of upper limit increase for councillors in 2024/25 financial year.

Statement of Comparison of Budget and Actual Amounts

[10] Depreciation, amortisation and Impairment loss

The budget amount for depreciation and amortization as well as impairment loss are included in the depreciation and amortisation line in the budget statement, however for reporting purposes the actual outcome for impairment loss is disclosed separately on the annual financial statements. The net variance for the depreciation, amortization and impairment loss is R341 596 057.

The underspending on depreciation is attributable to the retirement of certain assets which resulted in a decrease of the depreciation value. The variance on the impairment loss is attributable to a higher level of asset impairment in the current financial year.

TEDA

Depreciation and amortisation is 19% above the budget, attributed by the leasehold improvements amortised over a 13 months period post relocation from the 3rd floor to the ground floor of the current rented offices. TEDA will be relocating to a City owner building from December 2025 which will assist in reducing exposure to variations in depreciation charge due to leasehold improvements.

HCT

Overspending of 95% was due to revaluation conducted for the entire class of assets.

[11] Finance charges

The overspending is primarily attributable to interest costs relating to Tshwane House, which have increased as a result of the rise in the discount rate. In addition, interest charges from Eskom were incurred prior to the finalisation of the debt restructuring arrangement in November 2024. These two factors combined contributed significantly to the variance observed.

[12] Debt Impairment

The increased debt impairment is mainly attributable to the outcome of the year-end risk assessment performed on the debtor’s book. Based on this assessment, it was determined that an increased impairment provision was necessary to align with the anticipated recoverability of outstanding receivables. This adjustment ensures that the carrying value of receivables is fairly presented in accordance with the requirements of GRAP.

HCT

The variance of 5% was due attributable to lower rent collection of tenants from Rooiwal, Clarina and Townlands. The Townlands collection was impacted by delay in receiving payment from the Department of Défense as their payment goes through Reserve Bank. The Department of Défense paid the Entity on the 25 June 2025 and the amount was only received on the 01 July 2025.

[13] Surplus arising on debt restructuring

The variance is attributable to the restructuring of the Eskom debt, which has been reclassified from a current liability to a non-current liability. As part of this restructuring, the future obligations are measured at their present value, taking into account the time value of money. This process involves discounting the future cash flows associated with the debt to reflect their current economic value.

[14] (Loss)/gain on foreign exchange

The variance is mainly attributable to a decrease in the exchange rate on foreign currency transactions. The impact is particularly evident in payments for international commitments such as Microsoft licensing fees, software subscriptions, and other foreign-sourced services.

[15] Gain/(loss) on disposal of assets

The loss on disposal of asset is attributable to land retirements are mostly done from the deeds movement received and on occasion of sale/donation agreement.

The loss on disposal of assets is mainly attributable to the retirement of land retirements, which are primarily identified through movements recorded in the deed’s registry. In addition, disposals also occur as a result of sale or donation agreements entered into during the financial year.

[16] Fair value adjustments

Statement of Comparison of Budget and Actual Amounts

GRAP 104 requires that financial instruments be disclosed at their mark-to-market valuation/fair value at year-end of each financial year for internal and external users of financial statements to have a good sight pertaining to the performance of the City's financial instruments.

[17] Actuarial Gains/Losses

Actuarial gains /losses which is accounted for under GRAP 25 represent uncontrollable, non-cash remeasurements determined by external actuarial assumptions based on factors such as discount rates, inflation, or salary growth calculated at year-end. These remeasurements are non-cash accounting adjustments that are not within management's control and cannot be reliably estimated during the budget preparation process. In the past three years, the actuarial gains seem to be stable and we will consider budgeting for it in the future.

Statement of Comparison of Budget and Actual Amounts

[18] Interest rate swaps fair value

This is due to high economic and financial markets' instability; it is impossible for the City to budget for Interest Rate Swaps due to continuous interest rate fluctuations. Interest Rate Swaps are derivative transactions to hedge interest rate risk exposures and are measured at fair value on trade or reporting dates.

[19] Gain/(loss) valuation Decommissioning of asset

The variance on decommissioning of asset limitation namely quarries landfills and Alien vegetation due as a result of IGRAP 2 limitations.

Financial Position

[1] *Current assets* – the variance is due to increase in consumer debtors and cash and cash equivalents figures which is higher than the budget amount.

[2] *Non current assets* – the deviation is as a result of restatement of property plant and equipment.

[3] *Current Liabilities* – variance is due to increase in trade and other payables from exchange transactions compared to the budgeted amount.

[4] *Non current liabilities* – the variance is a result of accounting treatment for the reclassified of Eskom arear debt arrangement as per note 24 of the Financial statements.

Cash Flow

[1] *Net cash from/(used) operating* – the variance is due to timing difference for the payment of creditors between the budgeted outflows vs the actual cash outflow.

[2] *Net cash from/(used) investing* - the variance is due to timing differences for the capital payments between the budgeted outflow and the actual cash outflow.

[3] *Net cash from/(used) financing* – the deviation arises from the accounting treatment for the Eskom debt arrangement and the difference on the long term loan repayment amount.

[4] N*et increase/ (decrease in cash and cash equivalents* – refer to items 1,2 and 3 above.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Municipality - 2025											
Financial Performance											
									DIV/0 %	DIV/0 %	
Exchange Revenue											
Service charges - Electricity	18 432 905 553	-	18 432 905 553	-		18 432 905 553	17 587 604 230	(845 301 323)	95 %	95 %	
Service charges - Water	5 928 831 596	160 544 370	6 089 375 966	-		6 089 375 966	5 923 664 825	(165 711 141)	97 %	100 %	
Service charges – Waste Water Management	1 921 556 302	(96 104 266)	1 825 452 036	-		1 825 452 036	1 674 008 396	(151 443 640)	92 %	87 %	
Service charges – Waste Management	2 005 971 249	(74 800)	2 005 896 449	-		2 005 896 449	1 988 228 006	(17 668 443)	99 %	99 %	
Other service charges	-	-	-	-		-	142 012	142 012	DIV/0 %	DIV/0 %	
Rental of facilities and equipment	140 437 572	4 275 000	144 712 572	-		144 712 572	175 598 335	30 885 763	121 %	125 %	[1]
Interest earned from receivables	874 719 381	437 200 000	1 311 919 381	-		1 311 919 381	2 286 615 198	974 695 817	174 %	261 %	[2]
Interest earned from current and non-current receivables	60 269 503	92 812 565	153 082 068	-		153 082 068	291 901 201	138 819 133	191 %	484 %	[3]
Licences and permits	43 618 849	(3 200 000)	40 418 849	-		40 418 849	41 188 912	770 063	102 %	94 %	
Share of profit in associate: TASEZ	-	-	-	-		-	5 095 662	5 095 662	DIV/0 %	DIV/0 %	[4]
Service concession arrangements	-	-	-	-		-	53 412 890	53 412 890	DIV/0 %	DIV/0 %	[5]
Other income	1 146 139 309	(8 504 996)	1 137 634 313	-		1 137 634 313	1 185 463 430	47 829 117	104 %	103 %	[6]
									DIV/0 %	DIV/0 %	
Non-Exchange Revenue											
Property rates and penalties	10 677 583 503	164 972 828	10 842 556 331	-		10 842 556 331	10 823 008 235	(19 548 096)	100 %	101 %	
Government grants & subsidies	5 240 674 544	99 243 746	5 339 918 290	-		5 339 918 290	5 311 379 287	(28 539 003)	99 %	101 %	
Fuel levy (RSC Replacement Grant)	1 635 021 000	-	1 635 021 000	-		1 635 021 000	1 635 021 000	-	100 %	100 %	
Public contributions and donations	-	-	-	-		-	18 541 503	18 541 503	DIV/0 %	DIV/0 %	[7]
Fines, Penalties and Forfeits	292 024 099	(71 016 723)	221 007 376	-		221 007 376	271 015 347	50 007 971	123 %	93 %	[8]
Other income - HCT	-	-	-	-		-	14 000 000	14 000 000	DIV/0 %	DIV/0 %	
Total revenue (excluding capital transfers and contributions)	**48 399 752 460**	**780 147 724**	**49 179 900 184**	**-**		**49 179 900 184**	**49 285 888 469**	**105 988 285**	**100 %**	**102 %**	-

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Employee costs	(13 283 143 248)	334 129 448	(12 949 013 800)	-	150 000	(12 948 863 800)	(13 422 010 751)	(473 146 951)	104 %	101 %	
Remuneration of councillors	(161 437 708)	-	(161 437 708)	-	-	(161 437 708)	(136 861 352)	24 576 356	85 %	85 %	[9]
Depreciation and amortisation	(3 128 566 829)	857 995 466	(2 270 571 363)		(2)	(2 270 571 365)	(1 579 875 395)	690 695 970	70 %	50 %	[10]
Finance charges	(1 830 735 598)	162 689 224	(1 668 046 374)	-	-	(1 668 046 374)	(2 208 638 123)	(540 591 749)	132 %	121 %	[11]
Debt Impairment	(3 187 528 035)	(1 438 243 669)	(4 625 771 704)	-	-	(4 625 771 704)	(5 562 913 589)	(937 141 885)	120 %	175 %	[12]
Bulk purchases	(15 538 834 238)	-	(15 538 834 238)	-	2	(15 538 834 236)	(15 481 090 667)	57 743 569	100 %	100 %	
Inventory consumed	(4 561 709 590)	(116 930 145)	(4 678 639 735)	-	(18 579 621)	(4 697 219 356)	(5 010 498 360)	(313 279 004)	107 %	110 %	
Contracted services	(4 486 293 771)	(587 782 236)	(5 074 076 007)	-	(22 909 040)	(5 096 985 047)	(5 025 809 038)	71 176 009	99 %	112 %	
Transfers and grants	(117 486 956)	(39 843 000)	(157 329 956)	-	-	(157 329 956)	(148 661 958)	8 667 998	94 %	127 %	
Other expenditure	(1 948 502 382)	121 331 069	(1 827 171 313)	-	41 338 661	(1 785 832 652)	(1 731 749 738)	54 082 914	97 %	89 %	
Total expenditure	**(48 244 238 355)**	**(706 653 843)**	**(48 950 892 198)**	**-**	**-**	**(48 950 892 198)**	**(50 308 108 971)**	**(1 357 216 773)**	**103 %**	**104 %**	
Surplus arising on debt restructuring	-	-	-	-	-	-	1 609 836 031	1 609 836 031	DIV/0 %	DIV/0 %	[13]
(Loss)/gain on foreign exchange	-	-	-	-	-	-	(778 045)	(778 045)	DIV/0 %	DIV/0 %	[14]
Gain/(loss) on disposal of assets	-	-	-	-	-	-	(12 048 616)	(12 048 616)	DIV/0 %	DIV/0 %	[15]
Fair value adjustments	-	-	-	-	-	-	193 366 404	193 366 404	DIV/0 %	DIV/0 %	[16]
Actuarial gains/losses	-	-	-	-	-	-	69 317 407	69 317 407	DIV/0 %	DIV/0 %	[17]
Impairment loss	-	-	-	-	-	-	(349 099 913)	(349 099 913)	DIV/0 %	DIV/0 %	[10]
Interest rate swaps fair value gain/(loss) valuation	-	-	-	-	-	-	(211 552 109)	(211 552 109)	DIV/0 %	DIV/0 %	[18]
Decommissioning of asset	-	-	-	-	-	-	195 165 361	195 165 361	DIV/0 %	DIV/0 %	[19]
Asset ceiling	-	-	-	-	-	-	(108 992 074)	(108 992 074)	DIV/0 %	DIV/0 %	
	(48 244 238 355)	**(706 653 843)**	**(48 950 892 198)**	**-**	**-**	**(48 950 892 198)**	**(48 922 894 525)**	**27 997 673**	**100 %**	**101 %**	
Surplus/(Deficit)	**155 514 105**	**73 493 881**	**229 007 986**	**-**		**229 007 986**	**362 993 944**	**133 985 958**	**159 %**	**233 %**	
Transfers recognised – capital	1 955 466 456	(35 970 689)	1 919 495 767	-		1 919 495 767	1 923 765 679	4 269 912	100 %	98 %	
Surplus (Deficit) after capital transfers and contributions	**2 110 980 561**	**37 523 192**	**2 148 503 753**	**-**		**2 148 503 753**	**2 286 759 623**	**138 255 870**	**106 %**	**108 %**	
Surplus/(Deficit) for the year	**2 110 980 561**	**37 523 192**	**2 148 503 753**	**-**		**2 148 503 753**	**2 286 759 623**	**138 255 870**	**106 %**	**108 %0**	
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	1 955 466 456	(35 970 689)	1 919 495 767	-		1 919 495 767	1 892 390 966	(27 104 801)	99 %	97 %	
Public contributions & donations	50 000 000	-	50 000 000	-		50 000 000	49 640 955	(359 045)	99 %	99 %	
Internally generated funds	219 081 241	107 793 000	326 874 241	-		326 874 241	314 202 606	(12 671 635)	96 %	143 %	
Total sources of capital funds	**2 224 547 697**	**71 822 311**	**2 296 370 008**	**-**		**2 296 370 008**	**2 256 234 527**	**(40 135 481)**	**98 %**	**101 %**	-

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement	Final budget	Actual amounts on comparable basis		Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Financial position												
Total current assets	9 402 892 004	441 881 128	9 844 773 132	-		9 844 773 132	16 440 823 171		6 596 050 039	167 %	175 %	[1]
Total non current assets	53 893 120 967	3 052 733 250	56 945 854 217	-		56 945 854 217	49 695 115 126		(7 250 739 091)	87 %	92 %	[2]
Total current liabilities	(15 057 208 178)	2 280 655 478	(12 776 552 700)	-		(12 776 552 700)	(22 860 253 747)		(10 083 701 047)	179 %	152 %	[3]
Total non current liabilities	(13 973 137 372)	(6 150 958 151)	(20 124 095 523)	-		(20 124 095 523)	(15 898 186 223)		4 225 909 300	79 %	114 %	[4]
Community wealth/Equity	34 265 667 421	(375 688 295)	33 889 979 126	-		33 889 979 126	27 377 498 327		(6 512 480 799)	81 %	80 %	
Cash flows												
Net cash from (used) operating	2 858 883 295	(1 389 425 554)	1 469 457 741	-		1 469 457 741	4 127 939 493		2 658 481 752	281 %	144 %	[1]
Net cash from (used) investing	(2 425 410 768)	93 587 617	(2 331 823 151)	-		(2 331 823 151)	(1 189 477 585)		1 142 345 566	51 %	49 %	[2]
Net cash from (used) financing	(384 095 782)	(121 545)	(384 217 327)	-		(384 217 327)	(2 624 149 698)		(2 239 932 371)	683 %	683 %	[3]
Net increase/(decrease) in cash and cash equivalents	**49 376 745**	**(1 295 959 482)**	**(1 246 582 737)**	**-**		**(1 246 582 737)**	**314 312 210**		**1 560 894 947**	**(25)%**	**637 %**	[4]
Cash and cash equivalents at the beginning of the year	886 305 995	1 089 332 047	1 975 638 042	-		1 975 638 042	1 985 987 136		10 349 094	101 %	224 %	
Cash and cash equivalents at year end	**935 682 740**	**(206 627 435)**	**729 055 305**	**-**		**729 055 305**	**2 300 299 346**		**(1 571 244 041)**	**316 %**	**246 %**	

Statement of Comparison of Budget and Actual Amounts

Budget information

Reasons for variances

Revenue

[1] Rental of facilities and equipment

The increase in revenue was primarily driven by higher income from the rental of accommodation and business premises. This positive variance is attributable to an increase in the number of rental contracts being billed during the reporting period, as well as an improved debt collection rate. The strengthened billing base, coupled with effective credit control measures, contributed to the enhanced revenue performance**.**

[2] Interest earned from receivables

The over recovery is due to a change in the City's interest rate policy. This resulted in an increase in interest earned on outstanding debtors.

[3] Interest earned from current and non-current receivables

Revenue exceeded expectations, mainly on Interest on Bank Accounts, Long and Short-term Investments and Call Accounts.

[4] Share of profit in associate: TASEZ

The variance is attributable to the income not included in the budget, the income is non-cash and unstable and a reliable estimate cannot be derived.

The transaction is attributable to the share of profit from associates, arising from the 33.33% equity interest held in TASEZ. This share of profit is determined by applying the equity method of accounting, as prescribed by GRAP 36: Investments in Associates and Joint Ventures. In accordance with this standard, the City recognises its proportionate share of TASEZ's net assets and financial results in its own financial statements.

[5] Service concession arrangements

The variance is attributable to the income not being included in the budget. The income is consistent, and stable and management will consider budgeting for this line item in the future.

[6] Other income

Revenue was more than projected mainly on Breakages and losses due to refund on over charging the City and Recoveries of monies transferred to conveyancers for land acquisitions. The other items like Capital Income Received from Insurer depends on the number of high value claims above the excess, settled by the Insurers. Township Development Contribution: The income is totally application driven and dependable on the number of applications received.

[7] Public contributions and donations

The reason for deviation is as a result of the newly identified assets as well as donated assets.

[8] Fines, Penalties and Forfeits

The deviation is mainly as a result of forfeit unclaimed monies and on AARTO due to improvements in the speed infringement processes and procedures.

Expenditure

[9] Remuneration of councillors

The variance of 15% is due to non- implementation of upper limit increase for councillors in 2024/25 financial year.

Statement of Comparison of Budget and Actual Amounts

[10] Depreciation, amortisation and Impairment loss

The budget amount for depreciation and amortization as well as impairment loss are included in the depreciation and amortisation line in the budget statement, however for reporting purposes the actual outcome for impairment loss is disclosed separately on the annual financial statements. The net variance for the depreciation, amortization and impairment loss is R341 596 057.

The underspending on depreciation is attributable to the retirement of certain assets which resulted in a decrease of the depreciation value. The variance on the impairment loss is attributable to a higher level of asset impairment in the current financial year.

[11] Finance charges

The overspending is primarily attributable to interest costs relating to Tshwane House, which have increased as a result of the rise in the discount rate. In addition, interest charges from Eskom were incurred prior to the finalisation of the debt restructuring arrangement in November 2024. These two factors combined contributed significantly to the variance observed.

[12] Debt Impairment

The increased debt impairment is mainly attributable to the outcome of the year-end risk assessment performed on the debtor’s book. Based on this assessment, it was determined that an increased impairment provision was necessary to align with the anticipated recoverability of outstanding receivables. This adjustment ensures that the carrying value of receivables is fairly presented in accordance

with the requirements of GRAP.

[13] Surplus arising on debt restructuring

The variance is attributable to the restructuring of the Eskom debt, which has been reclassified from a current liability to a non-current liability. As part of this restructuring, the future obligations are measured at their present value, taking into account the time value of money. This process involves discounting the future cash flows associated with the debt to reflect their current economic value.

[14] (Loss)/gain on foreign exchange

The variance is mainly attributable to a decrease in the exchange rate on foreign currency transactions. The impact is particularly evident in payments for international commitments such as Microsoft licensing fees, software subscriptions, and other foreign-sourced services.

[15] Gain/(loss) on disposal of assets

The loss on disposal of asset is attributable to land retirements are mostly done from the deeds movement received and on occasion of sale/donation agreement.

The loss on disposal of assets is mainly attributable to the retirement of land retirements, which are primarily identified through movements recorded in the deed’s registry. In addition, disposals also occur as a result of sale or donation agreements entered into during the financial year.

[16] Fair value adjustments

GRAP 104 requires that financial instruments be disclosed at their mark-to-market valuation/fair value at year-end of each financial year for internal and external users of financial statements to have a good sight pertaining to the performance of the City’s financial instruments.

[17] Actuarial Gains/Losses

Actuarial gains /losses which is accounted for under GRAP 25 represent uncontrollable, non-cash remeasurements determined by external actuarial assumptions based on factors such as discount rates, inflation, or salary growth calculated at year-end. These remeasurements are non-cash accounting adjustments that are not within management’s control and cannot be reliably estimated during the budget preparation process. In the past three years, the actuarial gains seem to be stable and we will consider budgeting for it in the future.

Statement of Comparison of Budget and Actual Amounts

[18] Interest rate swaps fair value

This is due to high economic and financial markets' instability; it is impossible for the City to budget for Interest Rate Swaps due to continuous interest rate fluctuations. Interest Rate Swaps are derivative transactions to hedge interest rate risk exposures and are measured at fair value on trade or reporting dates.

[19] Gain/(loss) valuation Decommissioning of asset

The variance on decommissioning of asset limitation namely quarries landfills and Alien vegetation due as a result of IGRAP 2 limitations.

Financial Position

[1] *Current assets* – the variance is due to increase in consumer debtors and cash and cash equivalents figures which is higher than the budget amount.

[2] *Non current assets* – the deviation is as a result of restatement of property plant and equipment.

[3] *Current Liabilities* – variance is due to increase in trade and other payables from exchange transactions compared to the budgeted amount.

[4] *Non current liabilities* – the variance is a result of accounting treatment for the reclassified of Eskom arear debt arrangement as per note 24 of the Financial statements.

Cash Flow

[1] *Net cash from/(used) operating* – the variance is due to timing difference for the payment of creditors between the budgeted outflows vs the actual cash outflow.

[2] *Net cash from/(used) investing* - the variance is due to timing differences for the capital payments between the budgeted outflow and the actual cash outflow.

[3] *Net cash from/(used) financing* – the deviation arises from the accounting treatment for the Eskom debt arrangement and the difference on the long term loan repayment amount.

[4] N*et increase/ (decrease in cash and cash equivalents* – refer to items 1,2 and 3 above.

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparations

The audited consolidated annual financial statements have been prepared in accordance, and are in compliance 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 audited consolidated 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.

1.2 Presentation currency

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

1.3 Going concern assumption

These audited consolidated annual financial statements have been prepared based on the expectation that the group will continue to operate as a going concern for at least the next 12 months (refer to note 55). The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

Provisions and contingent liabilities

Management’s judgement is required when recognising and measuring provisions as well as contingent liabilities and contingent assets. Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

1.5 Investment property

Investment property includes property (land or building or part of a building) that is held by the group with the primary objective of earning rental income, capital appreciation or both. Investment property excludes properties used for production or supply of goods or service or for administrative purposes.

Initial Recognition and Measurement

At initial recognition, the group measures investment property at cost including transaction costs once it meets the definition of investment property. The cost of an item of investment property is recognised as an asset only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transaction costs are included in the initial measurement.

Transfers from investment properties are made when the particular asset no longer meets the definition of investment properties.

1.5 Investment property (continued)

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

Depreciation is calculated on a straight-line basis.

Cost model

Item	**Useful life**
Property - land	indefinite
Property - buildings	9 -80 years
Service Concession: Investment property	10 to 80 years

Derecognition

The group derecognises Investment property 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 shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when compensation becomes receivable.

Refer to impairment accounting policy (Note 1.15).

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for service delivery in terms of the mandated functions of the group or for administrative purposes, and are expected to be used during more than one year.

Initial Recognition and Measurement

Property, plant and equipment are stated at cost. The cost of an item of property, plant and equipment is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

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

Subsequent Measurement

Subsequent to initial recognition, the group measures items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from property, plant and equipment are made when the particular asset no longer meets the definition of property, plant and equipment.

Repairs and maintenance

The group separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 52).

Depreciation is calculated at cost, using the straight-line method.

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

Depreciation is calculated at cost, using the straight-line method.

1.6 Property, plant and equipment (continued)

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

Item including individual components	Useful life
Land	Indefinite
Operational Buildings	1 - 99 years
Transport assets	1 - 62 years
Infrastructure	1 - 100 years
Community Assets	1 - 99 years
Other property, plant and equipment	
• Computer equipment	1 - 45 years
• Furniture and Office equipment	1 - 54 years
• Machinery and Equipment	1 - 55 years
• Library Materials	10 - 22 years
Service Concession: Community	60 -80 years
Service Concession: Tshwane house	30 years
Leased assets	
• Vehicles, equipment, etc.	3 - 20 years
Housing assets	10- 101 years

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

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

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

Derecognition

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.

Impairment

Refer to the impairment accounting policy (note 1.15).

Assets under construction

Incomplete construction work is stated at historical cost. Depreciation commences when the asset is available for use. The group assesses at each reporting date if there is indication for impairment

1.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for service delivery in terms of mandated functions of the group, or for administrative purposes are classified and recognised as intangible assets.

Initial recognition and measurement

The group initially measures intangible assets at cost and comprise of software and servitudes. The group recognises the cost of intangible asset only if;

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

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

Costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the group and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred and are separately disclosed in the financial statements (see note 52).

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be Rnil. Transfers from intangible assets are made when the particular asset no longer meets the definition of an intangible asset.

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.

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 and Impairment

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

Item	**Useful life**
Computer software	4 - 33 years
Servitudes	Indefinite

Servitudes when registered do not expire after a period of time. There is no time condition coupled to it, therefore the indefinite useful life.

Derecognition

Intangible assets are derecognized when the asset is disposed of or when there is no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Impairment

Refer to the impairment accounting policy (note 1.15).

1.8 Heritage assets

Heritage assets are defined as 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.

Initial recognition and measurement

The group recognises heritage assets if, and only if: it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost less accumulated impairment. 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.

Derecognition

The group 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).

1.9 Living and non-living resources

Living resources are living animals or plants that undergo biological transformation naturally.

Living resources consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

Non-living resources, other than land, is not recognised as assets.

Initial recognition and measurement

A living resource shall be recognised as an asset if, and only if:
- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

A living resource that qualifies for recognition as an asset shall be measured at its cost. Where a living resource is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where the group is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the unaudited financial statements.

Where the group holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the unaudited financial statements. When the information about the cost or fair value of the living resource becomes available, the group recognise, from that date, the living resource and apply the measurement principles.

Accounting Policies

1.9 Living and non-living resources (continued)

Subsequent Measurement

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is calculated on a straight line basis over its useful life.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

Item	Average useful life
Cattle (Bull, Cow, Calf)	11 - 20 years
Poultry	10 - 15 years
Fellow deer	7 - 9 years
Goat (Ram, Ewe, Lamb)	7 - 20 years
Horse (Recreation)	11 - 20 years
Pig	8 years
Sheep (Ram, Ewe, Lamb)	2 - 20 years
Dog (Law Enforcement)	5 - 15 years
Horse (Law Enforcement)	9 - 19 years

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Derecognition

The carrying amount of a living resource is 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 a living resource is included in surplus or deficit when the item is derecognised.

1.10 Investment in associates and joint ventures

The group applies the equity method to account for investment in associates. On initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surplus or deficit of the group's after the date of acquisition. The group's share of the investee's surplus or deficit is recognised in the group's surplus or deficit. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's surplus or deficit.

The most recent available financial statements of the associate are used by the group in applying the equity method. When the end of the reporting period of the group is different from that of an associate the group:

Obtains, for the purpose of applying the equity method, additional financial information as of the same date as the financial statements of the entity.

1.11 Financial instruments

Initial Recognition and Measurement

A financial instrument is recognised, when the City becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition

The City 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:

Initial Recognition and Measurement

A financial instrument is recognised, when the group becomes a party to the contractual provisions of the instrument and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Financial asset

The group 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**
Investments	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Consumer receivables: Exchange	Financial asset measured at amortised cost
Consumer receivables: Non exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Redemption fund asset	Financial asset measured at fair value
Interest rates swaps	Financial asset measured at fair value

Financial liability

The group 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**
Loans and bonds	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Service concession arrangement	Financial liability measured at amortised cost
Interest rate swaps	Financial liability measured at fair value
Redemption fund liabilities	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The group measures a financial asset and financial liability initially at its fair value Net of transaction costs.

1.11 Financial instruments (continued)

Subsequent Measurement

All financial assets and financial liabilities are measured at amortised cost, except interest rate swaps and redemption fund which are measured at fair value and financial assets are subject to impairment review.

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, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account.

The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The group derecognises financial assets using trade date accounting.

The group derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

Financial liabilities

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

The 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 group 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.

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

1.11 Financial instruments (continued)

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.

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, which consist of fines and property rates.

Recognition

The group recognises statutory receivables using the policy on Revenue from non-exchange transactions (Property rates and transfers).

Initial measurement

The group initially measures statutory receivables at their transaction amount.

Subsequent measurement

The group 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.

Impairment losses

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

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

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

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

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

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

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

1.12 Statutory receivables (continued)

Derecognition

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

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

1.13 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. The group leases vehicles and Buildings.

Finance leases - lessee

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases.

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

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

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

The finance lease assets are depreciated at the same rates as owned property unless the group will not obtain ownership. Where there is no reasonable certainty that the group will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

The finance lease liabilities are derecognised when the entity’s obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.14 Inventories

Inventories consist of water and materials, consumables stock and other goods that are held for use or resale.

1.14 Inventories (continued)

Inventories are initially measured at cost and subsequently measured at the lower of cost (determined using the weighted average cost method) and net realizable value. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are subsequently valued at the lower of cost and current replacement value.

Cost of inventory comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Water inventory

Water is regarded as inventory when the group purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the group has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the group but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at the reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Redundant and slow moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventory arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

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

1.15 Impairment

Designation

The group designate an asset as cash-generating or non-cash-generating based on the objective of using the asset.

The group designate an asset or cash generating unit as cash generating when:

- its objective is to use the asset or cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The group designate an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery shall be designated either as a cash-generating asset or non-cash-generating asset based on whether the group expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the group designates the asset as a non-cash-generating asset and applies the provisions of this accounting policy.

Impairment of Cash-generating Assets

The group does not have any cash generating assets since the assets are mainly held for purposes of delivering services rather than for a commercial return.

Impairment of Non-cash-generating Assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Accounting Policies

1.15 Impairment (continued)

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss, the impairment loss is recognised immediately in surplus or deficit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

The group classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits include items such as:

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

Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group’s informal practices would cause unacceptable damage to its relationship with employees.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the group provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans consist of;

- Municipal Employees Pension Fund
- South African Local Authorities Pension Fund
- Joint Municipal Pension Fund
- Germiston Municipal Retirement Fund
- City of Tshwane Group Life Scheme
- Consolidated Retirement Fund Councillors
- Meshawei National Local Authority Retirement Fund

1.16 Employee benefits (continued)

- Municipal Gratuity Fund
- National Fund for municipal workers
- Pension Fund for councillors
- SAMWU National Pension Fund
- Tshwane Municipal Provident Fund
- SWA Alexander Forbes Provident Fund

Post-employment benefits: Defined contribution plans

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employee render the related service, they are discounted. The rate used to discount 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 obligation.

Post-employment benefits: Defined benefit plans

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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 any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The group accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the group’s informal practices.

The group 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:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial assumptions

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- 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:
- those changes were enacted before the reporting date; or
- past history, 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.

1.17 Provisions and contingencies

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.

The group's provisions consist of;
- Landfill sites
- Clearing of alien vegetation
- Quarries
- Legal proceedings
- COID

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 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.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The group does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Where the effect of the time value of money is material, the amount of the provision is discounted to present value at the discount rate which is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.18 Revenue

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.

Revenue from exchange transactions refers to revenue that accrued to the group directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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.

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:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

1.18 Revenue (continued)

Service charges

Service charges relating to electricity and water are based on consumption. Sanitation charge is calculated based on the wastewater discharged into the municipal sewer system. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and an amount of revenue is recognised when it can be measured reliably and it is probable that the economic benefits will flow to the city. Estimates of consumption are made monthly when meter readings have not been obtained. The estimates of consumption are recognized when the amount of revenue can be measured reliably, and it is probable that the economic benefits will flow to the city. Adjustments to estimates of consumption are made in the ordinary course of business as the city and the customer has an enforceable right regarding the service rendered or received. These adjustments are recognised as revenue when it is probable that the economic benefits will flow to the city. Waste removal services are billed on a monthly basis.

Sale of goods – exchange revenue

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group 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 group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

License and permits

The revenue is recognized monthly. Once the income collected has been quantified. The income recognized is per the agreement

Rental of facilities and equipment

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Share of profits from associate

Income is recognized in terms of GRAP 36 (see par 1.10 interest in associates).

Service concession arrangement

Revenue is recognised on a straight-line basis over the term of the concession.

Interest income

Interest is recognised, in surplus or deficit, using the effective interest rate method. Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments. Interest earned on outstanding debtors is recognised on a time proportionate basis.

Revenue from non-exchange transactions

Recognition:

The group recognises non-exchange revenue in the case of an inflow of resources that is recognised as an asset, except to the extent that a liability is also recognised from the same inflow of resources.

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

Measurement:

At initial recognition revenue from a non-exchange transaction is measured at its fair value as at the date of acquisition.

Subsequent measurement:

1.18 Revenue (continued)

Where the group recognises an asset arising from non-exchange transaction, revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets recognised by the city.

Property rates

The group recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met. Revenue is recognized when the legal entitlement to this revenue arises.

Fines, penalties and forfeits

Revenue is recognised per paragraph GRAP 9.20 which, *inter alia*, provides that:
- 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 entity;

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group, and the fair value of the assets can be measured reliably.

Public contributions, sponsorships and donations, including goods in-kind Gifts, sponsorships 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 group and the fair value of the assets can be measured reliably.

Government grants and subsidies

The group recognises conditional grants and subsidies as liabilities when it is probable that an outflow of resources embodying future economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Revenue received from conditional grants is recognised as revenue to the extent that the group has complied with any of the criteria, conditions or obligations embodied in the agreement.

General fuel Levy

The group receives a general fuel levy allocation from nationally raised revenue (non-exchange revenue). The grant is operational in nature, and its purpose is to provide for basic services and infrastructure development in under-serviced communities, specifically to transport infrastructure given the link between fuel sales and road usage.

Fuel levy revenue is recognised when it is probable that the future economic benefits will flow to the entity; and the fair value of the asset can be measured reliably.

Measurement:

At initial recognition revenue from a non-exchange transaction is measured at its fair value as at the date of acquisition.

1.19 Comparative figures

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

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

1.20 Unauthorised expenditure

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

Accounting Policies

1.21 Fruitless and wasteful expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in surplus or deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

1.22 Irregular expenditure

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred.

1.23 Budget information

A 10% deviation on operational revenue and expenditure versus the final budget are deemed to be material and for capital expenditure the percentage deviation is 5%. This percentage is based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the consolidated annual financial statements.

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 1 July 2024 to 30 June 2025.

1.24 Related parties

The City controls two municipal entities (TEDA and HCT) and has significant influence over TASEZ (investment in associate). These form part of related parties. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant influence is the power to participate in the financial and operating. Policy decisions of an activity but is not control or joint control over.

Management is considered a related party, and comprises Councillors, Executive Mayor, Mayoral Committee Members, City Manager and all other Section 56 and 57 employees (refer to notes 40 and 41).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the City (refer to note 62).

The City discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements.

1.25 Service concession arrangements: Entity as grantor

Recognition of asset and liability

The group recognises an asset provided by the operator and an upgrade to an existing asset of the group, as a service concession asset if the group controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a “whole-of-life” asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the group recognises a service concession asset, and the asset is not an existing asset of the group, the group also recognises a liability.

The group does not recognise a liability when an existing asset of the group is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The group initially measures the service concession asset at its fair value, except where the asset is an existing asset of the group in which case the asset is reclassified at their carrying amount and the asset is accounted for in accordance with the policy on investment property, plant and equipment, intangible assets, or heritage assets, as appropriate.

The group initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the group.

Service concession consists of;

- Denneboom Station Public Transport Interchange
- Tshwane House
- Tshwane Broadband Network

Financial liability model

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

1.26 Value-Added Tax

The group is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991). The group accounts for VAT on the cash basis.

Revenue, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is reported separate from other receivables or payables in the statement of financial position. As all VAT transactions will eventually fall due to or by the same juristic person, all balances are presented in the same line on the annual financial statements.

1.27 Commitments

Commitments represent goods/services that have been ordered, but for which no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, however are disclosed as part of the disclosure notes. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

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

- An official communication of an award letter to the successful service provider
- Awards should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

The disclosure of commitments entered into before the end of the financial year/reporting date shall be done in the financial statements as prescribed in the following GRAP standards:

- GRAP 1 - Presentation of Financial Statements (GRAP 1) requires the disclosure of unrecognised contractual commitments
- GRAP 17 - Property, Plant and Equipment (GRAP 17) requires the disclosure of contractual commitments for the acquisition of property, plant and equipment
- GRAP 13: Leases are disclosed in note 19. Operating commitments are not disclosed as the group's annual budget is available on the City's website.
- GRAP 31 - Intangible Assets (GRAP 31) requires the disclosure of contractual commitments for the acquisition of intangible assets.

1.28 Borrowing costs

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

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

1.29 Cash and non-cash generating assets

The group is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of the tariff. As such, management has determined that the group does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the group.

Impairment of property, plant and equipment The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

1.30 Expenditure

Bulk purchases - represent water expensed, cost of electricity purchased (for onwards selling to consumers and to power streetlights within the City of Tshwane) as well as electricity and chemicals used in water purification.

Water losses are recognised as expense in the period the loss occurs Bulk Purchase expenses are measured reliably at the amortised cost of the consideration payable, exclusive of value added tax. MFMA requires the disclosure of losses incurred during the financial year under review. The disclosure is provided in order to comply with the legislative requirements governing municipalities and is based on units as required by the MFMA.

The bulk purchases expense is recognised in relation to the income earned. The amount of any losses of inventories are recognised as an expense in the period the loss occurs.

Contracted services and Repairs and Maintenance - Caters for all the external services outsourced, consultants, professional services and contractors. Repairs and maintenance also form part of contracted services of external service providers.

Transfers and subsidies - Relate to expenditure pertaining transfers to related entities, donations to the community, bursaries.

General expenses - constitute several expense items which are not individually significant.

The group recognises expenses when they are incurred.

1.31 Segment reporting

Significant judgements

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results, to enable users to evaluate the nature and financial effects of the activities in which the segment engages and the economic environments in which it operates.

Basis for segmentation

The group is a complex metropolitan City and subsidaries with a wide variety of goods and services managed by various business units. Operations are structured to achieve service delivery, and the group produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management consider the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of segment operations.

Reportable segments are identified based on activities of the group that generate economic benefits or service potential, including internal services that contribute to achieving the group's objectives without necessarily generating net cash inflows.

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the group's accounting policies.

Geographic information

All the group's operations are located in the Republic of South Africa, in the Tshwane metropolitan area. Information on different geographic areas is not available, and the cost to develop it would be excessive.

Accounting Policies

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

Recognition

The group, 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.

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

1.33 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an group after deducting all of its liabilities.

1.34 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.35 Reporting cash flows on a gross basis

The group reports separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to the extent that cash flows described in Grap 2, paragraphs .23 and .26 are reported on a net basis.

The group has reported on a gross basis the cash flows arising from operating, investing and financing activities.

Cash flows arising from the following operating, investing or financing activities may be reported on a net basis: (a) cash receipts collected and payments made on behalf of customers, taxpayers or beneficiaries when the cash flows reflect the activities of the other party rather than those of the entity; and (b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Expected impact:
• Improvements to the Standards of GRAP (2023)	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	Unlikely there will be a material impact
• GRAP 105: Transfer of Functions Between Entities Under Common Control	Unlikely there will be a material impact
• GRAP 106: Transfer of Functions Between Entities Not Under Common Control	Unlikely there will be a material impact
• GRAP 107: Mergers	Unlikely there will be a material impact

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

3. Inventories

Materials	821 094 946	704 981 678	819 887 753	701 662 463
Water for distribution	47 298 143	38 068 561	47 298 143	38 068 561
Fuel (Diesel, Petrol)*	13 990 111	12 970 321	13 990 111	12 970 321
A Re Yeng (ARY) Card stock	2 654 006	1 565 717	2 654 006	1 565 717
Plants (nursery)	40 132	51 844	40 132	51 844
Quarries (Stones and sand)*	257 071	202 398	257 071	202 398
Coal (power stations)	71 268 274	142 536 548	71 268 274	142 536 548
	956 602 683	**900 377 067**	**955 395 490**	**897 057 852**

*The quarries inventory was split between fuel and quarries (sand and stones) to provide more relevant information to the users of the financial statements.

No inventory is pledged as security and no inventory is carried at fair value less cost to sell.

Refer to note 46 for inventory expensed.

Inventory Write-downs

Inventory to the value of R33 714 551 (2024: R18 670 977) was scrapped during the year.

Surplus inventory (items identified during stock take)	891 131	30 088	891 131	30 088
Shortages	(1 015 139)	(5 155 251)	(1 015 139)	(5 155 251)
Theft	(32 298 625)	(11 869 622)	(32 298 625)	(11 869 622)
Adjustment of inventory cost	(143 002)	(49 134)	(143 002)	(49 134)
Damaged inventory - Insurance Claim	(135 813)	(720 458)	(135 813)	(720 458)
Obsolete Inventory	(1 013 103)	(906 600)	(1 013 103)	(906 600)
	(33 714 551)	**(18 670 977)**	**(33 714 551)**	**(18 670 977)**

Shortages - value of stock less items identified during the mid-year and year-end stock takes.

Theft – Stock loss as a result of criminal elements which are registered with SAPS as stolen. These theft cases are registered on the Insurance broker system.

Coal

Coal inventory written down	(71 268 274)	-	(71 268 274)	-

The reduction in the valuation of coal refers to coal that has lost its value due to environmental and economic factors.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

4. Consumer receivables (contractual and statutory)

Financial instruments

Gross balances				
Rates	5 542 002 927	5 572 711 587	5 542 002 927	5 572 711 587
Electricity	4 254 235 839	3 899 272 508	4 254 235 839	3 899 272 508
Water	6 999 898 578	7 664 751 646	6 999 898 578	7 664 751 646
Waste water	874 419 151	1 194 050 035	874 419 151	1 194 050 035
Sewerage	1 538 259 076	1 533 507 650	1 538 259 076	1 533 507 650
Refuse	2 242 216 157	1 927 859 293	2 242 216 157	1 927 859 293
Interest	7 657 108 727	6 505 464 646	7 657 108 727	6 505 464 646
Total gross	**29 108 140 455**	**28 297 617 365**	**29 108 140 455**	**28 297 617 365**
Less: Arrangement debtors transferred to long-term receivables (Note 6)	(470 023 720)	(379 259 822)	(470 023 720)	(379 259 822)
Net balances	**28 638 116 735**	**27 918 357 543**	**28 638 116 735**	**27 918 357 543**
Less: Allowance for impairment				
Rates	(3 278 157 566)	(3 263 715 263)	(3 278 157 566)	(3 263 715 263)
Electricity	(2 383 123 609)	(2 528 764 843)	(2 383 123 609)	(2 528 764 843)
Water	(5 429 626 361)	(6 327 011 099)	(5 429 626 361)	(6 327 011 099)
Waste water	(601 155 678)	(636 520 952)	(601 155 678)	(636 520 952)
Sewerage	(1 167 038 663)	(1 210 616 559)	(1 167 038 663)	(1 210 616 559)
Refuse	(1 703 309 242)	(1 486 282 300)	(1 703 309 242)	(1 486 282 300)
Interest	(6 328 760 979)	(5 528 229 179)	(6 328 760 979)	(5 528 229 179)
	(20 891 172 098)	**(20 981 140 195)**	**(20 891 172 098)**	**(20 981 140 195)**
Net balance				
Rates	2 263 845 361	2 308 996 324	2 263 845 361	2 308 996 324
Electricity	1 871 112 230	1 370 507 665	1 871 112 230	1 370 507 665
Water	1 570 272 217	1 337 740 547	1 570 272 217	1 337 740 547
Waste water	273 263 473	557 529 083	273 263 473	557 529 083
Sewerage	371 220 413	322 891 091	371 220 413	322 891 091
Refuse	538 906 915	441 576 993	538 906 915	441 576 993
Interest	1 328 347 748	977 235 467	1 328 347 748	977 235 467
Arrangement debtors	(470 023 720)	(379 259 822)	(470 023 720)	(379 259 822)
	5 483 099 276	4 628 221 024	5 483 099 276	4 628 221 024
	7 746 944 637	**6 937 217 348**	**7 746 944 637**	**6 937 217 348**
Statutory receivables included in Consumer receivables above are as follows:				
Rates	2 263 845 361	2 308 996 324	2 263 845 361	2 308 996 324

Statutory Receivables General Information

Transaction arising from statute: Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws.

Determination of transaction amount – Tariffs are reviewed annually as part of the MTREF process and applied as per Property Rates Policy which is guided by the Local Government Property Rates Act No.6 of 2004.

Interest or other charges levied/charged: According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt more than 59 days. Interest is levied in accordance with the Municipal Property Rates Regulations 2006, at the prime rate plus 1%.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

4. Consumer receivables (contractual and statutory) (continued)

Discount rate applied to the estimated future cash flows: The prime lending rate plus 1% is applied.

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables: Reversal will be due to the amount being settled which will automatically be excluded from future impairment calculations.

Recognition

- Calculations are done at a contract level.
- Payment ratios are determined for each contract account. This will be calculated as Total Payments Cleared/Total Levies.
- A non-payment ratio is then determined which is 100% less the payment ratio.
- The present value of future debt repayments is then deducted from the carrying amount to determine the impairment amount.

Reversal

- Settlement of debt and in instances where the customers have entered into an arrangement

Significant Impairment losses recognised: 2024/2025 Impairment for Property Rates R3 278 157 566.

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

- A receivable that has been placed under or applied for liquidation or sequestration.
- Where the last payment date by the customer was before 1 May of each year.
- Accounts handed over to debt collectors and/or power of attorney.
- All accounts indicated as in-active accounts on the system.
- All accounts indicated as indigent accounts on the system.
- All accounts with balances outstanding fifty-nine (59) days and longer as these accounts are past due.

Rates				
Current (0 - 30 days)	1 351 758 942	1 404 766 787	1 351 758 942	1 404 766 787
31 - 60 days	128 611 789	131 570 700	128 611 789	131 570 700
61 - 90 days	109 771 445	98 498 332	109 771 445	98 498 332
91 - 120 days	99 078 723	100 788 458	99 078 723	100 788 458
121 - 150 days	120 595 470	91 408 987	120 595 470	91 408 987
151 - 180 days	118 157 218	82 665 777	118 157 218	82 665 777
181 - 365 days	496 852 470	494 342 139	496 852 470	494 342 139
> 365 days	3 117 176 870	3 168 670 407	3 117 176 870	3 168 670 407
	5 542 002 927	**5 572 711 587**	**5 542 002 927**	**5 572 711 587**

Electricity				
Current (0 - 30 days)	991 166 246	922 858 622	991 166 246	922 858 622
31 - 60 days	136 168 858	152 963 553	136 168 858	152 963 553
61 - 90 days	99 136 682	71 300 184	99 136 682	71 300 184
91 - 120 days	151 151 215	66 063 458	151 151 215	66 063 458
121 - 150 days	59 865 533	64 731 992	59 865 533	64 731 992
151 - 180 days	115 066 195	50 864 907	115 066 195	50 864 907
181 - 365 days	487 447 293	356 698 870	487 447 293	356 698 870
> 365 days	2 214 233 817	2 213 790 922	2 214 233 817	2 213 790 922
	4 254 235 839	**3 899 272 508**	**4 254 235 839**	**3 899 272 508**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

4. Consumer receivables (contractual and statutory) (continued)

Water				
Current (0 - 30 days)	986 659 507	1 015 699 604	986 659 507	1 015 699 604
31 - 60 days	216 269 755	202 655 541	216 269 755	202 655 541
61 - 90 days	201 943 895	169 252 954	201 943 895	169 252 954
91 - 120 days	180 839 421	171 281 993	180 839 421	171 281 993
121 - 150 days	99 712 187	209 167 329	99 712 187	209 167 329
151 - 180 days	161 031 704	148 642 677	161 031 704	148 642 677
181 - 365 days	762 251 935	983 410 419	762 251 935	983 410 419
> 365 days	4 391 190 174	4 764 641 129	4 391 190 174	4 764 641 129
	6 999 898 578	**7 664 751 646**	**6 999 898 578**	**7 664 751 646**

Waste water				
Current (0 - 30 days)	84 489 611	298 407 894	84 489 611	298 407 894
31 - 60 days	27 530 938	24 241 043	27 530 938	24 241 043
61 - 90 days	18 389 445	18 419 305	18 389 445	18 419 305
91 - 120 days	17 390 169	11 803 057	17 390 169	11 803 057
121 - 365 days	14 747 644	10 828 688	14 747 644	10 828 688
151 - 180 days	15 937 771	11 935 604	15 937 771	11 935 604
181 - 365 days	152 208 145	94 288 513	152 208 145	94 288 513
> 365 days	543 725 428	724 125 931	543 725 428	724 125 931
	874 419 151	**1 194 050 035**	**874 419 151**	**1 194 050 035**

Sanitation				
Current (0 - 30 days)	242 601 152	224 383 600	242 601 152	224 383 600
31 - 60 days	42 564 319	39 686 406	42 564 319	39 686 406
61 - 90 days	37 041 453	57 814 848	37 041 453	57 814 848
91 - 120 days	36 400 492	32 901 981	36 400 492	32 901 981
121 - 150 days	20 939 973	42 640 914	20 939 973	42 640 914
151 - 180 days	36 555 075	30 481 883	36 555 075	30 481 883
181 - 365 days	167 638 189	191 914 948	167 638 189	191 914 948
> 365 days	954 518 423	913 683 070	954 518 423	913 683 070
	1 538 259 076	**1 533 507 650**	**1 538 259 076**	**1 533 507 650**

Refuse				
Current (0 - 30 days)	293 324 878	244 959 754	293 324 878	244 959 754
31 - 60 days	46 865 007	40 715 785	46 865 007	40 715 785
61 - 90 days	43 537 975	36 160 066	43 537 975	36 160 066
91 - 120 days	41 152 202	35 510 602	41 152 202	35 510 602
121 - 150 days	28 457 096	38 279 026	28 457 096	38 279 026
151 - 180 days	43 807 019	31 186 517	43 807 019	31 186 517
181 - 365 days	207 745 293	198 093 277	207 745 293	198 093 277
> 365 days	1 537 326 687	1 302 954 266	1 537 326 687	1 302 954 266
	2 242 216 157	**1 927 859 293**	**2 242 216 157**	**1 927 859 293**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

4. Consumer receivables (contractual and statutory) (continued)

Interest				
Current (0 - 30 days)	543 593 337	643 414 812	543 593 337	643 414 812
31 - 60 days	201 272 277	183 690 321	201 272 277	183 690 321
61 - 90 days	199 458 768	164 627 065	199 458 768	164 627 065
91 - 120 days	211 473 670	162 792 192	211 473 670	162 792 192
121 - 150 days	130 922 391	189 379 926	130 922 391	189 379 926
151 - 180 days	209 373 662	142 798 476	209 373 662	142 798 476
181 - 365 days	1 021 950 504	850 952 756	1 021 950 504	850 952 756
> 365 days	5 139 064 118	4 167 809 098	5 139 064 118	4 167 809 098
	7 657 108 727	**6 505 464 646**	**7 657 108 727**	**6 505 464 646**

Ageing: Total gross receivables				
Current (0 - 30 days)	4 493 593 674	4 754 491 072	4 493 593 674	4 754 491 072
31 - 60 days	799 282 944	775 523 348	799 282 944	775 523 348
61 - 90 days	709 279 663	616 072 755	709 279 663	616 072 755
91 - 120 days	737 485 891	581 141 741	737 485 891	581 141 741
121 - 150 days	475 240 294	646 436 861	475 240 294	646 436 861
151 - 180 days	699 928 645	498 575 839	699 928 645	498 575 839
181 - 365 days	3 296 093 828	3 169 700 923	3 296 093 828	3 169 700 923
> 365 days	17 897 235 516	17 255 674 826	17 897 235 516	17 255 674 826
	29 108 140 455	**28 297 617 365**	**29 108 140 455**	**28 297 617 365**

Reconciliation of allowance for impairment				
Balance at beginning of the year	(20 981 140 195)	(16 468 028 774)	(20 981 140 195)	(16 468 028 774)
Contributions to allowance - Non-Exchange	(810 422 328)	(438 944 785)	(810 422 328)	(438 944 785)
Contributions to allowance - Exchange	(4 295 330 713)	(3 862 213 879)	(4 295 330 713)	(3 862 213 879)
Adjustments to allowance - review of impairment at year end	-	(331 811 802)	-	(331 811 802)
Debt impairment written off against allowance during the financial year	5 195 721 138	119 859 045	5 195 721 138	119 859 045
	(20 891 172 098)	**(20 981 140 195)**	**(20 891 172 098)**	**(20 981 140 195)**

Consumer debtors past due and impaired

The ageing of amounts past due and impaired is as follows:

Current (0 - 30 days)	1 233 198 907	1 390 757 109	1 233 198 907	1 390 757 109
31 - 60 Days	569 390 216	499 581 778	569 390 216	499 581 778
61 - 90 Days	523 497 201	477 412 689	523 497 201	477 412 689
91 - 120 Days	540 339 660	461 032 154	540 339 660	461 032 154
121 - 150 Days	347 357 106	527 846 636	347 357 106	527 846 636
151 - 180 Days	525 014 132	400 205 194	525 014 132	400 205 194
181 - 365 Days	2 544 913 582	2 620 484 338	2 544 913 582	2 620 484 338
> 365 days	14 607 462 294	14 669 506 899	14 607 462 294	14 669 506 899
	20 891 173 098	**21 046 826 797**	**20 891 173 098**	**21 046 826 797**

Consumer debtors past due and not impaired

There are no consumer debtors that are past due and not impaired in the current year.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

4. Consumer receivables (contractual and statutory) (continued)

No collateral held by the City as security for consumer receivables.

5. Other receivables from exchange and non-exchange transactions

Other receivables from exchange transactions				
Financial instruments				
Creditors with debit balances	657 688	186 879 650	657 688	186 879 650
Debits not yet cleared	46 458 398	48 332 077	46 458 398	48 332 077
Fresh Produce Market	25 226 671	23 484 231	25 226 671	23 484 231
Wonderboom Airport	65 837 029	51 149 264	65 837 029	51 149 264
Sundry rentals	649 507 585	586 716 367	632 343 920	577 424 119
Sundry debtors	1 111 815 701	1 202 968 756	1 104 743 684	1 201 057 334
	1 899 503 072	2 099 530 345	1 875 267 390	2 088 326 675
Other receivables from exchange transactions				
Non - Financial instruments				
Lease revenue	25 654 501	26 566 580	25 654 501	26 566 580
Water demand management fund	35 196 582	-	35 196 582	-
Input VAT accrual**	3 966 511 007	3 441 275 744	3 966 511 007	3 441 275 744
Prepayments (if immaterial)	391 483	980 884	-	-
	7 826 102 029	7 481 004 248	4 027 362 090	3 467 842 324
Other receivables from exchange transactions	1 899 894 555	2 100 511 229	5 902 629 480	5 556 168 999
Impairment allowance: Exchange	(1 468 554 383)	(1 301 196 498)	(1 458 600 345)	(1 292 862 333)
	4 458 702 262	**4 267 157 055**	**4 444 029 135**	**4 263 306 666**

Other receivables from non-exchange transactions				
AARTO fine debtor	895 073 000	745 880 179	895 073 000	745 880 179
By Law Fines	34 181 711	21 613 808	34 181 711	21 613 808
Miscellaneous*	98 228 856	84 872 598	97 816 855	82 969 700
Grant debtor - HCT	-	-	14 000 000	-
Year End Grant debtor	3 364 358	4 574 236	-	-
	1 030 847 925	856 940 821	1 041 071 566	850 463 687
Impairment: Non-exchange	(664 923 422)	(536 288 804)	(664 923 422)	(536 288 804)
	365 924 503	**320 652 017**	**376 148 144**	**314 174 883**

*A pair of general ledger accounts that net off to nil when read together and are used to clear and record transactions emanating from the Fresh Produce Market, were incorrectly mapped. The two GLs should be mapped together but were mistakenly mapped separately resulting in the one GL account being mapped to 'other receivables from non exchange transactions' and the other GL being mapped to 'other payables' thereby resulting in the overstatement of both these components. The mapping error was corrected in the current year thereby resulting in fair presentation of both the components of 'other receivables from non exchange transactions' and 'other payables

**Two general ledger accounts that relates to VAT retentions amounting to R114 million were misclassified in other receivables, these accounts have been reclassified to Input VAT accrual. Comparative figures have been corrected to ensure fair presentation of the financial statements, allowing for a more accurate reflection of the City's financial performance.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

5. Other receivables from exchange and non-exchange transactions (continued)

Reconciliation of other receivables allowance				
Opening balance	(1 837 485 302)	(1 623 258 498)	(1 829 151 137)	(1 621 637 389)
Contribution to allowance - Exchange	(219 028 489)	(59 045 529)	(209 199 565)	(50 909 941)
Contribution to allowance - Non-Exchange	(132 328 264)	(156 847 877)	(132 328 264)	(156 847 878)
Amounts recovered	574 779	140 503	-	-
Write-off's against allowance	54 789 471	1 526 099	47 155 199	244 071
	(2 133 477 805)	**(1 837 485 302)**	**(2 123 523 767)**	**(1 829 151 137)**

Statutory receivables general information

Statutory Receivables (AARTO Receivables) - General Information

AARTO traffic fines revenue is recognized in terms of the provisions of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998), referred to as the AARTO Act.

Determination of transaction amount – Amounts of fines are determined in terms of the AARTO Act as amended from time to time, depending on the nature of the offence. The value of the receivables themselves is fixed & nominal and based on legislation.

Interest or other charges levied/charged: The value of the traffic fines receivable remains fixed and nominal (in other words, there is no growth and interest components. The value of the receivables themselves is fixed & nominal and based on legislation.

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

- The method applied to assess whether traffic fines are impaired is based on a cash flow approach and assumes the ability to recover the projected payments according to the law and regulations of the AARTO Act.
- The constraints of the AARTO Act that make the continued ability of an infringer to maintain a valid driver's licence contribute to settling all valid fines. The failure to enforce the law as promulgated in terms of the Act would impact the ability to recover traffic fines from infringers.
- Actuarial projection techniques (an adaptation of the basic chain ladder method) which consider patterns emerging in the past observed debt and payment data, are used to predict future patterns of debt progression.
- The ratios of debt in each past year (which in sequence form a pattern) are used to predict what the expected debt will likely be in the next year. This technique then extends the prediction into each future year.

Discount rate applied to the estimated future cash flows: The risk-free discount rate for the average weighted term of projected cashflows (i.e. payments).

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables:

Recognition

- Calculations are done at the infringement notice level using observable data over a long-term run period.
- Payment ratios are determined based on calculated payment factors for each infringement using analysis of trends as seen from observable data.
- A fair value of each infringement notice is determined equal to the transaction amount for each infringement notice.
- The future expected cashflows are deducted from the carrying amount to determine the impairment amount.

Reversal

- Payment or inability to settle valid infringement notices outstanding for a long period.
- Cancelled fines in terms of the Act, i.e., not served to the infringer (by registered mail) within timeframes as per the AARTO Act.
- Election by the infringer to go to court.

Significant Impairment losses recognised: The 2024/2025 Impairment allowance account for AARTO traffic fine debtors is R633 662 715.

5. Other receivables from exchange and non-exchange transactions (continued)

Statutory Receivables (By-Law fines Receivables) - General Information

By-law fines revenue is recognized in terms of the provisions of the City by-laws and is determined in accordance with the Criminal Procedure Act, 1977 (Act No. 51 of 1977).

Determination of transaction amount – The amounts of by-law fines are determined and approved under the competence of the Magistrate and the Criminal Procedure Act from time to time, depending on the nature of the offence. The value of the receivables is fixed and nominal, as prescribed by legislation.

Interest or other charges levied/charged: The value of the by-law fines receivable remains fixed and nominal (in other words, there is no growth and interest components). The value of the receivables themselves is fixed & nominal and based on legislation.

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

- The method applied to assess whether by-law fines are impaired is based on a cash flow approach and assumes the ability to recover the projected payments in line with the Criminal Procedure Act and relevant regulations.
- Actuarial projection techniques (an adaptation of the basic chain ladder method) which consider patterns emerging in the past observed debt and payment data, are used to predict future patterns of debt progression.
- The ratios of debt in each past year (which in sequence form a pattern) are used to predict what the expected debt will likely be in the next year. This technique then extends the prediction into each future year.

Discount rate applied to the estimated future cash flows: The risk-free discount rate for the average weighted term of projected cashflows (i.e. payments).

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables:

Recognition

- Calculations are performed at offence notice level using observable long-term data.
- Payment ratios are determined based on calculated payment factors for each by-law fine, derived from observed data trends.
- The fair value of each by-law fine is deemed equal to its legislated transaction amount.
- The future expected cashflows are deducted from the carrying amount to determine the impairment amount.

Reversal

- Payment to settle valid by-law fines outstanding for a long period.
- Cancellation, withdrawal, or reduction of by-law fines as determined by the relevant court.

Significant Impairment losses recognised: The 2024/2025 Impairment allowance account for bylaw fine debtors is R31 260 710.

Fresh Produce Market - Past due and impaired

		2025			**2024**	
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	4 775 502	(254 248)	4 521 254	3 611 229	(2 888 983)	722 246
31 - 60 Days	135 925	(121 133)	14 792	519 119	(415 295)	103 824
61 - 90 Days	108 687	(104 282)	4 405	187 992	(150 394)	37 598
91 - 120 Days	20 206 557	(20 206 557)	-	19 165 891	(15 332 713)	3 833 178
	25 226 671	**(20 686 220)**	**4 540 451**	**23 484 231**	**(18 787 385)**	**4 696 846**

There are no fresh produce market debtors that are past due and not impaired in the current year. Debtors amounting to R1 718 468 that are not past due are backed by a bank guarantee.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

5. Other receivables from exchange and non-exchange transactions (continued)

Wonderboom Airport - Past due and impaired

	2025 Gross	2025 Impairment	2025 Net balance	2024 Gross	2024 Impairment	2024 Net balance
Current (0 - 30 days)	2 317 164	(1 848 008)	469 156	5 852 411	(5 852 411)	-
31 - 60 Days	929 002	(876 262)	52 740	416 852	(416 852)	-
61 - 90 Days	1 531 878	(1 418 258)	113 620	852 144	(852 144)	-
91 - 120 Days	1 475 531	(1 381 086)	94 445	410 817	(410 817)	-
121 - 150 Days	59 583 454	(59 583 454)	-	43 617 040	(43 617 040)	-
	65 837 029	**(65 107 068)**	**729 961**	**51 149 264**	**(51 149 264)**	**-**

There are no Wonderboom Airport debtors that are past due and not impaired in the current year.

By Laws Fines - Past due and impaired

	2025 Gross	2025 Impairment	2025 Net balance	2024 Gross	2024 Impairment	2024 Net balance
Current (0 - 30 days)	976 350	(791 764)	184 586	2 484 000	(2 014 381)	469 619
31 - 60 Days	1 744 900	(1 419 546)	325 354	546 762	(444 813)	101 949
61 - 90 Days	1 766 453	(1 447 778)	318 675	560 475	(459 363)	101 112
91 - 120 Days	1 581 800	(1 307 467)	274 333	564 900	(466 929)	97 971
121 - 150 Days	1 518 300	(1 270 697)	247 603	285 650	(239 066)	46 584
151 - 180 Days	769 300	(650 881)	118 419	164 600	(139 263)	25 337
181 - 365 Days	5 867 200	(4 988 055)	879 145	1 986 950	(1 689 224)	297 726
Above 365 Days	19 957 408	(19 384 522)	572 886	15 020 471	(14 235 820)	784 651
	34 181 711	**(31 260 710)**	**2 921 001**	**21 613 808**	**(19 688 859)**	**1 924 949**

There are no By Law fines debtors that are past due and not impaired in the current year.

Sundry rentals - Past due and impaired

	2025 Gross	2025 Impairment	2025 Net balance	2024 Gross	2024 Impairment	2024 Net balance
Current (0 - 30 days)	4 932 865	(1 217 037)	3 715 828	13 681 591	(6 505 555)	7 176 036
31 - 60 Days	13 309 310	(7 177 417)	6 131 893	11 320 133	(6 627 039)	4 693 094
61 - 90 Days	12 757 865	(7 051 116)	5 706 749	10 565 071	(6 397 007)	4 168 064
91 - 120 Days	9 992 119	(6 617 075)	3 375 044	8 447 906	(5 142 085)	3 305 821
121 - 150 Days	16 675 604	(6 544 233)	10 131 371	12 877 258	(4 861 720)	8 015 538
151 - 180 Days	41 353 733	(30 427 235)	10 926 498	52 396 203	(35 564 475)	16 831 728
181 - 365 Days	6 156 475	(4 875 096)	1 281 379	5 443 030	(4 303 575)	1 139 455
Above 365 Days	544 329 614	(435 463 692)	108 865 922	471 985 175	(368 518 206)	103 466 969
	649 507 585	**(499 372 901)**	**150 134 684**	**586 716 367**	**(437 919 662)**	**148 796 705**

There are no Sundry rentals debtors that are past due and not impaired in the current year.

5. Other receivables from exchange and non-exchange transactions (continued)

AARTO - Past due and impaired

	2025			2024		
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	29 907 600	(17 907 175)	12 000 425	13 585 550	(6 844 588)	6 740 962
31 - 60 Days	19 018 975	(11 393 833)	7 625 142	18 341 175	(9 331 965)	9 009 210
61 - 90 Days	17 539 600	(10 515 222)	7 024 378	18 931 550	(9 951 091)	8 980 459
91 - 120 Days	15 091 025	(9 061 600)	6 029 425	16 094 750	(8 678 329)	7 416 421
121 - 150 Days	20 977 050	(12 621 230)	8 355 820	11 890 675	(6 515 151)	5 375 524
151 - 180 Days	22 064 875	(13 302 522)	8 762 353	12 730 250	(7 050 833)	5 679 417
181 - 365 Days	67 988 600	(41 166 642)	26 821 958	62 397 925	(34 532 556)	27 865 369
Above 365 Days	702 484 275	(517 694 491)	184 789 784	591 908 304	(430 001 789)	161 906 515
	895 072 000	**(633 662 715)**	**261 409 285**	**745 880 179**	**(512 906 302)**	**232 973 877**

There are no AARTO debtors that are past due and not impaired in the current year.

Sundry debtors - Past due and impaired

	2025			2024		
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	54 955 258	(39 203 348)	15 751 910	37 154 914	(2 985 813)	34 169 101
31 - 60 Days	4 473 413	(5 990 895)	(1 517 482)	15 334 781	(9 244 306)	6 090 475
61 - 90 Days	10 006 513	(10 702 405)	(695 892)	22 939 429	(14 674 973)	8 264 456
91 - 120 Days	1 628 659	(1 733 181)	(104 522)	21 453 278	(14 894 693)	6 558 585
121 - 150 Days	7 078 751	(4 835 814)	2 242 937	8 560 200	(6 203 355)	2 356 845
151 - 180 Days	12 194 549	(8 519 937)	3 674 612	9 750 474	(6 849 337)	2 901 137
181 - 365 Days	52 399 564	(40 433 201)	11 966 363	281 178 872	(192 681 177)	88 497 695
Above 365 Days	969 078 994	(762 015 372)	207 063 622	806 596 808	(541 166 014)	265 430 794
	1 111 815 701	**(873 434 153)**	**238 381 548**	**1 202 968 756**	**(788 699 668)**	**414 269 088**

Sundry debtors past due and not impaired

There are no debtors that are past due and not impaired in the current year.

No collateral held by the City as security for other receivables.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

6. Long-term receivables

Financial instruments measured at amortised cost:

Consumer: Arrangement debtors (refer to note 4)	470 023 720	379 259 822	470 023 720	379 259 822
Housing loans	8 702 823	11 041 326	8 702 823	11 041 326
Loan to sport clubs	873 534	913 522	873 534	913 522
Sale of land	60 910 753	65 014 229	60 910 753	65 014 229
	540 510 830	456 228 899	540 510 830	456 228 899
Less: Impairment allowance	(20 600 094)	(3 935 684)	(20 600 094)	(3 935 684)
Net long-term receivables	**519 910 736**	**452 293 215**	**519 910 736**	**452 293 215**

Non-current portion of long-term receivables	286 726 142	221 142 572	286 726 142	221 142 572
Current portion of long-term receivables	233 184 594	231 150 643	233 184 594	231 150 643
	519 910 736	**452 293 215**	**519 910 736**	**452 293 215**

Reconciliation of impairment allowance				
Balance at the beginning of year	(3 935 684)	(3 802 250)	(3 935 684)	(3 802 250)
Contributions to allowance	(16 664 410)	-	(16 664 410)	-
Write off against allowance	-	(133 434)	-	(133 434)
	(20 600 094)	**(3 935 684)**	**(20 600 094)**	**(3 935 684)**

Consumer: Arrangement debtors

A policy exists granting consumer receivables an opportunity to make arrangements to pay off their arrear debt over a period of 12, 24 or 36 months with a deposit payable.

Housing loans

Housing loans were granted to qualifying individuals in terms of the Provincial Administration's Housing Program. These loans attracted interest of 13.5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable.

Loans to sport clubs

Sport clubs that qualified signed a 99 year lease hold agreement with the City at a nominal amount and were provided with financial assistance from the City to build or improve a facility for which the funds are repayable over the lease term agreement and the Club has no claim to the improvements made to the facility after the expiration of the lease hold agreement.

Sale of land debtors

Vacant properties are sold through a process administered by Group Property Management. Contracts are signed and advices for the opening of individual accounts, which indicate the amount of the deposit (10%) and VAT (14% up to March 2018, and 15% from 1 April 2018) issued. The interest rate used is the City's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

As from 1 March 2014 all land sales are conducted on payment of the full amount to the City by the purchaser. No extended payment terms are offered and full payment is required on registration.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

6. Long-term receivables (continued)

Housing loans - Past due and impaired

	2025			2024		
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	776 380	(6 722)	769 658	95 961	(18 494)	77 467
31 - 60 Days	23 216	(6 742)	16 474	31 987	(9 287)	22 700
61 - 90 Days	23 216	(6 761)	16 455	31 987	(9 315)	22 672
91 - 120 Days	23 216	(6 781)	16 435	31 987	(9 342)	22 645
121 - 150 Days	23 216	(6 801)	16 415	31 987	(9 370)	22 617
151 - 180 Days	139 297	(40 927)	98 370	191 922	(56 384)	135 538
181 - 365 Days	23 216	(6 944)	16 272	31 987	(9 567)	22 420
Above 365 Days	7 671 066	(2 315 151)	5 355 915	10 593 508	(3 175 826)	7 417 682
	8 702 823	**(2 396 829)**	**6 305 994**	**11 041 326**	**(3 297 585)**	**7 743 741**

Loans to sport clubs - Past due and impaired

	2025			2024		
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	4 374	(1 234)	3 140	144 538	(4 997)	139 541
31 - 60 Days	4 374	(1 240)	3 134	54 151	(7 852)	46 299
61 - 90 Days	4 374	(1 246)	3 128	54 151	(8 507)	45 644
91 - 120 Days	4 374	(1 252)	3 122	54 151	(9 280)	44 871
121 - 150 Days	4 374	(1 259)	3 115	54 151	(10 208)	43 943
151 - 180 Days	26 247	(7 591)	18 656	142 722	(29 894)	112 828
181 - 365 Days	4 374	(1 305)	3 069	4 374	(1 296)	3 078
Above 365 Days	821 043	(246 826)	574 217	405 284	(102 083)	303 201
	873 534	**(261 953)**	**611 581**	**913 522**	**(174 117)**	**739 405**

Sale of land debtors - Past due and impaired

	2025			2024		
	Gross	**Impairment**	**Net balance**	**Gross**	**Impairment**	**Net balance**
Current (0 - 30 days)	10 187	(3 049)	7 138	10 187	(10 187)	-
31 - 60 Days	10 186	(3 050)	7 136	10 186	(8 667)	1 519
61 - 90 Days	10 186	(3 050)	7 136	10 186	(8 889)	1 297
91 - 120 Days	10 186	(3 051)	7 135	10 186	(9 123)	1 063
121 - 150 Days	10 186	(3 052)	7 134	10 187	(9 370)	817
151 - 180 Days	61 115	(18 313)	42 802	61 115	(57 780)	3 335
181 - 365 Days	10 186	(3 055)	7 131	10 186	(10 186)	-
Above 365 Days	60 788 521	(17 904 690)	42 883 831	64 891 996	(362 949)	64 529 047
	60 910 753	**(17 941 310)**	**42 969 443**	**65 014 229**	**(477 151)**	**64 537 078**

There are no debtors that are past due and not impaired in the current year.

7. Redemption fund

The City has in place a Redemption fund that is generally known as a Sinking fund. The objective of the Sinking fund is to make provisions for the redemption of the City's bullet loans and repayment of bond liabilities when they fall due. The Sinking Fund is a ring-fenced pool of funds that arises from contributions by the City and investment income from the same fund (margin call, FFO collateral, and the interest rate swaps) that serve to provide capital to repay bullet loans and bond liabilities when they fall due.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

7. Redemption fund (continued)

Some of the benefits of having a Sinking Fund are:

- Mitigation of Liquidity Risk: The fund removes the need to raise money in the debt capital markets to repay long-term debt.
- Reduced cost of funding, and
- Enhancing the City's credit rating status by lowering levels of both net direct risk and net overall risk which are actively monitored by Rating Agencies.

A liability swap is a financial derivative consisting of an interest rate swap used to change the interest rate exposure assumed by a party to the transaction, the liability that arises from exposure to a particular interest rate structure.

Generally, liability swaps involve exchanging a fixed rate for a floating rate. This simply means that if interest rates decline below the fixed rate, then the City will report the swap as a liability on its balance sheet at fair value.

The fair value of the swap is the net difference between the fixed interest rate and the floating interest rate legs with liability losses being generated through an accounting entry rather than the actual sale of an asset or security.

It must be noted that the forward interest rates utilized in swap contracts are variable and are projected based on the swap zero rates stripped out of the swap curve compiled by the Johannesburg Stock Exchange (JSE) and can only be accessed by subscription on the JSE.

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Financial assets measured at fair value				
Cash collateral - FFO Securities (Pty) Ltd	17 659 918	16 540 974	17 659 918	16 540 974
Margin call collateral investment	-	71 080 000	-	71 080 000
Swaps	62 145 540	1 410 683	62 145 540	1 410 683
	79 805 458	**89 031 657**	**79 805 458**	**89 031 657**
Investment description - interest income				
Cash collateral - FFO Securities (Pty) Ltd	1 118 944	1 105 836	1 118 944	1 105 836
Margin Call collateral investment	392 621	13 032 476	392 621	13 032 476
	1 511 565	**14 138 312**	**1 511 565**	**14 138 312**
Reconciliation of cash flow movement on redemption fund asset				
Opening balance	89 031 657	207 895 138	89 031 657	207 895 138
Non-cash	(9 226 199)	(118 863 481)	(9 226 199)	(118 863 481)
	79 805 458	**89 031 657**	**79 805 458**	**89 031 657**
Financial liabilities measured at fair value				
Swaps	-	(132 631 547)	-	(132 631 547)
Cash collateral - FFO Securities (Pty) Ltd	-	-	-	-
	-	**(132 631 547)**	**-**	**(132 631 547)**
Fair value				
Redemption fund - Net asset/(Net liability)			79 805 458	(43 599 890)
Estimated fair value gain/(loss)				
Redemption Fund - gain/(loss)			193 366 404	(107 974 164)

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

7. Redemption fund (continued)

Reconciliation of cash flow movement on redemption fund liability				
Opening balance	(132 631 547)	(162 174 781)	(132 631 547)	(162 174 781)
Non-cash	132 631 547	29 543 234	132 631 547	29 543 234
	-	**(132 631 547)**	**-**	**(132 631 547)**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	612 126	609 762	611 304	604 822
Cashbook balances	370 086 024	419 003 240	330 548 925	400 716 172
Short-term deposits	4 771 564	4 416 183	-	-
Short-term investments (highly liquid)	1 988 312 607	1 594 930 757	1 969 139 117	1 584 666 142
Cash and cash equivalents (per statement of financial position)	**2 363 782 321**	**2 018 959 942**	**2 300 299 346**	**1 985 987 136**

Management has applied for a rollover on all unspent conditional grants as included in note 23.

The City had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June 2025	**30 June 2024**	**30 June 2025**	**30 June 2024**
Absa - 4060738263	85 239 462	168 868 259	85 239 462	168 868 259
FNB - 51420107207	49 289 130	36 110 977	49 289 130	36 110 977
Standard - 410801453	102 945 771	96 332 527	102 945 771	96 332 527
Tshwane Market-Absa - 4068829119	76 034 779	82 465 881	76 034 779	85 127 276
Nedbank-1454121963	17 039 782	14 277 132	17 039 783	14 277 133
HCT - Absa -9110 408 066 - Eloff	1 267 518	793 053	1 267 518	793 053
HCT - Absa - 4065 722 829 - Eloff cheque	753 351	816 525	753 351	816 525
HCT - Absa - 4057 481 879 - Cheque	9 397 562	2 522 651	9 397 562	2 522 651
HCT -Absa - 4091 569 887 Townlands phase 1	2 862 665	1 269 693	2 862 665	1 269 693
HCT -Absa - 4101 588 183 - Townlands Phase 2	2 168 641	610 646	2 168 641	610 646
TEDA - Absa - Type- Primary Account -4093241083	23 087 362	12 274 500	23 087 362	12 274 500
Total	**370 086 023**	**416 341 844**	**370 086 024**	**419 003 240**

Municipality

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June 2025	**30 June 2024**	**30 June 2025**	**30 June 2024**
Absa - 4060738263	85 239 462	168 868 259	85 239 462	168 868 259
FNB - 51420107207	49 289 130	36 110 977	49 289 130	36 110 977
Standard - 410801453	102 945 771	96 332 527	102 945 771	96 332 527
Tshwane Market-Absa - 4068829119	76 034 779	82 465 881	76 034 779	85 127 276
Nedbank-1454121963	17 039 782	14 277 132	17 039 783	14 277 133
Total	**330 548 924**	**398 054 776**	**330 548 925**	**400 716 172**

Short-term investments

The short-term investments are unceded and highly liquid, with interest accrued and capitalised on a monthly basis.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

8. Cash and cash equivalents (continued)

Insurance Policy DGA 301181 (insurance policy)	1 064 677	1 007 564	1 064 677	1 007 564
Insurance Policy DYA 301182 (insurance policy)	4 217 399	3 991 163	4 217 399	3 991 163
Sanlam Unit Trust investment no 233	52 842 483	48 855 790	52 842 483	48 855 790
Sanlam Unit Trust investment no 221	18 512 767	17 116 075	18 512 767	17 116 075
Sanlam Unit Trust investment no 222	13 869 583	12 823 194	13 869 583	12 823 194
Sanlam Unit Trust investment no 223	305 302	282 269	305 302	282 269
Ninety One Money Market investment no 218	47 078 019	43 467 495	47 078 019	43 467 495
Ninety One Money Market investment no 219	15 047 052	13 893 058	15 047 052	13 893 058
Ninety One Money Market investment no 220	2 015 764	1 861 170	2 015 764	1 861 170
Stanlib Money Market investment no 214	171 926 248	158 577 423	171 926 248	158 577 423
Stanlib Money Market investment no 215	5 336 372	4 922 042	5 336 372	4 922 042
Investec Money Market investment 226	52 420 365	48 594 701	52 420 365	48 594 701
Standard Bank Money Market investment 217	117 778 442	109 011 313	117 778 442	109 011 313
Standard Bank Investment no 209	24 184	22 402	24 184	22 402
Standard Bank Call Investment no 208	168 931 860	219 512 695	168 931 860	219 512 695
Standard Bank Investment no 210	27 281	25 271	27 281	25 271
ABSA Call Investment 232	204 698 662	246 295 512	204 698 662	246 295 512
Nedbank Emergency Investment no 237	156 320 415	-	156 320 415	-
ABSA Term Investment no 234	1 048 976	-	1 048 976	-
Nedbank Sinking Fund Investment no 229	536 664 828	10 241 486	536 664 828	10 241 486
Nedbank Call Investment no 202	170 091 174	238 756 329	170 091 174	238 756 329
ABSA COT Quarries Investment 207	21 685 194	20 087 295	21 685 194	20 087 295
ABSA Call1 Investment no 231	201 833 096	187 136 417	201 833 096	187 136 417
Nedbank Call Investment	-	962 704	-	962 704
First National Bank no 211	519 717	481 694	519 717	481 694
Nedbank Bank Investments	4 879 257	196 741 080	4 879 257	196 741 080
10089094-ZAR-2201-01 Tenant deposit call	6 353 342	3 337 505	-	-
10372656-ZAR-2201-01Call deposit	10 404 279	6 371 036	-	-
10810943-ZAR-2201-01 Call deposit -maintenance	463 397	429 464	-	-
Absa Bank - Account Type- Secondary Account - 4112294892	1 952 472	126 610	-	-
	1 988 312 607	**1 594 930 757**	**1 969 139 117**	**1 584 666 142**

Highly liquid investments are investments that can easily convert into cash within three months of the next financial year and those investments that are on call in nature (cash on call).

9. Living resources

Group	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Animals	637 766	(284 039)	353 727	590 666	(288 539)	302 127

Municipality	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Animals	637 766	(284 039)	353 727	590 666	(288 539)	302 127

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

9. Living resources (continued)

Reconciliation of living resources - Group - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	302 127	130 142	(41 562)	(36 980)	353 727

Reconciliation of living resources - Group - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	300 089	62 838	(30 785)	(30 015)	302 127

Reconciliation of living resources - Municipality - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	302 127	130 142	(41 562)	(36 980)	353 727

Reconciliation of living resources - Municipality - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	300 089	62 838	(30 785)	(30 015)	302 127

Animals consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

None of the living resources are restricted or pledged as security. There are no contractual commitments over living resources.

Change in estimates

The effect of changing the remaining useful lives during 2024/2025 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 3 (2023/2024: 8).

Effect change in estimates				
Animals	156	1 877	156	1 877

10. Investment property

Group	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 022 605 707	(6 555 211)	1 016 050 496	1 025 023 451	(6 555 209)	1 018 468 242
Investment property	339 897 947	(248 735 618)	91 162 329	339 897 950	(244 989 441)	94 908 509
Investment AUC	1 221 102 782	(331 976 451)	889 126 331	1 221 102 781	(272 694 941)	948 407 840
Total	**2 583 606 436**	**(587 267 280)**	**1 996 339 156**	**2 586 024 182**	**(524 239 591)**	**2 061 784 591**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

10. Investment property (continued)

Municipality	2025			2024		
	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value
Land	1 022 605 707	(6 555 211)	1 016 050 496	1 025 023 451	(6 555 209)	1 018 468 242
Buildings	339 897 947	(248 735 618)	91 162 329	339 897 950	(244 989 441)	94 908 509
Community service concession agreement	1 221 102 782	(331 976 451)	889 126 331	1 221 102 781	(272 694 941)	948 407 840
Total	**2 583 606 436**	**(587 267 280)**	**1 996 339 156**	**2 586 024 182**	**(524 239 591)**	**2 061 784 591**

Reconciliation of investment property - Group - 2025

	Opening balance	Disposals	Depreciation	Total
Land	1 018 468 242	(2 417 746)	-	1 016 050 496
Buildings	94 908 509	-	(3 746 180)	91 162 329
Investment AUC	948 407 840	-	(59 281 509)	889 126 331
	2 061 784 591	**(2 417 746)**	**(63 027 689)**	**1 996 339 156**

Reconciliation of investment property - Group - 2024

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	947 132 643	73 396 997	(170 000)	(1 891 398)	-	1 018 468 242
Buildings	98 723 576	-	-	-	(3 815 067)	94 908 509
Investment AUC	1 007 851 764	-	-	-	(59 443 924)	948 407 840
	2 053 707 983	**73 396 997**	**(170 000)**	**(1 891 398)**	**(63 258 991)**	**2 061 784 591**

Reconciliation of investment property - Municipality - 2025

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	1 018 468 242	-	(2 417 746)	-	-	1 016 050 496
Buildings	94 908 509	-	-	-	(3 746 180)	91 162 329
Community service concession agreement	948 407 840	-	-	-	(59 281 509)	889 126 331
	2 061 784 591	**-**	**(2 417 746)**	**-**	**(63 027 689)**	**1 996 339 156**

Reconciliation of investment property - Municipality - 2024

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	947 132 643	73 396 997	(170 000)	(1 891 398)	-	1 018 468 242
Buildings	98 723 576	-	-	-	(3 815 067)	94 908 509
Community service concession agreement	1 007 851 764	-	-	-	(59 443 924)	948 407 840
	2 053 707 983	**73 396 997**	**(170 000)**	**(1 891 398)**	**(63 258 991)**	**2 061 784 591**

Pledged as security

No investment property was pledged as security.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

10. Investment property (continued)

Carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s)				
Contractual dispute	30 757 050	30 757 050	30 757 050	30 757 050

Change in estimates

The effect of changing the remaining useful lives during 2024/2025 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 15 (2023/2024: 41).

Effect change in estimates				
Buildings	68 887	68 270	68 887	68 270

Included in Investment property is assets under construction:

2025	Included within Land	Included within Buildings	Total
Opening balance	-	30 757 049	30 757 049
Disposal	-	-	-
Transfers	-	-	-
Impairment	-	-	-
	-	**30 757 049**	**30 757 049**

2024	Included within Land	Included within Buildings	Total
Opening balance	-	30 757 049	30 757 049
Disposal	-	-	-
Transfers	-	-	-

11. Property, plant and equipment

Group	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 153 895 617	(12 655 182)	2 141 240 435	2 144 794 322	(12 655 182)	2 132 139 140
Buildings	2 987 870 116	(1 183 696 901)	1 804 173 215	2 842 246 988	(1 135 770 373)	1 706 476 615
Transport assets	1 818 941 021	(1 131 265 676)	687 675 345	1 552 482 639	(1 014 441 294)	538 041 345
Infrastructure	53 718 259 070	(19 802 831 418)	33 915 427 652	52 041 869 186	(18 753 432 169)	33 288 437 017
Community	4 875 284 400	(2 803 421 784)	2 071 862 616	4 898 032 169	(2 702 661 276)	2 195 370 893
Other property, plant and equipment	2 513 975 090	(2 124 171 071)	389 804 019	2 333 402 582	(2 012 098 896)	321 303 686
Community service concession agreement	16 295 758	(1 153 669)	15 142 089	16 295 758	(947 657)	15 348 101
Tshwane house	1 129 911 631	(307 591 231)	822 320 400	1 129 911 631	(269 926 913)	859 984 718
Housing assets	2 214 139 894	(1 185 741 431)	1 028 398 463	2 200 246 487	(1 138 213 250)	1 062 033 237
Leased assets	184 715 868	(151 063 344)	33 652 524	398 865 348	(122 383 270)	276 482 078
Total	**71 613 288 465**	**(28 703 591 707)**	**42 909 696 758**	**69 558 147 110**	**(27 162 530 280)**	**42 395 616 830**

Municipality	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 114 595 617	(12 655 182)	2 101 940 435	2 107 994 322	(12 655 182)	2 095 339 140
Buildings	2 220 217 343	(1 183 362 247)	1 036 855 096	2 049 122 660	(1 132 863 074)	916 259 586
Transport assets	1 815 818 382	(1 129 248 331)	686 570 051	1 550 307 030	(1 012 541 767)	537 765 263
Infrastructure	53 673 826 974	(19 777 581 659)	33 896 245 315	51 972 884 361	(18 731 649 229)	33 241 235 132
Community	4 875 284 400	(2 803 421 784)	2 071 862 616	4 898 032 169	(2 702 661 276)	2 195 370 893
Community service concession agreement	16 295 758	(1 153 669)	15 142 089	16 295 758	(947 657)	15 348 101
Other property, plant and equipment	2 503 948 252	(2 119 135 810)	384 812 442	2 321 886 975	(2 006 373 532)	315 513 443
Tshwane house	1 129 911 631	(307 591 231)	822 320 400	1 129 911 631	(269 926 913)	859 984 718
Housing assets	2 214 139 894	(1 185 741 431)	1 028 398 463	2 200 246 487	(1 138 213 250)	1 062 033 237
Leased assets	184 391 855	(150 911 107)	33 480 748	398 541 335	(122 338 929)	276 202 406
Total	**70 748 430 106**	**(28 670 802 451)**	**42 077 627 655**	**68 645 222 728**	**(27 130 170 809)**	**41 515 051 919**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2025

	Opening balance	Additions	Disposals	Transfers/ Purification	Transfers/ Capitilisation	Revaluations	Depreciation	Impairment loss	Total
Land	2 132 139 140	8 200 000	(1 598 705)	-	-	2 500 000	-	-	2 141 240 435
Buildings	1 706 476 615	77 145 059	-	154 263 947	-	(24 148 473)	(77 207 109)	(32 356 824)	1 804 173 215
Transport assets	538 041 345	271 139 209	(2 561 106)	-	-	-	(118 819 473)	(124 630)	687 675 345
Infrastructure	33 288 437 017	1 966 185 094	(282 167)	(136 067 027)	-	-	(963 227 721)	(239 617 544)	33 915 427 652
Community	2 195 370 893	98 630 632	(339 376)	(18 189 009)	(58 859 423)	-	(52 573 664)	(92 177 437)	2 071 862 616
Community service concession agreement	15 348 101	-	-	-	-	-	(206 012)	-	15 142 089
Other property, plant and equipment	321 303 686	191 617 062	(4 823 933)	(7 911)	-	-	(111 121 981)	(7 162 904)	389 804 019
Tshwane house	859 984 718	-	-	-	-	-	(37 664 318)	-	822 320 400
Housing assets	1 062 033 237	22 300 000	(3 177 120)	-	-	-	(52 757 654)	-	1 028 398 463
Leased assets	276 482 078	2 426 344	-	(214 149 480)	-	-	(31 106 418)	-	33 652 524
	42 395 616 830	**2 637 643 400**	**(12 782 407)**	**(214 149 480)**	**(58 859 423)**	**(21 648 473)**	**(1 444 684 350)**	**(371 439 339)**	**42 909 696 758**

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance	Additions	Disposals	Transfers/ Purification	Transfers/ Capitilisation	Revaluations	Depreciation	Impairment loss	Total
Land	2 124 444 756	22 956 060	(8 122 680)	-	-	2 393 760	-	(9 532 756)	2 132 139 140
Buildings	1 723 229 955	121 275 696	-	-	-	(64 680 233)	(68 675 471)	(4 673 332)	1 706 476 615
Transport assets	579 081 635	61 680 507	(5 808 565)	-	-	-	(96 912 232)	-	538 041 345
Infrastructure	32 850 577 385	1 510 349 218	(15 481 813)	-	-	-	(1 027 961 357)	(29 046 416)	33 288 437 017
Community	2 268 977 289	47 990 805	(139 924)	-	-	-	(62 982 775)	(58 474 502)	2 195 370 893
Community service concession agreement	15 554 678	-	-	-	-	-	(206 577)	-	15 348 101
Other property, plant and equipment	396 398 895	74 507 816	(65 521 170)	-	-	-	(83 772 810)	(309 045)	321 303 686
Tshwane house	897 649 036	-	-	-	-	-	(37 664 318)	-	859 984 718
Housing assets	1 130 733 808	-	(14 803 747)	-	-	-	(53 896 824)	-	1 062 033 237
Leased Assets	181 035 854	126 538 727	-	-	-	-	(31 092 503)	-	276 482 078
	42 167 683 291	**1 965 298 829**	**(109 877 899)**	**-**	**-**	**(62 286 473)**	**(1 463 164 867)**	**(102 036 051)**	**42 395 616 830**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2025

	Opening balance	Additions	Disposals	Transfers/ Purification	Transfers/ Capitilisation	Depreciation	Impairment loss	Total
Land	2 095 339 140	8 200 000	(1 598 705)	-	-	-	-	2 101 940 435
Buildings	916 259 586	18 305 782	-	154 263 947	-	(51 174 219)	(800 000)	1 036 855 096
Transport assets	537 765 263	270 192 180	(2 561 106)	-	-	(118 701 656)	(124 630)	686 570 051
Infrastructure	33 241 235 132	1 990 737 823	(282 167)	(136 067 027)	-	(959 760 902)	(239 617 544)	33 896 245 315
Community	2 195 370 893	98 630 632	(339 376)	(18 189 009)	(58 859 423)	(52 573 664)	(92 177 437)	2 071 862 616
Community service concession agreement	15 348 101	-	-	-	-	(206 012)	-	15 142 089
Other property, plant and equipment	315 513 443	190 399 172	(3 540 649)	(7 911)	-	(110 388 709)	(7 162 904)	384 812 442
Tshwane house	859 984 718	-	-	-	-	(37 664 318)	-	822 320 400
Housing assets	1 062 033 237	22 300 000	(3 177 120)	-	-	(52 757 654)	-	1 028 398 463
Leased assets	276 202 406	2 426 344	-	(214 149 480)	-	(30 998 522)	-	33 480 748
	41 515 051 919	**2 601 191 933**	**(11 499 123)**	**(214 149 480)**	**(58 859 423)**	**(1 414 225 656)**	**(339 882 515)**	**42 077 627 655**

Reconciliation of property, plant and equipment - Municipality - 2024

	Opening balance	Additions	Disposals	Transfers/ Purification	Transfers/ Capitilisation	Depreciation	Impairment loss	Total
Land	2 090 038 516	22 956 060	(8 122 680)	-	-	-	(9 532 756)	2 095 339 140
Buildings	933 151 727	34 682 856	-	-	-	(51 570 410)	(4 587)	916 259 586
Transport assets	578 507 747	61 680 507	(5 772 685)	-	-	(96 650 306)	-	537 765 263
Infrastructure	32 764 783 563	1 545 110 409	(15 481 813)	-	-	(1 024 130 611)	(29 046 416)	33 241 235 132
Community	2 268 977 289	47 990 805	(139 924)	-	-	(62 982 775)	(58 474 502)	2 195 370 893
Community service concession agreement	15 554 678	-	-	-	-	(206 577)	-	15 348 101
Other property, plant and equipment	390 150 332	73 522 901	(64 773 547)	-	-	(83 077 198)	(309 045)	315 513 443
Tshwane house	897 649 036	-	-	-	-	(37 664 318)	-	859 984 718
Housing assets	1 130 733 808	-	(14 803 747)	-	-	(53 896 824)	-	1 062 033 237
Leased assets	181 015 890	126 214 714	-	-	-	(31 028 198)	-	276 202 406
	41 250 562 586	**1 912 158 252**	**(109 094 396)**	**-**	**-**	**(1 441 207 217)**	**(97 367 306)**	**41 515 051 919**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

11. Property, plant and equipment (continued)

Pledged as security

No item of property, plant and equipment is restricted or pledged as security.

Refer to note 57 for commitment on capital expenditure.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Cumulative expenditure recognised in the carrying value of property, plant and equipment that has been halted				
Budget constraints	458 944 995	210 835 503	458 944 995	210 835 503
Community Disruptions, Vandalism and other interruptions	93 839 945	20 737 257	93 839 945	20 737 257
Terminated, expired, and other contractor issues	112 272 684	46 948 076	112 272 684	46 948 076
Other Project Stops	116 594 577	66 975 460	116 594 577	66 975 460
	781 652 201	**345 496 296**	**781 652 201**	**345 496 296**

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected				
Budget constraints	107 902 222	162 222 019	107 902 222	162 222 019
Community Related disruptions and Interruptions	342 834 744	-	342 834 744	-
Terminated, Expired, and Other Contractor Related Issues	1 839 217 837	241 490 301	1 839 217 837	241 490 301
Other Project Delays	293 686 498	231 308 802	293 686 498	231 308 802
	2 583 641 301	**635 021 122**	**2 583 641 301**	**635 021 122**

11. Property, plant and equipment (continued)

Included in Property, plant and equipment under construction Municipality - 2025

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	100 564 102	158 183 057	10 021 501	8 475 908 062	667 303 679	278 850 762	5 435 662	9 696 266 825
Additions/capital expenditure	8 200 000	18 291 782	1 834 965	1 862 140 699	23 348 038	22 300 000	10 379 854	1 946 495 338
Disposal	-	-	-	-	-	-	-	-
Transfers	-	154 263 947	(9 079 471)	(570 887 543)	(84 536 326)	-	(36 002)	(510 275 395)
Impairment/reversal	-	(800 000)	-	(196 594 790)	(58 265 077)	-	(7 162 904)	(262 822 771)
	108 764 102	**329 938 786**	**2 776 995**	**9 570 566 428**	**547 850 314**	**301 150 762**	**8 616 610**	**10 869 663 997**

Included in Property, plant and equipment under construction Municipality - 2024

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	86 188 853	149 666 994	70 223 380	7 814 480 205	633 880 421	278 850 762	12 546 044	9 045 836 659
Additions/capital expenditure	22 956 059	34 682 856	19 720 881	1 488 067 992	34 208 078	-	5 428 735	1 605 064 601
Disposal	(5 580 810)	-	-	-	-	-	-	(5 580 810)
Transfers	(3 000 000)	(26 166 793)	(79 922 760)	(840 986 585)	(682 820)	-	(12 539 117)	(963 298 075)
Impairment	-	-	-	14 346 450	(102 000)	-	-	14 244 450
	100 564 102	**158 183 057**	**10 021 501**	**8 475 908 062**	**667 303 679**	**278 850 762**	**5 435 662**	**9 696 266 825**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

11. Property, plant and equipment (continued)

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.

Assets under service concessions (note 28) and leases (note 19) have their title restricted until the end of the agreements.

Change in estimate

The effect of changing the remaining useful lives during 2024/2025 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 1 454 639 (2023/2024: 1 786 909).

Effect change in estimates				
Property plant and equipment	(107 952 677)	37 757 670	(107 952 677)	37 757 670

12. Intangible assets

Group	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 273 342 180	(759 851 739)	513 490 441	1 180 781 440	(653 364 816)	527 416 624
Developmental Rights	712 420	-	712 420	624 858	(24 994)	599 864
Servitudes	488 581 790	(3 804 265)	484 777 525	488 581 790	-	488 581 790
Total	**1 762 636 390**	**(763 656 004)**	**998 980 386**	**1 669 988 088**	**(653 389 810)**	**1 016 598 278**

Municipality	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1 273 211 353	(759 723 401)	513 487 952	1 180 650 613	(653 237 725)	527 412 888
Servitudes	488 581 790	(3 804 265)	484 777 525	488 581 790	-	488 581 790
Total	**1 761 793 143**	**(763 527 666)**	**998 265 477**	**1 669 232 403**	**(653 237 725)**	**1 015 994 678**

Reconciliation of intangible assets - Group - 2025

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	527 416 624	92 560 740	(102 586 320)	(3 900 603)	513 490 441
Developmental Rights	599 864	138 592	(26 036)	-	712 420
Servitudes	488 581 790	-	-	(3 804 265)	484 777 525
	1 016 598 278	**92 699 332**	**(102 612 356)**	**(7 704 868)**	**998 980 386**

Reconciliation of intangible assets - Group - 2024

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	531 600 670	116 790 696	(113 531 873)	(7 442 869)	527 416 624
Developmental Rights	624 858	-	(24 994)	-	599 864
Servitudes	488 581 790	-	-	-	488 581 790
	1 020 807 318	**116 790 696**	**(113 556 867)**	**(7 442 869)**	**1 016 598 278**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

12. Intangible assets (continued)

Reconciliation of intangible assets - Municipality - 2025

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	527 412 888	92 560 740	(102 585 073)	(3 900 603)	513 487 952
Servitudes	488 581 790	-	-	(3 804 265)	484 777 525
	1 015 994 678	**92 560 740**	**(102 585 073)**	**(7 704 868)**	**998 265 477**

Reconciliation of intangible assets - Municipality - 2024

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	531 595 684	116 790 696	(113 530 623)	(7 442 869)	527 412 888
Servitudes	488 581 790	-	-	-	488 581 790
	1 020 177 474	**116 790 696**	**(113 530 623)**	**(7 442 869)**	**1 015 994 678**

Pledged as security

No Intangible assets have been pledged as security.

Servitudes are regarded as having an indefinite useful life, based on all relevant factors, as there is no foreseeable limit to the period over which they are expected to generate net cash inflows or service potential.

Refer to Note 57 for commitment on capital expenditure.

Carrying value of Intangible assets that is taking a significantly longer period of time to complete than expected				
Awaiting finalisation of customization	5 000 000	-	5 000 000	-
SAP integration challenges	24 822 000	-	24 822 000	-
SAP S/4HANA	-	1 627 388	-	1 627 388
	29 822 000	**1 627 388**	**29 822 000**	**1 627 388**

Carrying value of Intangible assets where construction or development has been halted either during the current or previous reporting period(s)				
Awaiting sale/registration of servitude in Deeds Office	-	450 000	-	450 000
	-	**450 000**	**-**	**450 000**

Change in estimate

The effect of changing the remaining useful lives during 2024/2025 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 910 (2023/2024: 985).

Effect change in estimates				
Software other	(23 615 368)	9 623 561	(23 615 368)	9 623 561

Included in Intangible assets under construction

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

12. Intangible assets (continued)

2025	Included within Servitudes	Included within Software	Total
Opening balance	34 206 027	170 696 118	204 902 145
Additions/capital expenditure	-	92 560 740	92 560 740
Disposal	-	-	-
Transfers	-	(23 428 569)	(23 428 569)
Impairment	(3 804 265)	-	(3 804 265)
	30 401 762	**239 828 289**	**270 230 051**

2024	Included within Servitudes	Included within Software	Total
Opening balance	34 206 027	120 119 628	154 325 655
Additions/capital expenditure	-	116 790 695	116 790 695
Disposal	-	-	-
Transfers	-	(66 214 205)	(66 214 205)
	34 206 027	**170 696 118**	**204 902 145**

13. Heritage assets

Group	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 068 232	-	471 068 232	471 068 232	-	471 068 232
Historical buildings and land	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	3 048 937	(1 512 530)	1 536 407	22 767 636	(19 718 699)	3 048 937
Total	**3 679 651 359**	**(309 582 290)**	**3 370 069 069**	**3 699 370 058**	**(327 788 459)**	**3 371 581 599**

Municipality	2025			2024		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Works of art	471 068 232	-	471 068 232	471 068 232	-	471 068 232
Historical buildings and land	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	3 048 937	(1 512 530)	1 536 407	22 767 636	(19 718 699)	3 048 937
Total	**3 679 651 359**	**(309 582 290)**	**3 370 069 069**	**3 699 370 058**	**(327 788 459)**	**3 371 581 599**

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	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

13. Heritage assets (continued)

Reconciliation of heritage assets Group - 2025

	Opening balance	Impairment	Total
Works of art	471 068 232	-	471 068 232
Historical buildings and land	2 897 464 430	-	2 897 464 430
Other heritage assets	3 048 937	(1 512 530)	1 536 407
	3 371 581 599	**(1 512 530)**	**3 370 069 069**

Reconciliation of heritage assets Group - 2024

	Opening balance	Impairment	Total
Works of art	471 068 232	-	471 068 232
Historical buildings and land	2 897 464 430	-	2 897 464 430
Other heritage assets	3 048 937	-	3 048 937
	3 371 581 599	**-**	**3 371 581 599**

Reconciliation of heritage assets Municipality - 2025

	Opening balance	Additions	Disposals	Impairment	Total
Works of art	471 068 232	-	-	-	471 068 232
Historical buildings and land	2 897 464 430	-	-	-	2 897 464 430
Other heritage assets	3 048 937	-	-	(1 512 530)	1 536 407
	3 371 581 599	**-**	**-**	**(1 512 530)**	**3 370 069 069**

Reconciliation of heritage assets Municipality - 2024

	Opening balance	Additions	Disposals	Impairment	Total
Works of art	471 068 232	-	-	-	471 068 232
Historical buildings and land	2 897 464 430	-	-	-	2 897 464 430
Other heritage assets	3 048 937	-	-	-	3 048 937
	3 371 581 599	**-**	**-**	**-**	**3 371 581 599**

There are no restrictions on heritage assets held by the City.

No heritage assets are pledged as securities for liabilities.

Carrying value of Heritage asset where construction or development has been halted either during the current or previous reporting period(s)				
Budget constraints	-	1 512 530	-	1 512 530

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

13. Heritage assets (continued)

Included in Heritage assets under construction

2025	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	**1 512 530**

2024	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	**1 512 530**

14. Investments in controlled entities

The City controls 100% of two active and viable municipal entities, Housing Company Tshwane (HCT) and Tshwane Economic Development Agency (TEDA).

The City is exposed, and has rights, to variable returns from its involvement with the controlled entities and has the ability to affect those returns through its power over the controlled entities.

TEDA was established with the aim of being a catalyst for accelerated economic growth and job creation within Tshwane. It was established as a private company.

Housing Company Tshwane is wholly owned by the City and was established as a section 21 company and mandated to act as a long term institutional vehicle through which the group would promote the business of procuring, developing, owning, letting, maintaining and managing residential accommodation primarily for low and middle income brackets in terms of National Housing Code including provision of Social Housing (SH) products and services to SH the target market to the provision of Affordable Rental.

HCT was later converted to a Non-Profit Company (NPC). HCT is 100% controlled by the City as it is established to develop and manage social / rental housing for the benefit of the residents of the City.

The City accounts for Investments in municipal entities (controlled entities) at cost.

The carrying amounts of controlled entities are shown net of impairment losses.

Investment in Municipal Entity (TEDA)				
Gross Investment	-	-	1 000	1 000
Control over entity (% held)				
Housing Tshwane Company	-	-	100	100
Tshwane Economic Development Agency (Pty) Ltd	-	-	100	100

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

15. Investment in associates

The City has investments in associates accounted for using the equity method, as prescribed by GRAP 36 - 'Investments in Associates and Joint Ventures.'

As of 30 June 2025, the financial statements of Tshwane Automotive Hub Special Economic Zone (TASEZ) used in applying the equity method have a financial year-end that differs from that of the City. The details of these differences are as follows:

The date of the end of the reporting period of the financial statements of TASEZ is 31 March.

TASEZ operates in a different financial year due to the date when the entity was established and industry-specific reporting practices.

Name of company	Listed /Unlisted	Group % ownership interest 2025	Group % ownership interest 2024	Group Carrying amount 2025	Group Carrying amount 2024	Municipality Carrying amount 2025	Municipality Carrying amount 2024
Interest in associates : TASEZ	Unlisted	33.33 %	33.33 %	885 927 442	880 831 780	885 927 442	880 831 780
				885 927 442	880 831 780	885 927 442	880 831 780

Tshwane Automotive Hub Special Economic Zone (TASEZ)

The City entered into a tripartite agreement with Department of Trade, Industry and Competition (DTIC) and Gauteng Department of Economic Development (GDED) for a duration of five years in order to establish a Special economic Zone in a form of Tshwane Automotive Hub Special Economic Zone (TASEZ) to industrialize the capital City and mitigate unemployment rates provincially and surrounding Tshwane.

A Special Purpose Vehicle was established namely TASEZ which operates within the City, the City holds 33.3% shareholding in the SPV, the DTIC 33.3% and GDED 33.4%. City of Tshwane is the land owners.

The City accounts for investment in TASEZ using the equity method .

Under the equity method, on initial recognition the investment in TASEZ is recognised at cost and the carrying amount is increased or decreased to recognise the City of Tshwane’s share of 33,33% of the surplus or deficit of the investee after the date of acquisition.

The City is responsible for the provision of land permissions, zoning, assistance with capital expenditure towards the Bulk Infrastructure, spatial planning and supporting services, precinct plan development, community initiatives, assist investment facilitation and development facilitation.

Summarised Financial Information of Tshwane Automotive Special Economic Zone

Statement of financial position

Assets				
Non-current assets	3 383 808 143	3 301 104 405	3 383 808 143	3 301 104 405
Current assets	860 387 852	901 107 928	860 387 852	901 107 928
Total Assets	**4 244 195 995**	**4 202 212 333**	**4 244 195 995**	**4 202 212 333**
Liabilities				
Non-current liabilities	985 785 264	781 695 770	985 785 264	781 695 770
Current liabilities	600 362 600	777 756 947	600 362 600	777 756 947
Total Liabilities	**1 586 147 864**	**1 559 452 717**	**1 586 147 864**	**1 559 452 717**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

15. Investment in associates (continued)

Net Assets as at 30 June 2025	2 658 048 131	2 642 759 616	2 658 048 131	2 642 759 616
Statement of financial performance				
Revenue	624 011 041	512 888 838	624 011 041	512 888 838
Expenditure	(390 786 577)	(389 296 315)	(390 786 577)	(389 296 315)
Taxation	(38 680 943)	(67 810 112)	(38 680 943)	(67 810 112)
Surplus for the year	**194 543 521**	**55 782 411**	**194 543 521**	**55 782 411**

Reconciliation of the summarised financial information and the carrying amount of the investment in the associate.

Carrying amount of the investment in associates				
Summarised Financial Information	2 658 048 131	2 642 759 616	2 658 048 131	2 642 759 616
Asset Under Construction included in the City's property, plant and equipment balance	-	-	-	-
Total net assets	**2 658 048 131**	**2 642 759 616**	**2 658 048 131**	**2 642 759 616**
Summarised Financial Information	2 658 048 131	2 642 759 616	2 658 048 131	2 642 759 616
33,33% interest in net assets of the associates	885 927 442	880 831 780	885 927 442	880 831 780
Share of profit in associates: TASEZ	5 095 662	55 756 392	5 095 662	55 756 392

16. Interest rates swaps

The City of Tshwane holds derivative financial instruments to hedge its interest rate risk exposures. The City entered into interest rate swap contracts that entitles it to receive interest at fixed or floating rates on notional principal amounts that obliges it to pay interest at variable or fixed rates on the same amounts. Interest rate swaps are agreements between two parties to exchange one stream of interest payments for another over a set period of time. Interest rate swaps are measured at fair value on trade or reporting dates.

The City entered into interest rate swaps with the following counter parties:

City of Johannesburg: (Trade number - SWS BK 2RS)
Trade date: 23 October 2014 and Settlement date: 30 June 2034
Nominal amount: R 1,600,000,000 (Current Nominal amount R 1,600,000,000)
Fixed rate: 11.0% and variable rate: Jibar + 2,50 basis points
Payable: Semi-annual

City of Johannesburg: (Trade number - 12503628)
Trade date: 18 August 2015 (effective date 29 June 2015) and Settlement date: 29 June 2035
Nominal amount: R 1,500,000,000 (Current notional amount R 1,500,000,000)
Fixed rate: 11,48% and variable rate: Jibar + 2,4 basis points
Payable: Semi-annual

City of Johannesburg: (Trade number - 12503643)
Trade date: 20 July 2017 and Settlement date: 23 June 2027
Original Nominal amount R 1,000,000,000 (Current Nominal amount R281 497 211)
Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points
Payable: quarterly

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

16. Interest rates swaps (continued)

Nedbank: (Trade number - 18569588)
Effective Date: 31 December 2012 and Settlement date: 30 June 2026
Original Nominal amount: R 943,766,167 (Current Nominal amount R111 679 922)
Fixed rate: 9.31% and variable rate: Prime -1.28%
Payable: Semi-annual

Nedbank: (Trade number - 24157050)
Effective Date: 1 April 2014 and Settlement date: 30 June 2026
Nominal amount R890,312,448: (Current Nominal amount R111 679 922)
Fixed rate: 9.31% and variable rate: Jibar + 2.22 basis points
Payable: Semi-annual

Fair values of financial assets measured or disclosed at fair value:

Class 1 : Interest rate swaps

The method to determine the fair value of the interest rate swaps is the discounted cash flow method. Various parameters are used to value the swaps, e.g. start date, end date, payment dates in between, fixed rate, floating rate spread, payment frequency, yield curve, etc. Cash flows are discounted using the zero curve.

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurement. The fair value hierarchy have the following levels:

Level 1: represents those assets which are measured using unadjusted quoted prices in active markets for identical assets

Level 2: applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: applies inputs which are not based on observable market data.

The City of Tshwane classifies its interest rate swaps as level 2 and no transfers were made between the different levels of the hierarchy in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.

Nominal value of financial assets at fair value:

The original and current nominal values of the existing interest rate swaps were R5 934 078 615 (2024: R5 934 078 615) and R3 604 857 055 (2024: R3 924 522 806) respectively.

Interest paid on the interest rate swaps to the amount of R20 870 877 (2024: R11 972 429) were recognised in surplus or deficit as part of finance cost - refer to note 44.

The fair value of interest rate swaps for the period under review is as indicated below.

Financial assets				
Non-current	-	130 045 708	-	130 045 708
Current	612 461	-	612 461	-
	612 461	**130 045 708**	**612 461**	**130 045 708**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

16. Interest rates swaps (continued)

Financial liabilities				
Non-current	85 188 891	3 349 646	85 188 891	3 349 646
Current	279 617	-	279 617	-
	85 468 508	**3 349 646**	**85 468 508**	**3 349 646**

Interest rate swap				
Interest rate swap asset	612 461	130 045 708	612 461	130 045 708
Interest swap liability	(85 468 508)	(3 349 646)	(85 468 508)	(3 349 646)
	(84 856 047)	**126 696 062**	**(84 856 047)**	**126 696 062**

Reconciliation of cash flow movement on Interest swap asset				
Opening balance	130 045 708	247 940 777	130 045 708	247 940 777
Non-cash	(129 433 247)	(117 895 069)	(129 433 247)	(117 895 069)
	612 461	**130 045 708**	**612 461**	**130 045 708**

Reconciliation of cash flow movement on Interest swap liability				
Opening balance	(3 349 646)	(9 560 148)	(3 349 646)	(9 560 148)
Non-cash	(82 118 862)	6 210 502	(82 118 862)	6 210 502
	(85 468 508)	**(3 349 646)**	**(85 468 508)**	**(3 349 646)**

17. Loans and bonds

Summary of Long Term Borrowings:				
Bullet Loans	6 302 007 233	6 305 720 740	6 302 007 233	6 305 720 740
Municipal bonds	1 328 630 986	1 328 630 986	1 328 630 986	1 328 630 986
Annuity loans	1 086 386 473	1 528 175 144	1 086 386 473	1 528 175 144
	8 717 024 692	**9 162 526 870**	**8 717 024 692**	**9 162 526 870**

Held at amortised cost				
Bullet Loans				
Development Bank of South Africa - 5008 Unsecured 20-year bullet loan, 6 month JIBAR repayable semi annually , while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.	1 600 000 000	1 600 970 959	1 600 000 000	1 600 970 959
Nedbank - 5002 Unsecured 10 year bullet loan, fixed rate interest rate repayable quaterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2026.	1 200 415 233	1 200 830 466	1 200 415 233	1 200 830 466
Development Bank of South Africa - 5007 Unsecured 20-year bullet loan, 6 month JIBAR repayable semi annually , while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2034.	1 500 000 000	1 500 902 055	1 500 000 000	1 500 902 055

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024
17. Loans and bonds (continued)				
Development Bank of South Africa - 5005 Unsecured 20 year bullet loan, 3 months JIBAR rate interest rate repayable on a quaterly basis, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2040.	1 500 000 000	1 501 098 904	1 500 000 000	1 501 098 904
Nedbank Loan - 5001 Unsecured 10 year loan with a variable interest rate (JIBAR) payable quarterly, with the capital amount to be repaid on 30 June 2029	501 592 000	501 918 356	501 592 000	501 918 356
Municipal bonds				
Absa Bank bond - COT02 Unsecured 15 year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2028.	573 771 397	573 771 397	573 771 397	573 771 397
Absa Bank Bond - COT03 Unsecured 15 year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 5 June 2028.	754 859 589	754 859 589	754 859 589	754 859 589
Annuity loans				
Standard Bank - 3009 Unsecured variable interest rate 15 year loan repayable semi-annually in instalments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.	108 366 246	208 839 089	108 366 246	208 839 089
Absa Bank - 3003 Unsecured variable interest rate 10-year loan repayable semi-annually in instalments of interest and capital with interest payable on reducing balance until capital is paid off on 23 June 2027.	296 966 389	414 802 912	296 966 389	414 802 912
Absa Bank - 3001 Unsecured (Jibar) variable interest rate 10 year loan repayable with quarterly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	401 042 959	501 445 205	401 042 959	501 445 205
Development Bank of South Africa - 3012 Unsecured fixed interest 20 year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	47 615 025	64 563 237	47 615 025	64 563 237
Development Bank of South Africa - 3013 Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	67 773 945	99 271 659	67 773 945	99 271 659
Development Bank of South Africa - 3011 Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	23 757 892	35 155 188	23 757 892	35 155 188

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024
17. Loans and bonds (continued)				
Development Bank of South Africa - 3005	71 898 499	100 569 863	71 898 499	100 569 863
Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Rand Merchant Bank - 3010	68 965 518	103 527 991	68 965 518	103 527 991
Unsecured fixed interest 15 year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
	8 717 024 692	**9 162 526 870**	**8 717 024 692**	**9 162 526 870**
Non-current liabilities				
At amortised cost	7 061 729 797	8 705 933 679	7 061 729 797	8 705 933 679
Current liabilities				
At amortised cost	1 655 294 895	456 593 191	1 655 294 895	456 593 191
	8 717 024 692	**9 162 526 870**	**8 717 024 692**	**9 162 526 870**
Secured and unsecured long-term liabilities				
Secured	8 717 024 692	9 162 526 870	8 717 024 692	9 162 526 870

No defaults or breaches of loans occurred in the period under review.

The weighted average interest rate is 11.20% (2024: 11.81%).

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Closing balance				
Current	(1 655 294 895)	(456 593 191)	(1 655 294 895)	(456 593 191)
Non-current	(7 061 729 797)	(8 705 933 679)	(7 061 729 797)	(8 705 933 679)
	(8 717 024 692)	**(9 162 526 870)**	**(8 717 024 692)**	**(9 162 526 870)**

18. Current tax payable (receivable)

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Balance at beginning of the period	(301 080)	(622 062)	-	-
Current tax for the period recognised in surplus or deficit	2 326 197	831 285	-	-
Provisional tax paid	(2 986 520)	(825 948)	-	-
Income tax refund	1 675 055	315 645	-	-
	713 652	**(301 080)**	**-**	**-**

19. Finance lease obligation

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Minimum lease payments due				
- within one year	39 921 641	28 215 869	39 796 181	27 366 333
- Later than one year no later than five years	3 349 723	53 232 031	3 276 538	52 834 741
	43 271 364	81 447 900	43 072 719	80 201 074
less: future finance charges	(6 834 794)	(14 259 623)	(6 819 163)	(14 168 321)
Present value of minimum lease payments	**36 436 570**	**67 188 277**	**36 253 556**	**66 032 753**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

19. Finance lease obligation (continued)

Present value of minimum lease payments due				
- within one year	30 520 200	36 065 202	30 407 991	35 670 455
- Later than one year no later than five years	5 916 370	30 545 312	5 845 565	30 362 298
	36 436 570	**66 610 514**	**36 253 556**	**66 032 753**

Non-current liabilities	5 916 370	30 545 312	5 845 565	30 362 298
Current liabilities	30 520 200	36 065 202	30 407 991	35 670 455
	36 436 570	**66 610 514**	**36 253 556**	**66 032 753**

Net book value of leased assets				
Cost	184 715 868	398 865 348	184 391 855	398 541 335
Accumulated depreciation	(151 063 344)	(122 383 270)	(150 911 107)	(122 338 929)
Net book value of leased assets (refer to note 11)	**33 652 524**	**276 482 078**	**33 480 748**	**276 202 406**

Municipality

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet related services. The lease contract of Fleet Management is a public-private partnership agreement between the following companies - * Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and service level agreement with Talis Fleet (Pty) Ltd for the supply of and delivery of various categories of vehicles. The lease term is 60 months and the average effective borrowing rate is 11.38%. Interest rates are variable at the date of contract. It is City's policy to lease certain motor vehicles and equipment under finance leases.

TEDA

TEDA entered into a lease agreement for photocopy machines for a period of 3 years effective from 1st February 2024. Leasehold improvements for the office building are amortised over the lease term of 5 years ending October 2024.

It is entity policy to lease certain equipment under finance leases.

Capital repayment on the finance lease is R394,747 (R870,223) as at 30 June 2025 and 30 June 2024 respectively.

The average lease term was 3-5 years and the average effective borrowing rate was 8% (2024: 8%).

Interest rates are fixed at the contract date particularly for leasehold improvements lease with an escalation of 8% p.a whereas photocopy machines is linked to prime interest rate and no arrangements have been entered into for contingent rent.

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

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

20. Payables from exchange transactions

Financial instruments				
Trade payables	3 557 938 203	1 241 593 522	3 536 554 022	1 235 595 178
Trade payables - accrual	2 503 185 957	9 549 896 514	2 503 185 957	9 549 896 514
	6 061 124 160	10 791 490 036	6 039 739 979	10 785 491 692
Debits not yet cleared	66 469 844	69 425 344	66 469 844	69 425 344
Retention creditors	537 240 828	564 127 203	528 121 579	549 095 387
	6 664 834 832	11 425 042 583	6 634 331 402	11 404 012 423
Non - Financial instruments				
Debtors with credit balances - reclassification	2 582 266 792	3 103 811 563	2 582 266 792	3 103 811 563
Payments received in advanced - contract in process	96 542 289	166 238 978	94 610 101	164 470 026
Deposits received	61 301 894	59 346 642	54 697 788	56 435 998
Other creditors*	565 287 136	634 801 023	562 640 377	634 090 428
Unclaimed monies	1 185 929 560	1 085 037 897	1 185 766 892	1 084 902 091
Output VAT accrual	3 982 471 018	4 491 587 522	3 982 471 018	4 491 587 522
	15 138 633 521	**20 965 866 208**	**15 096 784 370**	**20 939 310 051**

*A pair of general ledger accounts that net off to nil when read together and are used to clear and record transactions emanating from the Fresh Produce Market, were incorrectly mapped. The two GLs should be mapped together but were mistakenly mapped separately resulting in the one GL account being mapped to ‘other receivables from non exchange transactions’ and the other GL being mapped to ‘other payables’ thereby resulting in the overstatement of both these components. The mapping error was corrected in the current year thereby resulting in fair presentation of both the components of ‘other receivables from non exchange transactions’ and ‘other payables.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

21. Value Added Tax (VAT)

Statutory receivable : VAT Control	4 350 815 686	3 728 141 727	384 209 364	284 721 029
Receivable from exchange transactions : VAT input	3 966 511 007	3 441 275 744	3 966 511 007	3 441 275 744
Payable from exchange transactions : VAT output	3 982 471 018	4 491 587 522	(3 982 471 018)	(4 491 587 522)
	12 299 797 711	**11 661 004 993**	**368 249 353**	**(765 590 749)**

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. Until 2024, the VAT payable includes the liability which arose from previous Peu Smartmeter.

22. Consumer deposits

Electricity and water	780 176 709	773 337 672	780 176 709	773 337 672

The amounts of guarantees held as indicated below are not included/recognised in the statement of financial position as they will only be accounted for once the guarantee is activated. Currently they are only a disclosure item.

Guarantees held:				
Electricity and water consumers (Non-cash deposits)	173 254 923	173 238 769	173 254 923	173 238 769
Township Development guarantees	462 908 746	493 867 946	462 908 746	493 867 946
	636 163 669	**667 106 715**	**636 163 669**	**667 106 715**

23. Employee benefit obligations

Group	**2025**			**2024**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	1 068 300	2 474 100	3 542 400	1 518 471	1 157 800	2 676 271
Medical	93 598 083	1 048 127 000	1 141 725 083	89 987 890	980 246 000	1 070 233 890
Long Service Awards	118 011 000	851 426 000	969 437 000	107 065 339	827 188 000	934 253 339
13th cheque	340 736 564	-	340 736 564	180 320 879	-	180 320 879
Leave Accrual	1 340 849 717	-	1 340 849 717	1 351 402 765	-	1 351 402 765
Employee Backpay Obligation*	1 435 615 763	-	1 435 615 763	-	-	-
Total Employee benefit obligations	**3 329 879 427**	**1 902 027 100**	**5 231 906 527**	**1 730 295 344**	**1 808 591 800**	**3 538 887 144**

Municipality	**2025**			**2024**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	1 068 300	2 474 100	3 542 400	1 065 400	1 157 800	2 223 200
Medical	92 122 000	1 048 127 000	1 140 249 000	89 605 000	980 246 000	1 069 851 000
Long Service Awards	118 011 000	851 426 000	969 437 000	106 568 000	827 188 000	933 756 000
13th cheque	337 678 532	-	337 678 532	177 217 368	-	177 217 368
Leave Accrual	1 335 108 220	-	1 335 108 220	1 348 096 359	-	1 348 096 359
Employee Backpay Obligation*	1 430 811 476	-	1 430 811 476	-	-	-
Total Employee benefit obligations	**3 314 799 528**	**1 902 027 100**	**5 216 826 628**	**1 722 552 127**	**1 808 591 800**	**3 531 143 927**

* The City received the outcome of exemption application for employee salaries backpay post the end of the financial year, the event was an adjusting post balance sheet event and has been fully accounted for in the financial statements. The city has decided not to appeal the outcome of the exemption application.

23. Employee benefit obligations (continued)

Tshwane Municipal Pension Fund

Tshwane Municipal Pension Fund to which 98 (2024: 103) in service members, 961 (2024: 1 018) pensioners of municipal employees belong, is a defined benefit plan . The cost of providing these benefits is determined on the projected unit credit method prescribed by GRAP 25 and actuarial valuations are performed at each reporting date.

At the Valuation date there was an actuarial surplus of R568 million (2024 : R459 million). However this cannot be recognised on the balance sheet because the Fund's rules do not grant the Employer control of that surplus.

Gratuity

The City offers a Gratuity Benefit to 10 (2024: 6) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Post-Employment Medical Aid Subsidy

The City provides certain post-retirement medical benefits by funding the medial aid contributions of certain retired members of the City. According to the rules of the medical aid funds associated with the City, if a member who joined the City under the current conditions of services retires, they are entitled to remain a continued member of such medical aid fund on retirement, in which case the City is liable for certain portion of the medical aid membership fee. The cost of providing these benefits is determined on the basis of the projected unit credit method prescribed by GRAP 25. Future benefit values are projected using specific actuarial assumptions and the liability for the inservice members is accrued over the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognized immediately. A total of 458 (2024: 574) in-service employees and 1 314 (2024: 1 351) continuation employees are qualify for this benefit.

Long Service Award (LSA)

The City offers benefits under a new LSA Policy. The Policy provides a benefit in the form of a lumpsum payment to eligible employees upon completion of the specified number of years of service at a predetermined % of annual salary. The payment is made following the milestone being reached and on termination of service of an employee with 10 or more years or service, for reasons of retirement, death, medical incapacity or retrenchment, the LSA benefit is paid on a pro-rata basis. Employees may opt for a combination of cash payments and/or actual leave. A total of 16 859 (2024: 17 383) employees are eligible for this benefit.

Maturity analysis of of the Long service awards:

	Expected Benefit Vesting
Up to 1 year	126 040 000
2 - 5 years	492 601 000
6 - 10 years	755 218 000
11 - 20 years	1 395 486 000
21 - 40 years	572 327 000

Leave Accrual

Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

Employee Benefit-Leave pay entitlement

The provision is for leave entitlement not utilised by employees as at 30 June 2025 and it is only payable in cash upon resignation. Leave days should be utilised within six months after the end of the cycle to avoid forfeiture. However, and due to operational demands, employees are allowed to apply for an extension and this which creates uncertainty on the expected timing on leave balances.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

23. Employee benefit obligations (continued)

13th cheque

Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

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

Reconciliation of accrued liability and carrying value per statement of financial position

30 June 2025	TMPF	Gratuity	PEMA (Medical)	LSA	Total
Present value (wholly unfunded)	-	3 542 400	1 140 249 000	969 437 000	2 113 228 400
Present value (wholly funded)	2 026 926 989	-	-	-	2 026 926 989
Fair value of plan assets	(2 595 291 292)	-	-	-	(2 595 291 292)
Net liability/(Asset)	(568 364 303)	3 542 400	1 140 249 000	969 437 000	1 544 864 097
Unrecognised due to paragraph 68 Limitation	568 364 303	-	-	-	568 364 303
Post employment liability/(Asset)	**-**	**3 542 400**	**1 140 249 000**	**969 437 000**	**2 113 228 400**

30 June 2024	TMPF	Gratuity	PEMA (Medical)	LSA	Total
Present value (wholly unfunded)	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200
Present value (wholly funded)	2 032 891 936	-	-	-	2 032 891 936
Fair value of plan assets	(2 492 264 166)	-	-	-	(2 492 264 166)
Net liability/(Asset)	(459 372 230)	2 223 200	1 069 851 000	933 756 000	1 546 457 970
Unrecognised due to paragraph 68 Limitation	459 372 230	-	-	-	459 372 230
Post employment liability/(Asset)	**-**	**2 223 200**	**1 069 851 000**	**933 756 000**	**2 005 830 200**

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

30 June 2025	TMPF	Gratuity	PEMA (Medical)	LSA	Total
Present value of obligation at beginning of year	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200
Interest cost	-	155 100	117 815 000	97 261 000	215 231 100
Current service cost	-	44 500	2 310 000	72 244 000	74 598 500
Members contribution	-	-	-	-	-
Benefits paid by the Fund	-	(366 941)	(87 576 576)	(86 027 122)	(173 970 639)
Actuarial (gains)/loss on obligation	-	303 841	37 849 576	(47 796 878)	(9 643 461)
Additional Employees	-	1 182 700	-	-	1 182 700
Present value of obligation at year end	**-**	**3 542 400**	**1 140 249 000**	**969 437 000**	**2 113 228 400**

30 June 2024	TMPF	Gratuity	PEMA (Medical)	LSA	Total
Present value of obligation at beginning of year	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700
Interest cost	-	188 000	119 673 000	97 076 000	216 937 000
Current service cost	-	50 200	2 836 000	72 840 000	75 726 200
Benefits paid by the Fund	-	(810 587)	(82 079 324)	(114 703 517)	(197 593 428)
Actuarial (gains)/loss on obligation	-	(65 113)	(24 377 676)	(20 864 483)	(45 307 272)
Present value of obligation at year end	**-**	**2 223 200**	**1 069 851 000**	**933 756 000**	**2 005 830 200**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

23. Employee benefit obligations (continued)

Changes in the fair value plan assets are as follows				
Fair value of planned asset at beginning of year			2 492 264 167	2 289 474 724
Expected return on plan assets			257 920 898	242 121 725
Contributions: members			4 352 983	4 971 392
Contributions: employer			10 876 202	12 421 334
Benefits paid by the Fund			(185 557 430)	(188 917 768)
Actuarial gain/loss on obligation			15 434 473	132 192 760
Fair value of plan asset at end of year			**2 595 291 293**	**2 492 264 167**

none of the City's own financial instruments or property are included in the fair value of plan assets

Composition of plan assets				
Cash			3.20 %	8.40 %
Equity			8.90 %	15.20 %
Bonds			76.40 %	61.20 %
Property			0.40 %	0.80 %
International			9.60 %	12.50 %
Other			1.50 %	1.90 %
			100.00 %	**100.00 %**

The plan assets are diversified across asset classes, with 76% allocated to bonds. This concentration may expose the portfolio to bond market-specific risk. However, bonds are generally considered to be low-risk investments.

The amounts included in the statement of financial performance are as follows:

30 June 2025	TMPF	MGF	Medical	LSA	Total
Current service costs	19 900 219	44 500	2 310 000	72 244 000	94 498 719
Net interest on expected return on asset	209 222 214	155 100	117 815 000	97 261 000	424 453 314
Expected return on asset	(257 920 898)	-	-	-	(257 920 898)
Actuarial (gains)/losses	(69 317 406)	303 841	37 849 576	(47 796 878)	(78 960 867)
Effect of change in paragraph 68 asset limitation	108 992 073	-	-	-	108 992 073
Defined benefit expense	**10 876 202**	**503 441**	**157 974 576**	**121 708 122**	**291 062 341**

30 June 2024	TMPF	MGF	Medical	LSA	Total
Current service costs	19 712 189	50 200	2 836 000	72 840 000	95 438 389
Net interest on expected return on asset	208 998 576	-	-	-	208 998 576
Expected return on asset	(242 121 725)	-	-	-	(242 121 725)
Actuarial (gains)/losses	(127 212 986)	(65 113)	(24 377 676)	(20 864 483)	(172 520 258)
Effect of change in paragraph 68 asset limitation	153 045 280	-	-	-	153 045 280
Defined benefit expense	**12 421 334**	**(14 913)**	**(21 541 676)**	**51 975 517**	**42 840 262**

30 June 2025	TMPF	MGF	Medical	LSA	Total
Estimated contributions in the next financial period	10 876 202	503 441	120 125 000	104 485 400	235 990 043

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

23. Employee benefit obligations (continued)

30 June 2024	TMPF	MGF	Medical	LSA	Total
Estimated contributions in the next financial period	12 421 334	(14 913)	(21 541 676)	51 975 517	42 840 262

Defined contribution multi-employer plans

The City contributes to the following defined contribution plans, which are governed by the pension fund Act of 1956. The total contribution plans are included under employee related costs.

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Tshwane Municipal Provident 5 780 (2024: 5 685) of the group’s employees are members of this fund	452 492 341	439 617 553	452 492 341	439 617 553
Tshwane Municipal Pension Fund 103 (2024: 103) of the group’s employees is a member of the fund	11 823 703	12 340 497	11 823 703	12 340 497
National fund for municipal workers 7 638 (2024:7 526) of the group’s employees are members of the fund	577 744 272	558 892 769	577 744 272	558 892 769
SALA provident fund/ gratuity fund 22 (2024: 21) of the group’s employees are members of the fund	744 612	786 668	744 612	786 668
SAMWU National pension fund 11 (2024: 11) of the group’s employees are members of the fund	994 480	1 029 192	994 480	1 029 192
SAMWU National provident fund 822 (2024: 817) of the group’s employees are members of the fund	62 128 271	61 824 001	62 128 271	61 824 001
Germiston municipal retirement fund 1 (2024: 2) of the City’s employees are members of the fund	125 567	-	125 567	-
Meshawu gratuity fund 12 (2024: 13) of the group’s employees are members of the fund	641 155	771 627	641 155	771 627
Sandspruit Alexander Forbes and spouse cover 199 (2024: 197) of the group’s employees are members of the fund	15 093 419	15 220 503	15 093 419	15 220 503
Municipal Employees Pension Fund (MEPF) - DB Section 12 (2024:nil) of the City’s employees are members of the fund	95 261 896	-	95 261 896	-
Municipal Employees Pension Fund (MEPF) - DC Section 529 (2024: nil) of the City’s employees are members of the fund	38 128 640	-	38 128 640	-

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024
23. Employee benefit obligations (continued)				
SALA Pension Fund - DB Section 22 (2024: nil) of the City's employees are members of the fund	14 006 254	-	14 006 254	-
Joint Municipal Pension Fund (JMPF) - Defined Benefit 16 (2024: nil) of the City's employees are members of the fund	1 972 855	-	1 972 855	-
SALA Pension Fund - DC Section 165 (2024: nil) of the City's employees are members of the fund	1 359 489	-	1 359 489	-
Municipal Gratuity Fund 1 079 (2024: 1 062) employees	101 415 308	100 501 319	101 415 308	100 501 319
SWA Alexandra Forbes Spouse cover 82 (2024: nil) employees	106 674	-	106 674	-
City of Tshwane Group Life Scheme 16 872 (2024: 16 872) employees	65 102 927	64 211 162	65 102 927	64 211 162
	1 439 141 863	**1 255 195 291**	**1 439 141 863**	**1 255 195 291**

Principal assumptions used as at balance sheet date

30 June 2025	**TMPF**	**MGF**	**Medical**	**LSA**
Discount rate	9.30 %	8.10 %	10.01 %	9.80 %
Inflation rate	3.50 %	2.80 %	4.10 %	3.80 %
Salary Increase rate	4.50 %	- %	- %	- %
Expected rate of return on assets	9.30 %	- %	- %	- %
Pension increase allowance	3.10 %	- %	- %	- %
Medical inflation rate	- %	- %	5.90 %	- %
General earnings inflation rate	- %	3.80 %	- %	4.80 %

30 June 2024	**TMPF**	**MGF**	**Medical**	**LSA**
Discount rate	10.70 %	9.11 %	11.48 %	11.03 %
Inflation rate	4.90 %	3.71 %	5.58 %	5.17 %
Salary Increase rate	5.90 %	- %	- %	- %
Expected rate of return on assets	10.70 %	- %	- %	- %
Pension increase allowance	4.30 %	- %	- %	- %
Medical inflation rate	- %	- %	7.08 %	- %
General earnings inflation rate	- %	4.71 %	- %	6.17 %

Discount rate (pension)

The rate to discount post employment benefit obligations should be derived from quality corporate bond yields where the market in such bonds is highly liquid. If the market is not liquid then government bond yields at the estimated term of the defined benefit obligation should be used. The rate used does not reflect an adjustment for taxation or expenses as per the statement.

23. Employee benefit obligations (continued)

Discount rate – Gratuity, Medical and LSA

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

Inflation rate

The assumption of the rate has been based on the relationship between current conventional bond yields and current index-linked bond yields.

Salary increase

It was assumed that salaries will increase at a rate of 1.0% per annum in excess of price inflation. The general salary inflation is therefore 4.5% per annum.

Expected return on assets

The expected return on assets is assumed to be the discount rate of 9,30% per annum as at 30 June 2025.

Post-retirement discount rate

The pension increase policy of the TMPenF targets pension increases between 75% and 100% of inflation. It has been assumed that the pension will increase at a rate of 87.5%. This results in a pension increase rate of 3.10 % per annum.

Medical inflation

The medical aid contributions has been assumed to increase at a rate of 1.5% per annum in excess of price inflation. Resulting in a medical contribution inflation rate of 5,90% per annum.

History of liabilities, assets and experience adjustments

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

History of liabilities and assets	**2025**	**2024**	**2023**	**2022**	**2021**
Accrued liability	2 026 926 989	2 032 891 936	(3 939 215 774)	(4 195 296 990)	(4 127 301 650)
Plan assets	(2 595 291 292)	(2 492 264 166)	2 289 474 724	2 467 625 504	2 216 587 782
Surplus (deficit)	**(568 364 303)**	**(459 372 230)**	**(1 649 741 050)**	**(1 727 671 486)**	**(1 910 713 868)**

Experience adjustments: (Gains) and Losses	**2025**	**2024**	**2023**	**2022**	**2021**
(Gains) and losses	(79 343 204)	(90 855 366)	366 359 218	(18 219 484)	(62 234 449)

Defined benefit multi-employer plans

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25. The total contributions are included in the employees related costs note.

23. Employee benefit obligations (continued)

Multi-employer funds

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25. The total contributions are included in the employees related costs note.

The latest known position of each defined benefit fund is outlined below.

MEPF *(Municipal Employees Pension Fund)*

According to the statutory valuation as at 28 February 2023, the current employer contribution rate is fixed per the Rules of the MEPF (22,18 and 15) at an average rate of 21.74%.

The valuation for the fund shows that a surplus was enough to ensure that the required solvency reserve was fully funded.

SALA PF *(South African Local Authorities Pension Fund)*

There is a defined contribution section in this Plan (roughly 50% of the active membership).

The following key issues are noted from the statutory actuarial valuation report as at 1 July 2021.

In order to fund future benefits on the defined benefit section an employer contribution of 18.97% of pensionable salaries is required.

The financial position of the Fund deteriorated from 96% funded at the previous statutory valuation date to 85.5% funded at this valuation date. The drop in the funding level was mainly due to the poor investment returns experienced over the valuation period.

An updated Scheme of Arrangement approved by the FSCA required an increase in contribution rate by 2% to 22.78% from 1 April 2021, in respect of the DB members, in order to address and restore the funding position of the Plan.

JMPF *(Joint municipal Pension Fund)*

The fund was in a sound financial position per the 30 September 2022 statutory actuarial valuation, with the funding level (including solvency reserve) decreasing marginally to 108.3% from 111.6% as at 30 September 2021.

The required employer contribution rate fell from 32.5% to 32.6% of pensionable emoluments over the same period, increasing the margin that the 31% current contribution rate provides.

GMRF *(Germiston Municipal Fund)*

The fund was in a sound financial position per the 30 June 2022 statutory actuarial valuation, with the funding level remaining at 100.0% since the 30 June 2020 valuation.

Key recommendations/conclusions from the valuator:

- The employer contribution rate for bonus service of 1.20% per annum (as defined in the fund's rules) should be maintained.
- The employer contribution rates to the Risk Reserve Account of 5.5833% per annum (members who joined before 1 July 2012) and 3.80% per annum (members who joined on / after 1 July 2012) should be maintained at current levels as defined in the fund's rules.
- It is important to note that all investment returns earned on fund assets (positive or negative) are passed onto members. The fund's financial soundness in respect of members is therefore not at risk due to negative investment returns, but members are directly affected. The employer is also directly affected in light of the investment guarantee of 5.5% for any financial year. However, rule amendment 8 has restricted this guarantee to those members who joined prior to 19 January 2022. Members who joined after this date will be exposed to the risk of negative returns.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

23. Employee benefit obligations (continued)

The last time that an investment shortfall arose relative to the 5.5% guarantee was in the Fund's 2021/2022 year. Per the Board meeting of the Fund on 25 September 2023, the City was allocated 0.39% of this shortfall, amounting to R203,682. It is unclear whether the Fund has calculated the extent, if any, of shortfalls in respect of the 2022/2023, 2023/2024 and 2024/2025 years and hence it is possible that the City will be liable for roughly 0.39% of any such shortfalls. For context, the average shortfall per year for the six years ending 30 June 2022, is R42 311 813 and 0.39% of that is R 164 561.

Multi-Employer Plans	**MEPF**	**SALA Pension Fund**	**JMPF**	**GMRF**
Number of employees belonging to the plan	160	165	18	1
Total number of active members per recent fund valuation report	11 048	13 815	299	2 061
Amount of contributions (in rands) due by the City in respect of the year ending 30 June 2025	92 261 898	14 006 254	1 972 855	125
Date of most recently available actuarial valuation report	28/02/2023	01/07/2021	30/09/2022	30/06/2022
Funding Level	100.2 %	85.5 %	108.3 %	100.0 %
Key Assumptions				
Gross discount rate	11.25 %	10.50 %	Unknown	12.06 %
Salary inflation	5.43 %	7.00 %	Unknown	8.63 %
Net post-ret discount rate	6.77 %	6.50 %	Unknown	4.50 %

Sensitivity analysis

PEMA	**Change in assumption**	**Liability**	**Interest costs**	**Service costs**
Central assumptions		1 140 249 000	117 815 000	2 310 000
Medical aid contribution inflation rate	1% increase	1 169 256 000	121 548 000	2 340 000
	1% decrease	1 104 998 000	113 048 000	2 237 000
Discount rates	1% increase	1 048 416 000	117 306 000	1 961 000
	1% decrease	1 247 782 000	118 143 000	2 742 000
Post-employment mortality	+1 years	1 107 814 000	114 356 000	2 273 000
	-1 years	1 172 544 000	121 258 000	2 344 000
Average retirement age	-1 years	1 155 828 000	119 582 000	2 414 000
Membership continuation	-10%	1 112 852 000	114 717 000	2 119 000

Gratuity	**Change in assumption**	**Liability**	**Interest costs**	**Service costs**
Central assumptions		3 542 400	155 100	44 500
Inflation rate	1% increase	3 624 700	160 000	46 600
	1% decrease	3 463 300	150 400	42 400
Discount rates	1% increase	3 452 700	166 300	42 800
	1% decrease	3 636 900	143 000	46 300
Average retirement age	+1 years	3 444 400	150 200	50 200
	-1 years	3 647 100	159 600	46 500

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

23. Employee benefit obligations (continued)

LSA	**Change in assumption**	**Liability**	**Interest costs**	**Service costs**
Central assumptions		969 437 000	97 261 000	72 244 000
Inflation rate	1% increase	1 028 085 000	103 739 000	77 632 000
	1% decrease	916 069 000	91 375 000	67 384 000
Discount rates	1% increase	915 126 000	99 573 000	67 944 000
	1% decrease	1 030 030 000	94 505 000	77 067 000
Average retirement age	+2 years	1 032 870 000	104 752 000	76 635 000
	-2 years	902 766 000	89 405 000	67 465 000
Rates of termination of Service	X2	883 032 000	87 536 000	63 795 000
	X0.5	1 018 505 000	102 811 000	77 119 000

TMPF	**Change in assumption**	**Liability**	**Interest costs**	**Service costs**
Main valuation result		2 026 927 000	209 222 000	19 900 000
Salary inflation rate	1% increase	2 053 650 000	212 549 000	20 488 000
	1% decrease	2 002 096 000	206 142 000	19 363 000
Discount rates	1% increase	1 878 763 000	211 236 000	18 163 000
	1% decrease	2 198 631 000	206 512 000	219 810 000
Pension increases	+2 years	2 181 803 000	225 496 000	21 516 000
	-2 years	1 889 965 000	194 790 000	18 514 000
Post-retirement mortality	-1 year	2 079 475 000	214 726 000	20 114 000

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

Non-current liabilities	(1 902 027 100)	(1 808 591 800)	(1 902 027 100)	(1 808 591 800)
Current liabilities	(3 329 879 427)	(1 730 295 344)	(3 314 799 528)	(1 722 552 127)
	(5 231 906 527)	**(3 538 887 144)**	**(5 216 826 628)**	**(3 531 143 927)**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

24. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Finance Management Grant (FMG)	-	702 236	-	702 236
Human Settlement Development Grant	-	506 646	-	506 646
HIV/Aids	1 162 749	4 728 648	1 162 749	4 728 648
Urban Settlement Development Grant (USDG)	2 599 515	25 614 219	2 599 515	25 614 219
Public Transport Network Grant (PTNG)	35 525 889	64 561 315	35 525 889	64 561 315
Informal Settlements Upgrade Partnership : Province	-	39 352 519	-	39 352 519
Neighbourhood Development Partnership Grants (NDPG)	7 089 324	7 676 596	7 089 324	7 676 596
Community Libraries Grant	-	244 691	-	244 691
Gautrains	91 800	11 961 294	91 800	11 961 294
Informal settlement upgrading partnerships	87 748	51 692 474	87 748	51 692 474
Programme and Project preparation Support Grant	-	8 305 624	-	8 305 624
Electricity Demand Side (EEDMS)	-	876	-	876
	46 557 025	**215 347 138**	**46 557 025**	**215 347 138**

Movement during the year

Balance at the beginning of the year	215 347 138	509 350 120	215 347 138	509 350 120
Receipts during the year	2 932 321 490	2 626 474 000	2 932 321 490	2 626 474 000
Returned to National Treasury (deducted from current year equitable share)	(148 252 498)	(328 025 000)	(148 252 498)	(328 025 000)
Repaid to grantors	(4 833 650)	(148 025 249)	(4 833 650)	(148 025 249)
Income recognised during the year	(2 948 025 455)	(2 444 426 733)	(2 948 025 455)	(2 444 426 733)
	46 557 025	**215 347 138**	**46 557 025**	**215 347 138**

The amounts above show:

- The nature and extent of government grants recognised in the audited consolidated annual financial statements and an indication of other forms of government assistance from which the group has directly benefited; and
- Unfulfilled conditions attached to government transfers that has been recognised.

See Note 33 for reconciliation of grants from National/Provincial Government.

25. Other financial liabilities

Other financial liabilities comprise the renegotiated Eskom debt, which is payable in installments until March 2029. The present value of the debt is outlined below:

Minimum payments				
- Within one year	1 420 000 000	-	1 420 000 000	-
- Later than one year no Later than five Years	4 141 123 247	-	4 141 123 247	-
less: future finance costs	(1 307 496 264)	-	(1 307 496 264)	-
	4 253 626 983	**-**	**4 253 626 983**	**-**

Present value minimum payments				
- Within one year	880 907 729	-	880 907 729	-
- Later than one year no Later than five Years	3 372 719 254	-	3 372 719 254	-
	4 253 626 983	**-**	**4 253 626 983**	**-**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

24. Unspent conditional grants (continued)

Non-current liabilities	2 833 626 983	-	2 833 626 983	-
Current liabilities	1 420 000 000	-	1 420 000 000	-
	4 253 626 983	**-**	**4 253 626 983**	**-**

26. Deferred tax

Deferred tax asset/ (liability)

Property, plant and equipment	(183 953)	(185 736)	-	-
Finance lease	3 034	(111 955)	-	-
Prepayment	-	(167 907)	-	-
Straight lining of operating lease	3 694	64 382	-	-
Provision for impairment	37 273	37 273	-	-
Provision for doubtful debts	44 166	44 166	-	-
Total deferred tax asset/(liability)	**(95 786)**	**(319 777)**	**-**	**-**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	(319 777)	716 836	-	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	-	(1 014 303)	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	(224)	23 493	-	-
Taxable / (deductible) temporary difference movement on finance leases	114 990	(32 292)	-	-
Taxable / (deductible) temporary difference on prepayments	167 906	144 971	-	-
Taxable / (deductible) temporary difference movement operating leases	(60 689)	(158 482)	-	-
Prior year underprovision	2 008	-	-	-
	(95 786)	**(319 777)**	**-**	**-**

27. Provisions

Reconciliation of provisions - Group - 2025

	Opening Balance	**Additional Provisions Raised**	**Increases (passage of time/discounted rate)**	**Reductions (payments, remeasurement etc.)**	**Total**
Landfill sites	990 830 987	110 901 686	91 141 548	(176 907 221)	1 015 967 000
Clearing of alien vegetation	52 376 688	-	4 827 405	(3 392 363)	53 811 730
Quarries	74 123 644	96 744	5 507 335	(18 336 722)	61 391 001
Legal proceedings	435 640 371	108 074 211	-	(61 692 670)	482 021 912
COID	121 859 448	61 825 872	-	-	183 685 320
	1 674 831 138	**280 898 513**	**101 476 288**	**(260 328 976)**	**1 796 876 963**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

27. Provisions (continued)

Reconciliation of provisions - Group - 2024

	Opening Balance	Additional Provisions Raised	Increases (passage of time/discounted rate)	Reductions (payments, remeasurement etc.)	Total
Landfill sites	835 227 986	92 960 875	132 426 773	(69 784 647)	990 830 987
Clearing of alien vegetation	64 938 556	-	6 187 298	(18 749 166)	52 376 688
Quarries	105 516 692	4 796 218	7 269 483	(43 458 749)	74 123 644
Legal proceedings	356 157 031	439 693 572	-	(360 210 232)	435 640 371
COID	62 727 498	59 131 950	-	-	121 859 448
	1 424 567 763	**596 582 615**	**145 883 554**	**(492 202 794)**	**1 674 831 138**

Reconciliation of provisions - Municipality - 2025

	Opening Balance	Additional Provisions Raised	Increases (passage of time/discounted rate)	Reductions (payments, remeasurement etc.)	Total
Landfill sites	990 830 987	110 901 686	91 141 548	(176 907 221)	1 015 967 000
Clearing of alien vegetation	52 376 688	-	4 827 405	(3 392 363)	53 811 730
Quarries	74 123 644	96 744	5 507 335	(18 336 722)	61 391 001
Legal proceedings	391 198 395	108 074 211	-	(17 250 694)	482 021 912
COID	121 859 448	61 825 872	-	-	183 685 320
	1 630 389 162	**280 898 513**	**101 476 288**	**(215 887 000)**	**1 796 876 963**

Reconciliation of provisions - Municipality - 2024

	Opening Balance	Additional Provisions Raised	Increases (passage of time/discounted rate)	Reductions (payments, remeasurement etc.)	Total
Landfill sites	835 227 986	92 960 875	132 426 773	(69 784 647)	990 830 987
Clearing of alien vegetation	64 938 556	-	6 187 298	(18 749 166)	52 376 688
Quarries	105 516 692	4 796 218	7 269 483	(43 458 749)	74 123 644
Legal proceedings	356 157 031	395 251 596	-	(360 210 232)	391 198 395
COID	62 727 498	59 131 950	-	-	121 859 448
	1 424 567 763	**552 140 639**	**145 883 554**	**(492 202 794)**	**1 630 389 162**

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Non-current liabilities	1 613 191 643	1 508 529 714	1 613 191 643	1 508 529 714
Current liabilities	183 685 320	166 301 424	183 685 320	121 859 448
	1 796 876 963	**1 674 831 138**	**1 796 876 963**	**1 630 389 162**

27. Provisions (continued)

Landfill rehabilitation provision

The landfill rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at a discount rate (time value of money), which is currently 9.86% (2024: 11.94%).

The City has an obligation to rehabilitate these landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property during a particular period for landfill purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating landfill sites at the end of their useful life. The City assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs. There are no expected reimbursements on the landfill sites.

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on a market aligned and risk appropriate valuation .

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7% on 30 June 2025.

Changes in Estimates/Assumptions : The City reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Quarries rehabilitation provision

The Quarries rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at a discount rate (time value of money), which is currently 9.86% (2024: 11.94%).

The City has an obligation to rehabilitate these Quarries sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property during a particular period for Quarries purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating Quarries sites at the end of their useful life. The City assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs. There are no expected reimbursements from the legal provisions

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on a market aligned and risk appropriate valuation .

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7% on 30 June 2025.

27. Provisions (continued)

Changes in Estimates/Assumptions : The City reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at a discount rate (time value of money), which is currently 9.86% (2024: 11.94%).

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on a market aligned and risk appropriate valuation .

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7% on 30 June 2025.

Changes in Estimates/Assumptions : The City reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Provisions are reviewed at the end of each reporting period to reflect the best estimate at that date of the provision. The timing of the outflow is uncertain, as well as the relating amounts due to discounting.

Effect change in estimate	**2025**	**2024**	**Change**
Landfill sites	1 015 967 000	990 830 987	25 136 013
Quarries	61 391 001	74 123 644	(12 732 643)
Alien vegetation	53 811 730	52 376 688	1 435 042
	1 131 169 731	**1 117 331 319**	**13 838 412**

27. Provisions (continued)

Legal Provisions

These provisions are established when the City has a present obligation, whether it be of a legal or constructive nature, resulting from a past event. It is also probable that an outflow of economic benefits or service potential will be necessary to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The primary objective of recognizing legal provisions is to ensure that the City accurately reflects its obligations and liabilities in its financial reporting.

Amount of Provisions

The amount of a provision is determined as the best estimate of the expenditure that will be required to settle the present obligation as of the reporting date. This estimate is made based on all relevant information available at the time of preparation of the financial statements. The City exercises prudence in this estimation process to ensure that it reflects a reasonable and reliable assessment of the potential outflow of resources. There are no expected reimbursements from the legal provisions. The timing of the outflow is uncertain, as well as the related amounts due to legal procedures.

Review and Adjustments

The City is committed to ensuring the accuracy of its financial statements. Therefore, provisions are reviewed at each reporting date, and adjustments are made to reflect the most current and best estimate. Provisions may be 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.

Compensation for occupational injuries and diseases (COID)

The City has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID) in terms of the COID Act NO 130 OF 1993 AS AMENDED BY Act 61 of 1997. The only payments made to the Compensation Commissioner are in relation to administration costs.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the City to deposit cash and/or securities, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year in terms of section 31(1).

The continuing liability is that of annual pensions, the capitalized value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December.

The City makes a provision based on 1% of the monthly basic salary of employees that qualify for COID benefits. All employees earning more than a predetermined amount per annum are reinsured by what is called a "COID wrap-around" policy.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

28. Service concession arrangements

Tshwane House:

The City has entered into a service concession agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of the City. At the end of the 27 year agreement ownership of the building will pass to the City . The agreement is in the eighth year of the operational stage. Occupation took place in June 2017.

The service concession arrangement can be terminated by either party on the occurrence of any event of default or within a reasonable time after the non-defaulting party has become aware of same or upon expiry of the Project Term. The transitional arrangements include a period of 6 months before or after the Expiry Date or in any earlier termination for the period from the serving of notice of termination to twelve (12) months after the Termination Date, the City is obliged to compensate Tsela Tsweu all reasonable costs incurred provided that the City is not obligated to compensate such costs to Tsela Tsweu where the termination is pursuant to Tsela Tsweu's Events of Default." The agreement does not stipulate any renewal options. There have not been any breaches to the contract terms in the current financial year or prior financial years.

The service concession liability in respect of Tshwane House is indicated below:

Minimum future payments				
No later than one year-service cost	318 202 075	309 579 310	318 202 075	309 579 310
No later than one year - Operational Costs	14 066 217	6 723 813	14 066 217	6 723 813
Later than one year but not latter than five years	1 370 868 886	1 392 886 339	1 370 868 886	1 392 886 339
Later than five years	5 192 336 756	6 961 049 100	5 192 336 756	6 961 049 100
	6 577 271 859	8 360 659 252	6 895 473 934	8 670 238 562
Future finance charges on service concession	(4 357 155 585)	(6 003 865 749)	(4 357 155 585)	(6 003 865 749)
Future service cost on service concession	(940 046 577)	(1 195 782 754)	(940 046 577)	(1 195 782 754)
Present value of service concession liability	**1 598 271 772**	**1 470 590 059**	**1 598 271 772**	**1 470 590 059**
Present value of the capital portion of the service concession liability				
No later than one year-service concession	(26 728 526)	(53 371 473)	(26 728 526)	(53 371 473)
No later than one year - Operational Costs	14 066 216	6 723 813	14 066 216	6 723 813
Later than one year no later than five years	(61 544 652)	(223 161 640)	(61 544 652)	(223 161 640)
Later than five years	1 672 478 734	1 740 399 359	1 672 478 734	1 740 399 359
	1 598 271 772	**1 470 590 059**	**1 598 271 772**	**1 470 590 059**
Fair value of liability (amortised cost)	1 598 271 772	1 470 590 059	1 598 271 772	1 470 590 059
Tshwane House service concession asset	822 320 400	859 984 718	822 320 400	859 984 718

Denneboom Station Public Transport Interchange:

The City entered into a service concession and Lease Agreement with the Concessionaire (Interden Management Services (Pty) Ltd.) on the 7th September 2012 in terms of which the Concessionaire obtained the right to lease Erven 35385, Mamelodi, Extension 13, Erf 40331 Mamelodi Extension 24 and Portion 2 of Erf 19687, Mamelodi (the Properties) and to develop the properties at its costs as an interchange for public transport and for commercial purposes. The agreement is for a period of 29 years and 11 months. Upon expiry or termination ofthe agreement the concessionaire shall handover and transfer any part of the interchange to the City.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

28. Service concession arrangements (continued)

The service concession arrangement can be terminated by either party on the occurrence of any event of default. In the event the Concessionaire defaults, upon termination the concession the Concessionaire shall be liable to the City for such loss or damage as the City may have suffered as a direct consequence of the Concessionaire's failure to comply with the provisions of the service concession arrangements. In the event the City defaults, the concessionaire is entitled to claim payment by the Council of any damages suffered and be entitled to exercise any remedy to which the Concessionaire my be entitled in law consequence upon termination of the concession. The agreement does not stipulate any renewal options. There have not been any breaches to the contract terms in the current financial year or prior financial years. The concessionaire is solely responsible for the effective and efficient operation and maintenance of the interchange.

2023/24

The facility has been completed and its operational.

Denneboom service concession liability				
Denneboom Station Public Transport Interchange	1 130 572 764	1 183 985 653	1 130 572 764	1 183 985 653

The facility was completed in the current year and income amounting to R53 412 886 (2024: R53 412 886) was recognised in the statement of financial performance.

Denneboom service concession asset				
Land	1 827 167	1 854 770	1 827 167	1 854 770
Denneboom Station Public Transport Interchange	1 130 572 764	1 183 985 653	889 126 331	948 407 840
	1 132 399 931	**1 185 840 423**	**890 953 498**	**950 262 610**

Total service concession liability				
Tshwane House	1 598 271 772	1 470 590 059	1 598 271 772	1 470 590 059
Denneboom Station Public Transport Interchange	1 130 572 764	1 183 985 653	1 130 572 764	1 183 985 653
	2 728 844 536	**2 654 575 712**	**2 728 844 536**	**2 654 575 712**

Total service concession asset included in Note 10 and 11				
Tshwane House	822 320 400	859 984 718	822 320 400	859 984 718
Denneboom Station Public Transport Interchange	1 130 572 764	1 183 985 653	889 126 331	948 407 840
	1 952 893 164	**2 043 970 371**	**1 711 446 731**	**1 808 392 558**

Closing balance				
Current	332 268 292	316 303 123	332 268 292	316 303 123
Non-current	2 396 576 244	2 338 272 589	2 396 576 244	2 338 272 589
	2 728 844 536	**2 654 575 712**	**2 728 844 536**	**2 654 575 712**

29. Service charges

Sale of electricity	17 586 625 817	15 267 880 342	17 587 604 230	15 267 880 342
Sale of water	5 923 664 825	5 513 035 135	5 923 664 825	5 513 554 240
Solid waste	1 674 008 396	1 744 798 557	1 674 008 396	1 744 798 557
Sewerage and sanitation charges	1 988 228 006	1 602 038 416	1 988 228 006	1 602 038 416
Other service charges	142 012	289 717 443	142 012	289 717 443
	27 172 669 056	**24 417 469 893**	**27 173 647 469**	**24 417 988 998**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

30. Other income

Admission fees	27 750 930	30 088 713	25 937 887	30 088 713
Airside income	13 379 105	9 961 711	13 379 105	9 961 711
Ambulance fees	-	1 193	-	1 193
Application fees	8 800 080	11 652 504	8 800 080	11 652 504
Approval fees: advertisements	46 770 033	56 685 184	46 770 033	56 685 184
Areyeng income	22 668 791	15 841 114	22 668 791	15 841 114
Building fees	50 464 413	45 445 572	50 464 413	45 445 572
Bus rentals	6 533 335	3 963 524	6 533 335	3 963 524
Clearance certificates	3 522 265	2 676 376	3 522 265	2 676 376
Fire services	15 630 410	12 743 393	15 630 410	12 743 393
Income from grave services	13 092 344	13 034 616	13 092 344	13 034 616
Insurance claims*	49 227 330	4 098 312	49 227 330	4 098 312
Jobbing	6 737 840	4 820 013	6 737 840	4 820 013
Land sales	2 799 533	104 348	2 799 533	104 348
Market fees	242 382 757	228 598 848	242 382 757	228 598 848
Miscellaneous*	39 527 923	94 306 814	39 527 923	94 306 814
Motor vehicles licences (refund from Province)	225 851 206	222 276 292	225 851 206	222 276 292
Parking: vehicles	5 291 791	5 099 983	5 291 791	5 099 983
Road Accident Fund Ambulance fees	145 632	-	145 632	-
Registration certificates	3 879 913	4 098 211	3 879 913	4 098 211
Reminder fees	10 852 391	28 002 774	10 852 391	28 002 774
Recovered losses	87 255 568	-	87 255 568	-
Sales: Maps	1 541 623	1 092 181	1 541 623	1 092 181
Sundry fees	33 187 957	7 920 135	26 550 111	5 118 889
Township development contributions	190 874 757	171 034 515	190 874 757	171 034 515
Training fees recovered	19 784 064	20 348 728	19 784 064	20 348 728
Transport fees	65 938 169	41 537 659	65 938 169	41 537 659
Tree valuations	24 159	211 440	24 159	211 440
VAT audit refund	-	311 634 244	-	311 634 244
	1 193 914 319	**1 347 278 397**	**1 185 463 430**	**1 344 477 151**

*A general ledger account that relates to insurance claims received amounting to R4 098 311 was misclassified in miscellaneous, this account has been reclassified to insurance claims. Comparative figures have been corrected to ensure fair presentation of the financial statements, allowing for a more accurate reflection of the City's financial performance.

Refer to note 71 for additional disclosure on previously reported Compensation claims in other income.

31. Investment revenue - Interest

Interest revenue				
Bank	23 162 169	21 194 008	21 547 518	19 580 708
Short-term investments	155 807 440	112 318 332	155 776 818	112 318 332
Long-term investments	38 052 466	27 281 237	38 052 466	27 281 237
Interest: Redemption fund	76 524 399	81 779 963	76 524 399	81 779 963
	293 546 474	**242 573 540**	**291 901 201**	**240 960 240**

32. Property rates

Rates

Property rates	10 822 015 348	9 763 616 730	10 823 008 235	9 764 561 956

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

32. Property rates (continued)

Valuations

Residential	459 308 842 431	451 145 550 014	459 308 842 431	451 145 550 014
Other	244 021 395 534	246 180 102 158	244 021 395 534	246 180 102 158
	703 330 237 965	**697 325 652 172**	**703 330 237 965**	**697 325 652 172**

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value No difference is made between land value and the value of improvements and only the market value appears on the valuation roll.

With the implementation of the Municipal Property Rates Act, different categories of properties are levied at different tariffs with different rebates applicable to Property owners of 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions.

33. Government grants & subsidies

Operating grants				
Community Libraries	14 642 143	10 377 527	14 642 143	10 377 527
Equitable share	4 287 120 000	3 993 570 000	4 287 120 000	3 993 570 000
Expanded Public Works Programme (EPWP)	18 468 000	15 580 000	18 468 000	15 580 000
Finance Management grant (FMG)	2 000 000	1 497 764	2 000 000	1 497 764
Informal Settlements Upgrading Partnership Grant	32 060 600	24 577 587	32 060 600	24 577 587
HIV and AIDS (Provincial Health Department)	26 887 258	22 036 352	26 887 258	22 036 352
Human Settlement Development Grant (HSDG)	506 646	11 242 521	506 646	11 242 521
Neighbourhood Development Partnership Grant (NDPG)	97 508 246	114 581 143	97 508 246	114 581 143
Primary Health Care (PHC)	67 088 000	64 015 000	67 088 000	64 015 000
Programme and Preparation Support Grant (PPPSG)	84 480 000	46 509 248	84 480 000	46 509 248
Public Transport Network Grant (PTNG) - operational	588 435 875	529 416 930	588 435 875	529 416 930
Informal Settlements Upgrading Partnership Grant-Provincial	39 352 519	44 627 481	39 352 519	44 627 481
Urban Settlement Development Grant (USDG)	52 830 000	28 453 860	52 830 000	28 453 860
	5 311 379 287	**4 906 485 413**	**5 311 379 287**	**4 906 485 413**
Capital grants				
Energy Efficiency and Demand Side Management (EEDSM)	876	1 999 124	876	1 999 124
Informal Settlements Upgrading Partnership	703 563 650	458 771 878	703 563 650	458 771 878
Gautrains	11 869 494	-	11 869 494	-
Neighbourhood Development Partnership Grant (NDPG)	12 144 430	18 207 261	12 144 430	18 207 261
Public Transport Network Grant (PTNG) - Capital	180 365 235	146 340 783	180 365 235	146 340 783
Recapitalisation of Community Libraries Grant	8 851 547	11 798 351	8 851 547	11 798 351
Social Housing Regulatory Authority	10 035 376	59 592 840	-	-
Urban Settlement Development Grant (USDG) - capital	1 006 970 447	894 393 921	1 006 970 447	894 393 921
	1 933 801 055	**1 591 104 158**	**1 923 765 679**	**1 531 511 318**
	7 245 180 342	**6 497 589 571**	**7 235 144 966**	**6 437 996 731**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

33. Government grants & subsidies (continued)

Conditional and Unconditional

Included above are the following categories of grants and subsidies recognised as revenue:

Conditional grants received	2 958 060 342	2 504 019 572	2 948 024 966	2 444 426 732
Unconditional grants received	4 287 120 000	3 993 569 999	4 287 120 000	3 993 569 999
	7 245 180 342	**6 497 589 571**	**7 235 144 966**	**6 437 996 731**

Equitable Share (DoRA)

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

All registered indigents receive a monthly subsidy of R1 142 (2024: R1 069), which is funded from the grant.

Current year receipts	4 138 868 000	3 665 545 000	4 138 868 000	3 665 545 000
Conditions met - transferred to revenue	(4 287 120 498)	(3 993 570 000)	(4 287 120 498)	(3 993 570 000)
Offset as per DoRA	148 252 498	328 025 000	148 252 498	328 025 000
	-	-	-	-

Primary Health Care Subsidy

Current-year receipts	67 088 000	64 015 000	67 088 000	64 015 000
Conditions met - transferred to revenue	(67 088 000)	(64 015 000)	(67 088 000)	(64 015 000)
	-	-	-	-

The purpose of this subsidy is to render comprehensive primary health services according to service level agreements.

The conditions of the subsidy are always met.

Finance Management Grant (FMG)

Balance unspent at beginning of year	702 236	410 887	702 236	410 887
Current-year receipts	2 000 000	2 200 000	2 000 000	2 200 000
Conditions met - transferred to revenue	(2 000 000)	(1 497 764)	(2 000 000)	(1 497 764)
Offset as per DoRA	(702 236)	(410 887)	(702 236)	(410 887)
	-	**702 236**	-	**702 236**

To promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

33. Government grants & subsidies (continued)

Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	64 561 287	51 434 334	64 561 287	51 434 334
Current-year receipts	804 327 000	740 319 000	804 327 000	740 319 000
Conditions met - transferred to revenue	(768 801 110)	(675 757 713)	(768 801 110)	(675 757 713)
Offset as per DoRA	(64 561 287)	(51 434 334)	(64 561 287)	(51 434 334)
	35 525 890	**64 561 287**	**35 525 890**	**64 561 287**

Conditions still to be met - remain under unspent grant as a liability (note 24).

To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.

Human Settlement Development Grant (HSDG)

Balance unspent at beginning of year	506 646	159 389 916	506 646	159 389 916
Conditions met - transferred to revenue	(506 646)	(11 242 521)	(506 646)	(11 242 521)
Repaid to grantors	-	(147 640 749)	-	(147 640 749)
	-	**506 646**	**-**	**506 646**

The purpose of this grant is to provide funding for creation of sustainable human settlements

Urban Settlement Development Grant (USDG)

Balance unspent at beginning of year	25 614 219	165 775 076	25 614 219	165 775 076
Current-year receipts	1 056 600 000	948 462 000	1 056 600 000	948 462 000
Conditions met - transferred to revenue	(1 059 800 485)	(922 847 781)	(1 059 800 485)	(922 847 781)
Offset as per DoRA	(19 814 219)	(165 775 076)	(19 814 219)	(165 775 076)
	2 599 515	**25 614 219**	**2 599 515**	**25 614 219**

Conditions still to be met - remain under unspent grant as a liability (see note 24).

To supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development.

HIV and AIDS (Provincial Health Department)

Balance unspent at beginning of year	4 728 648	-	4 728 648	-
Current-year receipts	28 050 000	26 765 000	28 050 000	26 765 000
Conditions met - transferred to revenue	(26 887 258)	(22 036 352)	(26 887 258)	(22 036 352)
Repayment to provincial Government	(4 728 641)	-	(4 728 641)	-
	1 162 749	**4 728 648**	**1 162 749**	**4 728 648**

Conditions still to be met - remain liabilities (see note 24).

The program aims to sustain coverage of the ward-based door to door HIV education programme to reduce new HIV infections through “Combination HIV prevention” (defined) prioritizing youth.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

33. Government grants & subsidies (continued)

Informal Settlements Upgrading Partnership (DoRA)

Balance unspent at beginning of year	51 692 474	102 402 479	51 692 474	102 402 479
Current-year receipts	731 212 000	535 042 000	731 212 000	535 042 000
Conditions met - transferred to revenue	(735 624 190)	(483 349 465)	(735 624 190)	(483 349 465)
Offset as per DoRA	(47 192 536)	(102 402 540)	(47 192 536)	(102 402 540)
	87 748	**51 692 474**	**87 748**	**51 692 474**

To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements

Gautrains

Balance unspent at beginning of year	11 961 294	11 961 294	11 961 294	11 961 294
Conditions met - transferred to revenue	(11 869 494)	-	(11 869 494)	-
	91 800	**11 961 294**	**91 800**	**11 961 294**

The grant was used for the reconstruction and upgrading of Garsfontein Road (K50) between Loristo and Anton van Wouw Streets.

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	7 676 596	963 444	7 676 596	963 444
Current-year receipts	116 742 000	140 465 000	116 742 000	140 465 000
Conditions met - transferred to revenue	(109 652 676)	(132 788 404)	(109 652 676)	(132 788 404)
Offset as per DoRA	(7 676 596)	(963 444)	(7 676 596)	(963 444)
	7 089 324	**7 676 596**	**7 089 324**	**7 676 596**

Conditions still to be met - remain under unspent grant as a liability (see note 24).

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

Community Library Services

Balance unspent at beginning of year	244 691	1 774 569	244 691	1 774 569
Current-year receipts	23 354 000	20 646 000	23 354 000	20 646 000
Conditions met - transferred to revenue	(23 493 692)	(22 175 878)	(23 493 692)	(22 175 878)
Repayment to provincial Government	(104 999)	-	(104 999)	-
	-	**244 691**	**-**	**244 691**

To transform urban and rural community library infrastructure, facilities and service (primary targeting previously disadvantaged communities) through recapitalized programme at Provincial level in support of local government and national initiatives .

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

33. Government grants & subsidies (continued)

Research and Development Grant (Tirelo Bosha)

Balance unspent at beginning of year	-	384 498	-	384 498
Offset as per DoRA	-	(384 498)	-	(384 498)
	-	**-**	**-**	**-**

The grant is from the Department of Public Service and Administration (DPSA) and is intended to supports programmes in the research, development and piloting of new ways of delivering front-line public services.

Expanded Public Works Programme (EPWP)

Current-year receipts	18 468 000	15 580 000	18 468 000	15 580 000
Conditions met - transferred to revenue	(18 468 000)	(15 580 000)	(18 468 000)	(15 580 000)
	-	**-**	**-**	**-**

To incentivize municipalities to enhance job creation efforts using labor-intensive methods in compliance with EPWP Guidelines.

Energy Efficiency and Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	876	644 326	876	644 326
Current-year receipts	-	2 000 000	-	2 000 000
Conditions met - transferred to revenue	(876)	(1 999 124)	(876)	(1 999 124)
Offset as per DoRA	-	(644 326)	-	(644 326)
	-	**876**	**-**	**876**

To provide subsidies to municipalities to implement energy efficiency and demand-side management (EEDSM) initiatives within municipal infrastructure to reduce electricity consumption and improve energy efficiency.

Programme and Project Preparation Support Grant (PPPSG)

Balance unspent at beginning of year	8 305 624	14 209 297	8 305 624	14 209 297
Current-year receipts	84 480 000	47 000 000	84 480 000	47 000 000
Conditions met - transferred to revenue	(84 480 000)	(46 509 248)	(84 480 000)	(46 509 248)
Offset as per DoRA	(8 305 624)	(6 394 425)	(8 305 624)	(6 394 425)
	-	**8 305 624**	**-**	**8 305 624**

To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of a growing level of municipal resources to preparation activities.

Informal Settlements Upgrading Partnership Grant-Provincial

Balance unspent at beginning of year	39 352 519	-	39 352 519	-
Current-year receipts	-	83 980 000	-	83 980 000
Conditions met - transferred to revenue	(39 352 519)	(44 627 481)	(39 352 519)	(44 627 481)
	-	**39 352 519**	**-**	**39 352 519**

The funding is for the clearance of site, relocation and procurement of rudimentary water, sanitation, and waste management services for Pienaarspoort and other informal settlements.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

34. Fuel Levy

Fuel Levy	1 635 021 000	1 628 341 000	1 635 021 000	1 628 341 000

The purpose of the fuel levy grant is to provide for basic services and infrastructure development in under-serviced communities, specifically to transport infrastructure given the link between fuel sales and road usage.

35. Fines, Penalties and Forfeits

Building Fines	1 035 831	759 703	1 035 831	759 703
Deposits Forfeits	-	77 329	-	77 329
Law Enforcement Fines	26 397 738	14 210 760	26 397 738	14 210 760
Market Fines	9 784 147	65 028	9 784 147	65 028
Motor Vehicle Licence Penalties	6 522	15 864	6 522	15 864
Municipal Traffic Fines	233 576 961	150 674 552	233 576 961	150 674 552
Overdue Books Fines	142 667	312 772	142 667	312 772
Pound Fees Fines	71 481	502 276	71 481	502 276
Retentions Forfeits	-	460 959	-	460 959
	271 015 347	**167 079 243**	**271 015 347**	**167 079 243**

36. Rental of facilities and equipment

Facilities and equipment				
Rental of facilities	229 663 109	212 507 588	175 598 335	178 953 241

Rental Income Straight-lining				
Within one year	4 445 250	5 558 465	4 445 250	5 558 465
In second to fifth year	13 088 708	14 322 370	13 088 708	14 322 370
Later than five years	75 410 827	78 625 760	75 410 827	78 625 760
	92 944 785	**98 506 595**	**92 944 785**	**98 506 595**

Some of the properties owned by the City generates revenue through the signing of lease contract agreements, most of the existing lease agreements have expired and are continuing on a month to month basis, whilst awaiting for the alienation processes of entering into new lease agreements to be concluded. The monthly rental amount levied as income for these properties ranges from R1 to R1.3 million.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

37. Interest received (trading)

Consumer receivables*	2 286 615 198	2 204 005 121	2 286 615 198	2 204 005 121
Other receivables	298 117	59 110	-	-
	2 286 913 315	**2 204 064 231**	**2 286 615 198**	**2 204 005 121**

* Refer to note 71.

38. Licences and permits

License and permits	41 188 912	43 618 141	41 188 912	43 618 141

The amount consists of agency fees from license and permits collected on behalf of provincial department.

Refer to Note 68 on principle agent disclosure.

39. Employee related costs

Basic	9 069 172 943	7 509 340 911	8 994 036 945	7 441 583 222
Medical aid - company contributions	800 073 696	726 913 569	797 192 408	724 361 066
UIF	41 478 190	43 034 618	40 879 847	42 438 389
SDL	382 676	373 112	-	-
Standby allowances	85 139 279	81 367 215	85 139 279	81 367 215
Leave pay provision charge	236 406 102	215 158 027	234 327 077	214 765 355
Defined contribution plans	1 622 773 778	1 206 096 709	1 615 683 151	1 200 213 982
Acting allowances	15 521 925	21 997 830	12 674 812	19 559 720
Shift allowances	31 472 554	28 960 751	31 472 554	28 960 751
Defined benefit plans	8 231 735	263 200 240	8 231 735	263 200 240
Travel, motor car, accommodation, subsistence and other allowances	281 009 307	291 634 257	280 286 054	290 843 792
Overtime payments	739 502 672	600 111 957	738 235 195	598 391 255
Long-service awards	1 356 024	1 456 323	1 069 701	1 456 323
Part time service	58 555 998	25 098 944	58 555 998	25 098 944
Unifix allowance	431 658 889	428 072 914	431 658 889	428 072 914
Compensation commissioner (COIDA)	2 682 644	2 632 555	2 682 644	2 632 555
Employee Allowances	92 101 774	92 184 834	89 884 462	90 426 254
	13 517 520 186	**11 537 634 766**	**13 422 010 751**	**11 453 371 977**

39. Employee related costs (continued)

TEDA

2025

Name	Board fees	Board retainer	Audit and performance committee fees	Total
	-	-	-	-
Dr K Maimela (Board Chairperson)	797 878	39 889	-	837 767
Ms A Hirachund	646 478	20 114	-	666 592
Mr S Mbanjwa	613 170	20 114	-	633 285
Mr JG Mocke	705 525	20 114	-	725 639
Mr P Serote	617 712	20 114	30 280	668 106
	3 380 763	**120 345**	**30 280**	**3 531 389**

2024

Name	Board fees	Board retainer	Audit and performance committee fees	Total
Ms A Hirachund (Chairperson)	859 952	42 642	-	902 594
Mr K Maimela	788 794	21 502	-	810 296
Mr JG Mocke	917 484	21 502	48 448	987 434
	2 566 230	**85 646**	**48 448**	**2 700 324**

Management class: Executive management

2025

Name	Basic salary	Acting allowance	Cellphone allowance	UIF	Defined contributions	Total
Chief Executive Officer (Dr L Stander) from 01 May 2024	1 970 768	-	43 200	2 125	174 224	2 190 317
Acting Chief Financial Officer (Mr O Mokoena) from 1 May 2024 to June 2025	-	356 727	-	-	-	356 727
Acting Executive Manager Corporate Services- (Mr M Maepa) from 01 May 2021	-	356 727	-	-	-	356 727
Acting Executive Manager TIPP (Mr G Motlotsi) from 15 September 2023	-	356 727	-	-	-	356 727
Acting Company Secretary (Ms T Luvhimbi) from 1 July 2024	-	659 572	-	-	-	659 572
	1 970 768	**1 729 753**	**43 200**	**2 125**	**174 224**	**3 920 070**

39. Employee related costs (continued)

2024

Name	Basic salary	Acting allowance	Cellphone allowance	UIF	Defined contributions	Total
Chief Executive Officer (Dr L Stander) from 01 May 2024	308 663	-	7 200	354	23 897	340 114
Acting Chief Executive Officer (Mr J Mkhonto) from 15 September 2023 to 30 April 2024	-	397 287	-	-	-	397 287
Chief Financial Officer (Mr Z Mheyamwa) to 30 April 2024	1 674 005	-	24 000	1 594	-	1 699 599
Acting Executive Manager Corporate Services- (Mr M Maepa) from 01 May 2021	-	339 667	-	-	-	339 667
Acting Executive Manager TIPP (Mr J Mkhonto) from 01 January 2022 to 15 September 2023	-	69 673	-	-	-	69 673
Acting Executive Manager TIPP (Mr G Motlotsi) from 15 September 2023	-	254 751	-	-	-	254 751
Acting Chief Executive Officer (Mr O Mokoena) from 19 July 2022 to September 2023	-	151 059	-	-	-	151 059
Acting Chief Financial Officer (Mr O Mokoena) from 1 May 2024	-	56 611	-	-	-	56 611
	1 982 668	**1 269 048**	**31 200**	**1 948**	**23 897**	**3 308 761**

Notes to the Audited Consolidated Annual Financial Statements

39. Employee related costs (continued)

HCT
Executive and Managemen

2025	Basic	Telephone allowance	Pension paid or receivable	Travel and acting allowance	Medical aid	Home allowance	13th cheque	Leave pay-out	Total
Chief Executive Officer - O Nyundu	1 764 282	37 656	-	193 650	-	-	-	-	1 995 588
Chief Operation Officer - M Matabane	1 491 704	37 656	-	163 689	-	-	-	-	1 693 049
Chief Finance Officer - J Thamaga	653 779	16 546	-	71 566	-	-	-	144 198	886 089
Finance Manager - L Makibinyane	1 050 520	25 104	186 405	143 414	53 190	-	92 353	-	1 550 986
Programme Manager - K Mali	670 361	25 104	118 906	73 399	-	12 687	58 911	-	959 368
Human Resource Manager - M Mothobi	716 048	25 104	127 185	-	-	-	56 907	-	925 244
Supply Chain Manager - L Mashao	537 796	18 828	95 547	20 102	18 350	9 516	4 882	-	705 021
Client Services Manager - Z Mofokeng	716 647	25 104	127 185	-	59 881	-	56 907	-	985 724
Audit and Risk Manager - T Mhatu	487 571	14 644	86 698	-	4 600	-	-	-	593 513
Marketing & Communication Manager - P Moseamedi	419 173	14 644	74 455	-	31 762	4 229	-	-	544 263
	8 507 881	**240 390**	**816 381**	**665 820**	**167 783**	**26 432**	**269 960**	**144 198**	**10 838 845**

2024

	Basic	Telephone allowance	Pension paid or receivable	Travel and acting allowance	Medical aid	Home allowance	13th cheque	Leave pay-out	Total
Chief Executive Officer - O Nyundu	1 764 282	37 656	-	193 650	-	-	-	-	1 995 588
Chief Operation Officer - M Matabane	1 491 704	37 656	-	163 689	-	-	-	-	1 693 049
Chief Finance Officer - J Thamaga	653 779	16 546	-	71 566	-	-	-	144 198	886 089
Finance Manager - L Makibinyane	1 050 520	25 104	186 405	143 414	53 190	-	92 353	-	1 550 986
Programme Manager - K Mali	670 361	25 104	118 906	73 399	-	12 687	58 911	-	959 368
Human Resource Manager - M Mothobi	716 048	25 104	127 185	-	-	-	56 907	-	925 244
Supply Chain Manager - L Mashao	537 796	18 828	95 547	20 102	18 350	9 516	4 882	-	705 021
Client Services Manager - Z Mofokeng	716 647	25 104	127 185	-	59 881	-	56 907	-	985 724
Audit and Risk Manager - T Mhatu	487 571	14 644	86 698	-	4 600	-	-	-	593 513
Marketing & Communication Manager - P Moseamedi	419 173	14 644	74 455	-	31 762	4 229	-	-	544 263
	8 507 881	**240 390**	**816 381**	**665 820**	**167 783**	**26 432**	**269 960**	**144 198**	**10 838 845**

39. Employee related costs (continued)

HCT

Non-executive directors

2025

	Directors' fees	Total
S Sebola	513 179	513 179
Z Pikashe	569 197	569 197
P Tau-Sekati - BOARD Chair	595 463	595 463
M Sithole	484 413	484 413
L Mashao	21 196	21 196
M Tshabalala	21 196	21 196
S Molekwa	21 196	21 196
	2 225 840	**2 225 840**

2024

	Directors' fees	Total
T Dlamini - BOARD Chair	353 223	353 223
B Damoyi	168 054	168 054
S Sebola	399 629	399 629
Z Pikashe	392 104	392 104
P Tau-Sekati	379 947	379 947
	1 692 957	**1 692 957**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

40. Remuneration of councillors

Councillors' allowances	136 861 352	133 389 734	136 861 352	133 389 734

Councillor's remuneration - June 2025	**Basic salary**	**Travel allowance**	**Cell phone allowance**	**Other allowances**	**Total**
Mayor : Hazel Nasiphi Moya	1 047 322	-	33 000	-	1 080 322
Mayor : Cilliers Brink (1 July - 26 September 2024)	351 065	-	10 200	-	361 265
Deputy Executive Mayor - Hazel Nasiphi Moya (1 July - 26 September 2024)	283 527	-	10 200	-	293 727
Deputy Executive Mayor - Eugene Thipe Modise	961 271	-	33 258	-	994 529
Chief Whip : Christiaan Mauritz Van Den Heever (1 July - 26 September 2024)	267 078	-	6 342	-	273 420
Chief Whip : Molatelo Samuel Mashola	876 747	-	34 744	-	911 491
Speaker - Mncedi Ndzwanana	1 008 321	-	43 200	-	1 051 521
Members of mayoral committee:					
Mokhokela Kgope Frans Boshielo	915 023	-	36 858	-	951 881
Kholofelo Vivian Morodi	1 059 456	-	43 200	-	1 102 656
Tshegofatso Molefe Mashabela	766 781	-	36 858	-	803 639
Tlangi Jina Mogale	915 023	-	36 858	-	951 881
Veronica Palesa Modise	915 023	-	36 858	-	951 881
Aaron Mokgale Maluleka	915 023	-	36 858	-	951 881
Obakeng Samuel Ramabodu	915 023	-	36 858	-	951 881
Johannes Jacobus Coetzee	1 046 320	-	36 858	-	1 083 178
Sarah Makaoka Mabotsa	915 023	-	36 858	-	951 881
1 July to September 2024					
Thembsmandla Elijah Fosi	252 057	-	8 456	-	260 513
Gertruida Elizabeth Catharina Marx	258 647	-	8 456	-	267 103
Rachel Katlego Mathebe	198 647	-	8 456	-	207 103
Umberto Grandi Theunissen	258 647	-	8 456	-	267 103
Douglas Ziyanda Zwane	258 647	-	8 456	-	267 103
Jacqueline Uys	258 647	-	8 456	-	267 103
Ofentse Nathaniel Madzebatela	258 647	-	8 456	-	267 103
Granny Peggy De Bruin	205 933	-	8 456	-	214 389
Other councillors	98 722 699	10 893 903	8 602 789	2 957 407	121 176 798
	113 830 597	**10 893 903**	**9 179 445**	**2 957 407**	**136 861 352**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

40. Remuneration of councillors (continued)

Councillor's remuneration - June 2024	**Basic salary**	**Travel allowance**	**Cell phone allowance**	**Other allowances**	**Total**
Mayor : Cilliers Brink	1 404 260	-	40 800	-	1 445 060
Deputy Executive Mayor - Hazel Nasiphi Moya	751 367	-	27 142	-	778 509
Chief Whip : Christiaan Mauritz Van Den Heever	1 068 312	-	25 368	-	1 093 680
Speaker - Mncedi Ndzwanana	1 086 677	-	40 800	-	1 127 477
Members of mayoral committee:					
Thembsmandla Elijah Fosi	1 008 228	-	25 368	-	1 033 596
Gertruida Elizabeth Catharina Marx	1 068 312	-	25 368	-	1 093 680
Rachel Katlego Mathebe	1 068 312	-	25 368	-	1 093 680
Kingsley's Hope Wakelin	1 019 348	-	22 091	-	1 041 439
Umberto Grandi Theunissen	1 068 312	-	25 368	-	1 093 680
Douglas Ziyanda Zwane	1 068 312	-	25 368	-	1 093 680
Jacqueline Uys	445 130	-	10 570	-	455 700
Johannes Jacobus Coetzee	1 068 312	-	25 368	-	1 093 680
Ofentse Nathaniel Madzebatela	1 068 312	-	25 368	-	1 093 680
Granny Peggy De Bruin	601 981	-	14 798	-	616 779
Peter Sutton	585 842	-	14 798	-	600 640
Other councillors	101 699 288	9 365 448	5 114 977	2 455 061	118 634 774
	116 080 305	**9 365 448**	**5 488 920**	**2 455 061**	**133 389 734**

In-kind benefits

According to the organisational structure of the City the sub-section Executive Mayor Protection has 7 staff members of which 5 are VIP protection officers. The mayoral committee members and the City Manager have 2 VIP protection officers each.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor, Speaker and Mayoral Committee Members each have the use of separate Council owned vehicles for official duties.

The allowances and benefits of Councillors, and payments made to Councillors for loss of office, if any, as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government’s determination in accordance with this Act.

In-kind benefits are withdrawn upon termination of services.

Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee:

For the disclosure of the remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee, refer to note 40.

41. Remuneration of Top Management

Remuneration: City Manager (Johann Frederick Mettler)		
Annual remuneration	3 584 293	3 319 123
Cellphone Allowance	24 000	24 000
	3 608 293	**3 343 123**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

41. Remuneration of Top Management (continued)

Reporting directly to City Manager

2024/2025

Name	Designation	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Mandisi Gareth Trevor Mnisi	Chief Financial Officer	2 545 976	18 000	-	-	2 563 976
Asraf Mohamed Adam	Governance and Support Officer	1 673 386	12 600	-	-	1 685 986
Vuyo Zitumane	Chief Operations Officer	2 866 714	21 600	-	-	2 888 314
Makhapule Winners Khosa	Chief Audit Executive	2 542 496	18 000	-	-	2 560 496
Moshema Petrus Mosia	Chief of Emergency	2 545 119	18 000	-	-	2 563 119
Yolande Renee Faro	Chief of Police	2 188 604	18 000	-	-	2 206 604
Tlou Phineas Gadner Tefu	Management & Support Officer	942 509	7 500	-	-	950 009
Musawakhe Khumalo	Governance & Support Officer	181 807	1 714	-	-	183 521
		15 486 611	**115 414**	**-**	**-**	**15 602 025**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

41. Remuneration of Top Management (continued)

2023/2024

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Contribution to pension, provident and Life insurance	To
Mandisi Gareth Trevor Mnisi	Chief Financial Officer		1 596 437	12 000	-	-	-	1
Asraf Mohamed Adam	Governance and Support Officer		1 770 517	14 400	-	-	-	1
Vuyo Zitumane	Chief Operations Officer		1 991 032	16 200	-	-	-	2
Makhapule Winners Khosa	Chief Audit Executive		1 634 123	12 000	-	-	-	1
Moshema Petrus Mosia	Chief of Emergency		1 855 628	13 500	-	-	-	1
Yolande Catherine Faro	Chief of Police		1 584 517	13 500	-	-	-	1
Selby Moeketsi Bokaba	Divisional Head: Strategic Communication	01/07/2023 - 31/12/2023	1 777 471	18 000	130 693	96 855	279 478	2
Paledi Nelgah Marota	Group Head: Office of the City Manager		1 230 362	10 500	-	-	-	1
Moshema Petrus Mosia	Fire Chief: Fire Brigade Services	01/07/2023-30/09/2023	577 517	4 500	32 673	44 437	-	
Basil Dinga Nkhwashu	Deputy Chief of Police: Regional Policing	01/07/2023-30/09/2023	1 820 688	16 500	119 802	45 847	248 743	2
Thembelihle Alice Mabaso	Divisional Head: Executive Performance Management	01/07/2023-31/07/2023, 01/09/2023-30/09/2023	1 770 340	18 000	130 693	30 458	278 237	2
Marcelle Chetty	Divisional Head: Governance & Admin	01/08/2023 - 31/08/2023	1 618 883	18 000	130 693	15 359	316 206	2
Isaiah Clive Engelbrecht	Divisional Head: Innovation & Knowledge	01/07/2023 - 31/07/2023	2 075 813	18 000	130 693	15 646	-	2
Thabisa Mbungwana	Divisional Head: Strategic Relationship	01/08/2023 - 31/10/2023	2 070 169	18 000	130 693	49 172	-	2
Albertus Gideon Van Zyl	Divisional Head: Strat Dev & Imp	01/11/2023 - 31/01/2024	1 792 958	18 000	130 693	49 172	279 478	2
Nthabiseng Merline Mokete	Divisional Head: Budget Office	01/07/2023 - 31/10/2023	2 074 402	18 000	130 693	64 818	-	2
Matseane Mmakagiso Poo	Divisional Head: SpecAudit, CorpEnt & FA	01/08/2023 - 31/10/2023	1 793 489	18 000	130 693	64 818	279 478	2
			29 034 346	**257 100**	**1 198 019**	**476 582**	**1 681 620**	**32**

41. Remuneration of Top Management (continued)

Group Heads
2024/2025

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Contribution to pension, provident and Life insurance	Total
Andre Francois Coetzee	Chief of Staff	1 263 968	12 848	93 284	-	208 000	1 578 100
Jordan Luke Griffiths	Chief of Staff (former)	1 094 480	5 022	36 461	-	65 692	1 201 655
Anton Mark Groenewald	Group Head: Regional Operations and Coordination	1 123 110	10 500	76 237	-	192 448	1 402 295
Nontobeko Memela	Group Head: Housing and Human Settlement	2 368 277	18 000	130 693	-	-	2 516 970
Stephens Ramoage Notoane	Group Head: Water and Sanitation	2 099 912	18 000	130 693	-	328 742	2 577 347
Pheko Ignatius Letlonkane	Group Head: Roads and Transport	2 098 146	18 000	130 693	-	328 742	2 575 581
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	2 098 624	21 600	130 693	-	328 742	2 579 659
Ndichoniswani Lukhwareni	Group Head: Energy and Electricity	2 036 317	18 000	130 693	-	328 742	2 513 752
Zukiswa Ntsikeni	Group Head: Community and Social Development	1 812 990	16 500	119 802	-	301 483	2 250 775
Paledi Nelgah Marota	Group Head: Office of the City Manager	2 185 888	18 000	-	78 471	-	2 282 359
Judith Judygirl Maluleka	Group Head: Office of the Speaker	1 510 658	18 000	130 693	-	235 515	1 894 866
Duitso Paul Malema	Group Head: Office of the Chief Whip	488 978	6 000	43 564	-	79 683	618 225
Duitso Paul Malema	Acting.Group Head: Office of the Chief Whip	273 848	4 091	29 703	22 983	-	330 625
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	1 249 463	10 500	76 237	-	180 645	1 516 845
Anisha Dharumrajh	Group Head: City Strategies and Organisational Performance	1 429 244	12 000	87 128	-	-	1 528 372
Anisha Dharumrajh	Acting Group Head: Legal & Secretariat Services	672 861	6 000	43 564	35 035	-	757 460
Selby Moeketsi Bokaba	Group Head: Communication and Marketing	1 604 660	13 500	98 019	-	246 965	1 963 144
Selby Moeketsi Bokaba	Acting Group Head : Strategic Communication	430 762	4 500	32 673	51 385	73 014	592 334
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 440 930	18 000	130 693	-	-	2 589 623
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 273 152	16 500	119 802	55 499	-	2 464 953
Verusha Morgan	Group Head: Group Property	2 369 290	18 000	130 693	-	-	2 517 983
Margaretha Johanna Dunkle-Kock	Group Head: Group Legal and Secretariat Services (Suspended)	2 391 414	9 000	65 346	-	163 553	2 629 313
Makgorometje Augustine Makgata	Group Head: Economic Development and Spatial Planning	2 099 795	18 000	130 693	-	328 742	2 577 230
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	2 085 524	21 600	130 693	19 472	328 742	2 586 031
Koena Joseph Nkoko	Group Head: Health	2 112 683	18 000	130 693	-	328 742	2 590 118
Thabo Mokebe	Divisional Head: Arts, Culture & Library	1 819 015	18 000	130 693	17 907	293 517	2 279 132
Benjamin Manasoe	Divisional Head: Economic Development	1 895 806	18 000	130 693	74 742	358 743	2 477 984
Isaiah Clive Engelbrecht	Divisional Head: Innovation & Knowledge	2 177 139	18 000	130 693	17 907	-	2 343 739
Thabisa Mbungwana	Divisional Head: Strategic Relationship	2 177 240	18 000	130 693	50 607	-	2 376 540

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

41. Remuneration of Top Management (continued)

Phuti Jellico Moloto	Group Head: Regional Operations and Coordination(Acting)	1 006 859	9 000	65 346	85 642	146 028	1 312 875
Nadine Erasmus	Group Head: Group Legal & Secretariat Services	114 193	800	10 891	-	19 921	145 805
Daivas Maseko Madonsela	Director: Management Admin Supp -Acting Divisional head	1 334 652	7 200	130 693	35 270	208 920	1 716 735
		52 139 878	**439 161**	**3 089 145**	**544 920**	**5 075 321**	**61 288 425**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

41. Remuneration of Top Management (continued)

2023/2024*

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Contribution to pension, provident and Life insurance	Total
Johann Frederic Mettler	Chief of Staff	1 568 439	18 000	130 693	-	251 452	1 968 584
Judith Judygirl Maluleka	Group Head: Office of the Speaker	1 374 547	18 000	130 693	-	187 810	1 711 050
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	1 891 433	18 000	130 693	-	296 341	2 336 467
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 327 805	18 000	130 693	35 881	-	2 512 379
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 272 402	18 000	130 693	36 716	-	2 457 811
Verusha Morgan	Group Head: Group Property	2 272 055	18 000	130 693	-	-	2 420 748
Makgorometje Augustine Makgata	Group Head: Economic Development and Spatial Planning	2 001 888	18 000	130 693	-	313 018	2 463 599
Margaretha Johanna Dunkle-Kock	Group Head: Group Legal and Secretariat Services (Suspended)	1 967 768	18 000	130 693	-	313 018	2 429 479
Koena Joseph Nkoko	Group Head: Health	2 013 421	18 000	130 693	54 239	313 018	2 529 371
Namadzavho California Phanyane	Group Head: Regional Operations and Coordination	3 533 645	16 500	119 802	-	-	3 669 947
Nontobeko Memela	Group Head: Housing and Human Settlement	2 271 319	18 000	130 693	-	-	2 420 012
Stephens Ramoage Notoane	Group Head: Water and Sanitation	2 000 642	18 000	130 693	-	313 018	2 462 353
Pheko Ignatius Letlonkane	Group Head: Roads and Transport	1 997 974	18 000	130 693	-	313 018	2 459 685
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	1 973 210	21 600	130 693	-	313 018	2 438 521
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	1 998 984	21 600	130 693	-	313 018	2 464 295
Anisha Dharumrajh	Group Head: Group Legal & Secretariat Services (Acting)	2 061 533	18 000	130 693	97 600	-	2 307 826
Thabo Mokebe	Group Head: Community & Social Development Services(Acting)	1 748 543	18 000	130 693	93 130	279 478	2 269 844
Livhuwani Norman Nemuthenga	Group Head: Health(Acting)	2 032 961	18 000	130 693	32 037	-	2 213 691
Phuti Jellico Moloto	Group Head: Regional Operations and Coordination(Acting)	1 760 414	18 000	130 693	29 056	279 478	2 217 641
Ronald Oppelt	Group Head: Group Human Capital Management(Acting)	1 523 987	18 000	130 693	40 460	243 819	1 956 959
		40 592 970	**365 700**	**2 602 969**	**419 119**	**3 729 504**	**47 710 262**

*The prior year amount has been restated, refer to note 71.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

42. Depreciation and amortisation

Property, plant and equipment	1 444 684 350	1 463 164 867	1 414 225 654	1 441 207 217
Investment property	63 027 688	63 258 991	63 027 688	63 258 991
Living resources	36 980	30 015	36 980	30 015
Intangible assets	102 612 356	113 531 873	102 585 073	113 530 623
	1 610 361 374	**1 639 985 746**	**1 579 875 395**	**1 618 026 846**

43. Impairment loss

Impairments				
Property, plant and equipment	373 177 615	164 832 475	339 882 515	97 367 306
Investment property	-	1 891 398	-	1 891 398
Intangible assets	7 704 868	7 442 869	7 704 868	7 442 869
Heritage assets	1 512 530	-	1 512 530	-
	382 395 013	**174 166 742**	**349 099 913**	**106 701 573**

44. Finance costs

Loans and bonds	1 071 653 121	1 126 081 528	1 071 653 121	1 126 081 528
Interest on rehabilitation costs*	101 476 289	78 568 158	101 476 289	78 568 158
Trade and other payables (Interest on late payment)	352 206 100	769 544 498	352 206 100	769 544 498
Finance leases	8 246 639	8 270 414	8 216 619	8 182 753
Other financial liabilities	302 339 766	-	302 339 766	-
Bank overdraft	10 964 940	28 089 624	10 964 700	28 089 385
Interest paid on Interest rate swaps	20 870 878	11 972 429	20 870 878	11 972 429
Service concession arrangements*	340 910 650	306 101 519	340 910 650	306 101 519
	2 208 668 383	**2 328 628 170**	**2 208 638 123**	**2 328 540 270**

*A general ledger account that relates to rehabilitation of Landfill sites was incorrectly mapped to Service concession arrangement has been reclassified to Interest on Rehabilitation costs. Comparative figures have been corrected to ensure fair presentation of the financial statements, allowing for a more accurate reflection of the City's financial performance.

45. Debt impairment

Contributions to debt impairment provision	5 572 067 483	4 516 911 567	5 562 913 589	4 508 916 482

Contribution to impairment allowance				
Consumer receivables - Exchange	4 402 970 139	3 927 900 480	4 402 970 139	3 927 900 480
Consumer receivables - Non-exchange	810 422 328	438 944 785	810 422 328	438 944 785
Other receivables - Exchange	209 682 342	(6 781 575)	200 528 448	(14 776 660)
Other receivables - Non-exchange	132 328 264	156 847 877	132 328 264	156 847 877
Long-term receivables	16 664 410	-	16 664 410	-
	5 572 067 483	**4 516 911 567**	**5 562 913 589**	**4 508 916 482**

46. Inventory consumed

Materials	540 432 785	454 630 641	540 432 785	454 630 641
Petrol And Diesel Fuel	293 713 452	498 377 260	293 713 452	498 377 260
Water	4 159 710 125	3 698 839 005	4 159 710 125	3 698 839 005
Other materials	16 641 998	31 862 472	16 641 998	31 862 472
	5 010 498 360	**4 683 709 378**	**5 010 498 360**	**4 683 709 378**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024
Water losses				
Apparent losses: Unauthorised consumption	13 506 921	11 775 374	13 506 921	11 775 374
Apparent losses: Customer meter inaccuracies	10 805 537	9 420 299	10 805 537	9 420 299
Real losses: Leakage on transmission and distribution mains	93 910 103	80 726 417	93 910 103	80 726 417
Subtotal	**118 222 561**	**101 922 090**	**118 222 561**	**101 922 090**
Data transfer and management errors	2 701 384	2 355 075	2 701 384	2 355 075
Unavoidable annual real losses	14 145 269	13 476 571	14 145 269	13 476 571
Total	**135 069 214**	**117 753 736**	**135 069 214**	**117 753 736**

Prior year amounts disclosure has been restated

Units purchased	366 555 039	350 237 788	366 555 039	350 237 788
Units sold	(231 485 825)	(232 484 052)	(231 485 825)	(232 484 052)
Total	**135 069 214**	**117 753 736**	**135 069 214**	**117 753 736**
Comprising of:				
Technical losses	108 055 371	94 202 989	108 055 371	94 202 989
Non-technical losses	27 013 843	23 550 747	27 013 843	23 550 747
Total	**135 069 214**	**117 753 736**	**135 069 214**	**117 753 736**
Non-revenue Water (NRW) - Rand value				
Technical losses	1 359 812 013	1 064 853 592	1 359 812 013	1 064 853 592
Non-technical losses	339 953 003	266 213 398	339 953 003	266 213 398
Total	**1 699 765 016**	**1 331 066 990**	**1 699 765 016**	**1 331 066 990**

The City's current NRW (June 2025) is 39.1%. This equates to a distribution loss of 135 069 214kl/annum. Approximately 82% of the City's system input volume is sourced from Water Boards (WB), 80% from Rand Water (RW) and 2% from Magalies Water (MW) at a current purchase cost of R13.39/kl and R11.30/kl respectively. The remaining 18% is sourced from own and local sources at approximately R9.37/kl. The International Water Association (IWA) water balance forms the basis for the calculation of the City's Non-Revenue Water (NRW).

Non-Revenue Water is defined as the volume of water supplied into the water system by the City (system input volume), minus the billed authorised consumption. The system input volume consists of water purchases from Rand Water and Magalies Water as well as water from the City's own water treatment plants, boreholes and fountains. The billed authorised consumption consists of water sales (consumption) data based on meter readings obtained from Finance Department. It should be noted that the IWA water balance is a volumetric water balance and not a financial balance. For purposes of calculating the NRW it is assumed that all billed water is paid for.

With regard to the water balance, the components of NRW are apparent (commercial) losses and real (physical) losses.

Apparent losses are made up from the unauthorised consumption (theft or illegal use) plus all technical and administrative inaccuracies associated with customer metering/billing. This is thus water which "disappears" through inaccurate metering, inaccurate meter accounting processes, meter and billing data integrity, illegal connections, etc. The water is not physically lost from the system, but it is never measured or accounted for, and most importantly, never paid for.

Apparent losses contribute approximately 20% to the total water loss. Real losses represent the physical leakage from the pressurised system, up to the point of measurement of customer use. This is water which physically disappears from the distribution system through water leaks or pipe bursts, water theft etc. It is thus water which does not reach the customer and is not paid for by customers. Physical water losses contribute approximately 80% to the total water losses; and therefore emphasis must be placed on the eradication of these losses. Water losses in the City are determined by calculating the amount of non-revenue water (NRW) which is the difference between the volume of water supplied into the system and the authorised consumption.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

Non-revenue water, and more especially water loss, is a global phenomenon, and no water supply and distribution system is completely leak free. The following are the primary causes of water losses:

- High leakage due to ageing network pipes, coupled with reduced responsive time to repair leaks
- Insufficient budget to fund all identified projects/initiatives
- High pressures in isolated areas, leading to leaks and bursts
- Older water meters which under-register consumption, resulting in under-recovery
- Estimation (under-estimation) of water meter readings
- System and billing errors
- Water theft from fire hydrants, illegal connections
- Water used in infrastructure maintenance (pipe scouring and reservoir cleaning)

Actions to reduce water losses in the City of Tshwane include the following:

- Improve on leak repair responsiveness (active and passive) to reduce wastage
- Metering: Installation of water meters in unmetered houses; Meter audits to improve information on billing system; Meter replacements to increase accuracy of meter readings
- Installation of pressure management systems to reduce high pressures and lower leakage
- Selective pipe network replacements in areas with worn out network pipes
- Removal of illegal connections
- Restriction of water supply to non-paying customers

47. Bulk purchases

Electricity - Eskom	15 481 090 667	13 409 872 807	15 481 090 667	13 409 872 807

Electricity losses

Units purchased	(8 720 540 741)	(8 551 798 605)	(8 720 540 741)	(8 551 798 605)
Units sold	6 847 228 030	6 919 575 308	6 847 228 030	6 919 575 308
Total loss	**(1 873 312 711)**	**(1 632 223 297)**	**(1 873 312 711)**	**(1 632 223 297)**
Distribution loss: kWh				
Technical losses	610 437 852	598 625 902	610 437 852	598 625 902
Non-technical losses	1 262 874 859	1 033 597 395	1 262 874 859	1 033 597 395
Total	**1 873 312 711**	**1 632 223 297**	**1 873 312 711**	**1 632 223 297**
Distribution loss - Rand value				
Technical losses	1 065 644 866	927 870 149	1 065 644 866	927 870 149
Non-technical losses	2 204 607 898	1 062 075 961	2 204 607 898	1 062 075 961
Total	**3 270 252 764**	**1 989 946 110**	**3 270 252 764**	**1 989 946 110**
Percentage Loss:				
Technical losses	7 %	7 %	7 %	7 %
Non-technical losses	14 %	12 %	14 %	12 %
Total	**21 %**	**19 %**	**21 %**	**19 %**

The City purchases its electricity from Eskom and sells to its customers. The difference between purchase and sales results in electricity distribution losses, which are made of technical and non-technical losses. For the period under review, the total energy losses for 2024/25 financial year are 21.48% (1,873,312,712kWh).

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

47. Bulk purchases (continued)

Technical energy losses are results of electricity losses (kWh) when electricity is being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is certain portion of electricity that is lost during transportation and distribution, and it is termed technical energy losses. NERSA acceptable target for network of Tshwane is set at 7% of the total Energy Distribution Losses (610,437,852kWh) for the Financial Year, mainly due to expansion of the license area to cover areas that had poor infrastructure in 2011 merger. However, the national utilities benchmark is for the technical energy losses to be capped at 6%.

Non-technical energy losses are 14.48% (1,262,874,859kWh) for the financial year. The main contributing factors for the non-performance of the non-technical energy losses are due to damaged metering infrastructure, administrative errors, high estimates levels of meters, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption. These are the losses under the control of the City and initiatives should be undertaken to realise losses to the benchmarks level of the MFMA circular 71, which is between 7- 10%. The remaining unsold energy is added to this category of losses.

The electricity bulk purchased from Eskom for the financial year was (8,720,540,741kWh), R15,481,090,659 (energy, demand, network, and fixed charges) and the electricity sold by the City amounts to (6,847,228,030 kWh) R19,035,242,537 (energy, demand, network, and fixed charges).

In 2024/25 financial year, the Department has implemented the following initiatives to reduce the non-revenue losses:
- Meter audits and normalization of stuck meters
- Convention of conventional electricity meter to prepaid meters
- Installation of modems to Large Power Users meters to enable real-time meter readings
- Normalization of prepaid meters.
- Installation of tamper boxes in hot spots with high levels of illegal connections
- Electrification for All Programme
- Removal of illegal connections

48. Contracted services

Outsourced Services				
Business and Advisory	395 052 496	239 347 016	417 052 496	239 347 016
Bus operating costs	424 842 315	492 571 768	424 842 315	492 571 768
Collection costs	177 803 355	305 184 024	177 803 355	305 184 024
Cleaning Services	35 855 423	31 103 479	35 855 423	31 103 479
Repairs and Maintenance - Contractors*	722 401 288	581 295 615	722 399 326	581 285 492
Formalisation	15 926 535	45 714 203	15 926 535	45 714 203
Connection/Dis-connection	134 878 443	66 257 143	134 878 443	66 257 143
IT Services	126 781 709	107 629 258	126 781 709	107 709 258
Office space rental	94 879 637	154 772 672	94 879 637	154 772 672
Legal costs	64 675 628	95 016 179	55 710 270	45 525 173
Rudimentary services	1 002 651 882	486 880 544	1 002 651 882	486 880 544
Prevention of illegal invasion	50 148 454	44 571 150	50 148 454	44 571 150
Personnel and Labour	168 848 121	171 544 704	168 848 121	171 544 704
Refuse Removal	694 838 712	620 479 278	694 838 712	620 479 278
Security Services	796 732 268	675 197 968	776 460 905	664 959 290
Traffic control	14 391 911	7 472 643	14 391 911	7 472 643
Distribution of electricity - Contractors*	59 741 315	45 318 389	59 741 315	45 318 389
Other	59 851 176	42 830 350	52 598 229	23 705 684
	5 040 300 668	**4 213 186 383**	**5 025 809 038**	**4 134 401 910**

*A general ledger account that relates to distribution of electricity was misclassified in repairs and maintenance has been reclassified to distribution of electricity (contractors). Comparative figures have been corrected to ensure fair presentation of the financial statements, allowing for a more accurate reflection of the City's financial performance.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024
49. Transfers and subsidies				
Operational				
Grants paid to Municipal entities				
Transfers to TEDA and HCT	-	-	147 593 847	97 801 570
Other subsidies				
Executive mayor donations and other transfers	413 170	171 618	413 170	171 618
Gratuities	366 941	1 592 902	366 941	1 592 902
Section 21 schools learning training support	288 000	288 000	288 000	288 000
	1 068 111	**2 052 520**	**1 068 111**	**2 052 520**
	1 068 111	**2 052 520**	**148 661 958**	**99 854 090**
Capital				
Grants paid to Municipal entities				
Transfers to HCT	-	-	22 300 000	27 000 000

Refer to note 56.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

50. General expenses

Advertising and Marketing	45 774 831	23 581 015	24 586 277	14 704 391
Auditors remuneration	54 364 501	49 759 116	51 154 726	46 234 870
Bank charges	59 524 487	33 515 807	59 469 783	33 457 269
Cleaning	685 527	1 608 309	433 867	305 244
Commission paid	39 842 062	41 005 483	39 842 062	41 005 483
Compensation	73 108 517	70 329 930	72 919 359	70 169 747
Compensation Commissioner	8 662 259	9 251 830	8 662 259	9 251 830
Electricity	2 186 585	1 473 797	-	-
Events Management	998 111	574 723	516 216	401 924
Expense 6	110 218 751	46 457 293	110 218 751	46 457 293
Gas	426 468	122 400	-	-
IT support fees	172 682 099	137 032 351	172 648 445	136 873 141
Insurance	193 127 524	203 639 853	192 367 635	203 309 285
Internet Fees	27 636 215	37 332 649	27 636 215	37 332 649
Lease vehicle expense	10 357 774	15 304 281	10 357 774	15 304 281
Legal fees	92 725 080	31 206 867	102 725 080	31 206 867
Licenses	29 654 154	19 441 307	29 654 154	19 441 307
Locomotion Allowance	16 825 931	18 370 136	16 825 931	18 370 136
Management information Systems	83 224 794	100 480 208	83 224 794	100 480 208
Office rental	181 478 689	174 761 771	177 747 079	170 277 341
Membership Fees	20 463 729	18 978 561	20 192 479	18 780 671
Non-Capital Items	12 542 723	1 981 830	12 540 250	1 977 672
Bursaries Employees	2 662 881	5 241 593	2 662 881	5 241 593
Postage	21 317 516	21 554 473	21 317 516	21 554 473
Printing and stationery	20 889 349	38 014 316	20 177 711	37 188 837
Protective Clothing and Uniform	58 228 380	41 189 111	58 228 380	40 811 934
Rehabilitation Provision Expenses	10 773 357	9 701 912	10 773 357	9 701 912
Rental Vehicles	59 528 520	69 196 344	59 528 520	69 196 344
Rental of plant and equipment	128 995 287	115 786 291	124 608 742	111 520 017
Software Licenses	29 674 504	22 037 975	29 674 504	22 037 975
Subscriptions and membership fees	89 609	118 379	-	-
Telecommunications	16 962 918	19 250 808	16 932 984	19 236 045
Training and skills development	103 181 823	149 045 662	103 181 823	149 045 662
Repairs and maintenance - Fibre	58 828 006	31 629 866	58 828 006	31 629 866
Transport Cost	5 345 745	1 896 846	5 141 937	1 641 478
Other expenses	11 443 720	6 376 136	6 970 241	4 028 001
	1 764 432 426	**1 567 249 229**	**1 731 749 738**	**1 538 175 746**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

51. Taxation

Major components of the tax expense

Current				
Local income tax - current period	2 326 197	631 285	-	-
Deferred				
Originating and reversing temporary differences	(223 991)	1 236 613	-	-
	2 102 206	**1 867 898**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	27.00 %	- %	- %

A provisional tax payment of R2,986,520 (June 2024: R825,948) has been made as at 30 June 2025.

52. Repairs and Maintenance

Group - 30 June 2025	Contracted Services	General	Inventory consumed	Total
Intangible assets	-	58 828 006	-	58 828 006
Property, plant and equipment	700 072 179	-	414 266 357	1 114 338 536
	700 072 179	**58 828 006**	**414 266 357**	**1 173 166 542**

Group - 30 June 2024	Contracted Services	General	Inventory consumed	Total
Intangible assets	69 714	31 629 866	-	31 699 580
Property, plant and equipment	497 502 853	-	355 608 852	853 111 705
	497 572 567	**31 629 866**	**355 608 852**	**884 811 285**

Municipality - 30 June 2025	Contracted Services	General	Inventory consumed	Total
Intangible assets	-	58 828 006	-	58 828 006
Property, plant and equipment	722 370 217	-	414 266 357	1 136 636 574
	722 370 217	**58 828 006**	**414 266 357**	**1 195 464 580**

Municipality - 30 June 2024	Contracted Services	General	Inventory consumed	Total
Intangible assets	69 714	31 629 866	-	31 699 580
Property, plant and equipment	531 978 916	-	355 608 852	887 587 768
	532 048 630	**31 629 866**	**355 608 852**	**919 287 348**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

53. Operating lease

Current liabilities	(13 681)	(315 937)	-	-

Operating lease expense	16 562 040	13 345 252	12 175 495	9 078 978

Minimum lease payments due				
- within one year	12 763 349	11 189 450	11 351 668	9 456 187
- in second to fifth year inclusive	2 715 227	9 766 819	2 715 227	9 766 819
	15 478 576	**20 956 269**	**14 066 895**	**19 223 006**

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2018 and RT3-2022. The City may at its sole discretion extend this Agreement for a maximum period of 24 (twenty four) months on the same terms and conditions, except for the rental fee, which is reduced to R0.00.

TEDA

TEDA entered into a lease agreement for photocopy machines for a period of 3 years effective from 1st February 2024. Leasehold improvements for the office building are amortised over the lease term of 5 years ending October 2024.

HCT

The entity also entered into the lease with SKG Towers (Pty) Ltd for the rental of Office space and the lease was negotiated for the period of 3 years, commencing from 01 October 2021 to 31 September 2024.The entity extended the lease term by 8 months up to the end of May 2025 and the SKG lease payments amounts to R4,210,901. The entity entered into a new lease with LCK Technologies (Pty) Ltd for the copier machines and the lease was negotiated for a 3 year term commencing from 01 November 2023 to 31 October 2026. The lease payments for the period amounts to R175,645. At the end of the lease the machine reverts back to the owner LCK Technologies (Pty) Ltd. The total operating lease payments amounts to R4,386,546.

54. Cash generated from operations

Figures in Rand	Note	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Surplus		2 273 842 123	2 273 926 502	2 286 759 623	2 372 155 933
Adjustments for:					
Depreciation and amortisation		1 643 656 473	1 707 450 915	1 579 875 395	1 618 026 846
Loss on disposal of assets		10 872 592	97 574 862	9 589 308	96 794 395
Loss on retirement of investment property		2 417 750	170 000	2 417 746	170 000
Loss on foreign exchange		778 045	803 977	778 045	803 977
Income from equity accounted investments		(5 095 662)	(55 756 392)	(5 095 662)	(55 756 392)
Interest - Eskom debt arrangement		302 339 767	-	302 339 767	-
Interest income non-cash		(351 112 281)	(281 479 225)	(351 112 281)	(281 479 225)
Impairment		349 099 914	106 701 573	349 099 914	106 701 573
Actuarial gain		(69 317 407)	(172 520 258)	(69 317 407)	(172 520 258)
Finance cost - Service Concession	28	80 992 636	26 636 501	80 992 636	26 636 501
Interest rate swap valuation		211 552 109	(4 270 125)	211 552 109	(4 270 125)
Debt impairment		5 572 067 483	4 516 911 567	5 562 913 589	4 508 916 482
Assets ceiling		108 992 074	153 045 280	108 992 074	153 045 280
Public contributions, donated and contributed property		(18 541 503)	(31 993 863)	(18 541 503)	(31 993 863)
Fair value adjustments - redemption fund assets		(193 366 404)	107 974 164	(193 366 404)	107 974 164
Movements in operating lease assets and accruals		(302 256)	(815 032)	-	-
Movement due to natural attrition of living resources		(88 578)	(32 054)	(88 578)	(32 054)
Finance costs - Provisions		101 476 288	-	101 476 288	-
Movements in employee benefit obligations		1 652 936 389	(12 211 484)	1 646 008 034	(14 757 823)
Movements in provisions		215 740 725	250 238 987	260 182 701	205 821 399
Movement in tax receivable and payable		1 014 731	320 982	-	-
Annual charge for deferred tax		(223 991)	1 036 611	-	-
Eskom debt arrangement discounting		(1 609 836 031)	-	(1 609 836 031)	-
Decommissioning of landfill asset		(195 165 361)	-	(195 165 361)	-
Accrued assets purchased not yet paid for		(1 183 344 354)	(475 751 976)	(1 205 644 354)	(510 238 162)
Leased assets (non-cash)		214 149 480	-	214 149 480	-
Denneboom (non-cash)		58 853 596	-	58 853 596	-
Movement in investments		(278 179 427)	(2 050 295 508)	(278 179 427)	(2 050 295 508)
Movement of redemption fund assets		(334 957 457)	8 689 597	(334 957 457)	8 689 597
Loans and bonds		1 031 501 545	1 114 294 782	1 031 501 545	1 114 294 782
Interest rate swaps		405 530 974	3 710 403	405 530 974	3 710 403
Finance lease movements		10 642 963	22 169 099	10 642 963	22 169 099
Changes in working capital:					
(Increase)/decrease in inventories		(56 225 616)	36 346 109	(58 337 638)	39 551 796
Increase in receivables : Exchange transactions		(5 727 421 819)	(5 419 403 404)	(5 722 166 764)	(5 403 420 482)
Consumer debtors		(9 153 894)	(7 995 085)	-	-
Increase in receivables: Non-Exchange transactions		(16 822 288)	(1 166 755 614)	(16 822 288)	(1 166 755 614)
Increase in statutory receivables		(67 617 521)	(89 715 588)	(67 617 521)	(89 715 588)
Increase in VAT		(1 131 790 468)	(2 023 660 557)	(1 133 840 101)	(2 020 453 866)
Decrease/(increase) in payables from exchange transactions		(5 318 564 606)	3 694 002 765	(5 334 187 228)	3 681 003 019
Eskom debt arrangement - transfer from payables		6 661 123 247	-	6 661 123 247	-
Unspent conditional grants		(168 790 113)	(280 518 129)	(168 790 113)	(280 518 129)
Consumer deposits		6 839 038	9 205 417	6 839 038	9 205 417
Claim recoveries		(4 668 745)	-	-	-
Other current assets		(612 461)	-	(612 461)	-
Rental deposit received		3 693 462	1 252 655	-	-
Other receivables from non-exchange transactions		14 992 992	8 139 401	-	-
Other receivables from exchange transactions		186 969	151 338	-	-
Prepayments		621 876	536 929	-	-
Payables- retention		(5 912 567)	-	-	-
		4 188 804 431	**2 068 116 122**	**4 127 939 493**	**1 993 463 574**

55. Going concern

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

The ability of the municipality to continue as a going concern is dependent on several factors. In performing the going concern assessment, the following key financial indicators were assessed.

Quantitative Aspects of the Going Concern

The following quantitative aspects of the organisation are assessed to conclude on the going concern of the organisation:

Historical financial performance

Statement of Financial Performance

The preliminary income statement for the City reflects a surplus of R2.29billion, indicating that revenues significantly exceeded expenditures for the year under review. This outcome demonstrates strong operational performance and effective cost management. While municipalities are generally expected to fully utilise their budgets to deliver on service commitments, the current absence of reserves within the City underscores the importance of this surplus. It is anticipated that the surplus will positively impact the City’s cash flows over the medium to long term. Overall, the income statement signals that the City is progressing on a positive financial trajectory.

Cashflow statements

Effective cash flow management serves as the cornerstone of liquidity, ensuring that the organisation maintains sufficient readily available funds to meet its short-term obligations. The City has demonstrated notable year-on-year improvement in its cash flow performance. On average, monthly revenue collections amounted to R3 billion, enabling the City to sustain operational stability and continue delivering essential services to residents. This enhanced cash flow position has supported several key financial outcomes, including the maintenance of healthy cash balances, an improved current ratio, a reduction in Eskom debt by over R1 billion, the full settlement of the VAT liability, an increase in the operating surplus, accelerated capital budget expenditure, and enhanced billing accuracy. These developments reflect the City’s continued progress toward financial sustainability.

Ratings

Below is the City’s latest ratings from Moody;

Category		**Moody's Rating**
Outlook	-	- Stable
Baseline Credit assessment	-	- caa2
Issuer Rating - Dom Curr	-	- caa2
NSR Issuer Rating	-	- caa1.za
ST Issuer Rating - Dom Curr	-	- NP
NSR ST Issuer Rating	-	- NP.Za

The City of Tshwane's (Caa2 stable) credit profile reflects elevated fiscal pressures and a fragile liquidity position, both of which are exacerbated by its constrained access to external borrowing. Operating performance is projected to remain moderate over the medium term, contributing to a liquidity position that is significantly weaker than that of its South African peers (Ba2 stable). The credit assessment also takes into account the City’s substantial infrastructure investment requirements, particularly in the water and electricity sectors, its moderate debt levels, and the strength of its large and diversified local economy, underscoring its strategic importance as the administrative capital of South Africa. Though the ratings are not at the level required by the City, there is however and indication of stability on the finances of the city.

55. Going concern (continued)

Ratio Analysis

The performance indicators suggest that the City may continue to experience short-term financial pressure, despite improvements in cash flow. While the City has demonstrated an increased ability to generate revenue, the pace at which cash becomes available may not always align with immediate financial obligations. Liquidity and solvency levels remain below expectations, largely due to historical financial performance. However, there is clear evidence of gradual improvement in these key ratios. A comprehensive assessment of the City's cash position must also consider forward-looking projections. These projected cash flows serve as a critical indicator of the City's financial trajectory and are presented below.

Cash Flow Position Projections

The summary of the cashflow for the organisation is stipulated below (*the amounts are in thousands*);

Scenario	**2025-26 Baseline R'000**	**2025-26 Worst R'000**	**2025-26 Best R'000**	**2026-27 Baseline R'000**	**2026-27 Worst R'000**	**2026-27 Best R'000**
Receipts from services	42 393 337	40 273 670	44 513 004	44 505 540	42 280 263	46 730 817
Total Consumer receipts	47 106 486	44 751 162	49 461 810	49 369 023	46 900 572	51 737 474
Total Receipts (including Grants)	53 381 933	50 712 836	56 051 030	56 007 992	53 207 592	58 808 392
Eskom	17 297 830	17 643 787	17 297 830	18 231 913	18 596 551	18 231 913
Total Cash Outflows	52 058 157	53 099 320	52 058 157	55 047 337	56 148 284	55 047 337
Cash movements	1 323 776	(2 386 484)	3 992 873	960 656	(2 940 691)	3 761 055
Opening Bank Balance	2 160 759	2 160 759	2 160 759	2 160 759	2 160 759	2 160 759
Closing Bank Balance	3 484 535	(225 725)	6 153 632	3 121 414	(779 932)	5 921 841

For the 2025/26 financial year, the City's cash flow projections reflect a best-case scenario with a positive cash movement of R3.9 billion, compared to a cash outflow of R2.4 billion under the worst-case scenario. The variance in total receipts between these scenarios amounts to R5.34 billion (R5.6 billion in FY 2026/27), representing approximately 5% of the projected total income for the 2025/26 financial year. Under the base case, the City is expected to close the year with a positive cash balance of R6.2 billion. The 5% variance across both years underscores the importance of quarterly performance monitoring to enable proactive decision-making should actual outcomes deviate from projections.

Based on revenue performance in July 2025, the City is currently tracking in line with the best-case scenario, which is expected to increase its cash position by approximately R4 billion, thereby reinforcing its status as a going concern.

Conversely, should the worst-case scenario materialise, the City would face a cash outflow of R2.4 billion, equating to around 5% of projected total cash outflows. In such a case, the City would need to implement a corresponding 5% reduction in cash expenditure to preserve its current liquidity position.

Qualitative factors

Management Plans and Strategies

The organisation is taking a holistic approach in improving the position and performance of the City. There has been a focus on ensuring that the vacancies in the key positions are filled. During the year under review the City operated with all its top position filled in addition the critical vacancies are in the process of being filled. An amount of R300m was availed during the adjustment budget for the filling in of the critical positions.

The City's ability to obtain operational funding is dependent on the having the ability to ensure a efficient revenue value chain. The continuous improvements in the cashflow which we have witnessed have assisted the City to obtain honour obligations and to achieve a stable outlook as per its credit rating. Maintaining a positive cashflow will be essential in assisting the City to consistently ensure improvement in future credit rating assessments.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

55. Going concern (continued)

The city is continuously implementing its financial recovery and funding plan. The main focus areas on the funding plan is the containment of cost and an increase in the revenue collections. The cost containment steps include the elimination of non-essential expenditure like travelling and related expenditure, moratorium on the recruitment of non-critical vacancies continue to be in place. Management has also embarked on a process mapping exercise for all the key processes within the City aimed at streamlining the processes thereby reducing embedded waste. The final outcome of this process will be the elimination of waste, reallocation of the resources and overall a more efficient and effective City. The funding plan places a significant focus on the provision for an alternative service deliver model, the reduction of distribution losses, revenue enhancement, the optimisation of non-core assets and ensuring cost reflective tariffs.

On the top line the “Tshwane Ya Tima” programme is in full swing and this has resulted in collections being consistently above R 3bn in the year under review. The city also implemented a revenue collection action centre which is capacitated with trained employees whose focus is to complement the work which is being done on the ground through the “Tshwane Ya Tima” programme.

Amongst other initiatives adopted by the City, Mayoral committee approved a Financial Charter. The purpose of this charter is to facilitate the financial recovery and enhancement of revenue. With the objective to collect an average of R4 billion on each month as set out in the funding plan targets. Furthermore, the Mayoral Charter extensively covers vital aspects of the Revenue Value Chain, aiming to focus on all activities that aid in achieving revenue completeness and facilitate collection of revenue. The Revenue Enhancement Strategy, as adopted in the Mayoral Charter focuses on, metering, billing and invoicing, property valuation, collection strategies and creating capacity within the Revenue Management Division.

The implementation of the Revenue Enhancement Strategy came with the needs for the City to establish the Project Management Office (PMO). This office is responsible for the management of Credit and Debt Collection unit focusing on the Top 1500 arrears accounts. Across both the PMO and City of Tshwane interventions, a total of R40 billion was collected against the set target of R41 billion for 2024/25 financial year. The achievement for the entire financial at 98% which means the expected performance of the full financial year was missed by 2%.

Risk Factors

Credit Rating

The organisation’s key risk with regards to the going concern assumption is the ability to obtain the necessary funding in order to continue to operate. In assessing financial risks, the organisation is required to continuously appoint a reputable credit rating agency. The credit profile of the City of Tshwane (Caa2, with stable outlook) reflects the City’s efforts to improve its financial standing and manage its debt. The stable outlook indicates a decreased risk of debt acceleration. Specifically, the City has seen a strengthening of its current ratio, a reduction in Eskom debt, and an improvement in its operating surplus. Overall, the credit rating results for 2025, shows that even though the City is still facing financial challenges it’s actively working towards improvement.

Compliance with Laws & Regulations

The compliance with laws and regulations is an important step towards improving the organisation’s reputation. There is a concerted effort in improving the compliance with rules and legislation within the City and this is shown by the reduction in issues of non-compliances within the City. The oversight structures within the City are also hard at work in reducing the UIFW which is on the City’s books. The Internal Audit has investigated UIFW amounting to over R10bn in the period under review, this is currently going through the final approval process. This will move the organisation towards full compliance with the laws and regulations surrounding the City. The Group Audit and Risk department is also focused on ensuring that investigations for the past non compliances are dealt with speedily.

Continued Service Delivery

The ability of the City to collect funds is also largely dependent on the service delivery which is being delivered to residents of the City. The city has made changes to its service delivery through its various structures and there are already improvements through enhanced waste collection and improvement in the security within the city. There is also a renewed focus on the provision of water and electricity to the residents of the City. These improvements will increase the ability of the organisation to collect funds.

Salary and Wage Collective Agreement

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

55. Going concern (continued)

The City was unsuccessful in its exemption application hearing with the labour unions IMATU and SAMWU regarding the implementation of the 2021 Salary and Wage Collective Agreement. Consequently, the City is required to honour the 2021/22 salary increase obligations in accordance with the court ruling, with full compliance expected by March 2026.

In anticipation of this requirement, formal negotiations have commenced with both unions to determine feasible settlement modalities. These engagements are being approached with due consideration for the City's financial sustainability, the preservation of a fully funded budget and the need to maintain uninterrupted adherence to existing payment arrangements with Eskom and other bulk service providers.

Preliminary calculations estimate the outstanding liability at R1 558 812 309 which includes the cumulative impact of the deferred salary adjustments. The City is therefore exploring structured, affordable, and phased repayment options that balance legal compliance with operational continuity, fiscal prudence, and the City's broader financial recovery framework.

The outcome of these negotiations will be formally communicated once consensus is reached and the proposed settlement model has been fully assessed for affordability and compliance with the MFMA and the Funding Compliance Plan.

Eskom Debt

An arrangement was agreed with Eskom in December 2024. The agreement with Eskom was that the debt of R6 661 123 246.86 ("the admitted debt") be ringfenced in December 2024 and be paid by the City in instalments over the period December 2024 to March 2029. The debt amount of R6.6bn has since reduced to R 5, 559 billion as of 30 June 2025.

Conclusion

It is management's view that the City will continue to be a going concern due to the following factors;

- Key positions within the City have been filled.
- There is an improvement in the cashflow of the city looking at the recent collections an the reduction in the Eskom and Sars liabilities.
- There has been adequate management strategies which have been put in place within the City to improve the City's performance.
- There has been a concerted effort in addressing regulatory matters within the City.
- There is a focus on the services delivery and hence the customers will continue to pay for the services offered by the City.

56. Related parties

Name of entity	% Equity interest
Tshwane Automative Hub Special Economic Zone (TASEZ)	33.3% shareholding (associate)
Housing Company Tshwane	100% owned by the City
Tshwane Economic Development Agency	100% owned by the City
Members of key management	Remuneration of City Manager refer to Note 41
	Remuneration of Top Management refer to Note 41
	Remuneration of Councillors refer to Note 40 and 64

Tshwane Economic Development Agency:

TEDA benefited from the use of the following services provided by the City at no cost:

- Network and Telecommunication support
- SAP migration
- Desktop and Server support
- Insurance management
- OHS services
- Records management
- QPR performance management system

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

56. Related parties (continued)

Housing Company Tshwane:

The entity benefited from the following services provided by related party at costs.

- Internal audit and risk management resources
- Audit Committee resources
- Network and Telecommunication support
- SAP licences and support
- Desktop and Server support
- Insurance management
- OHS services
- Records management
- QPR performance management system
- Fraud management services

Related party balances

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Housing Company Tshwane: Deposit owed by the City			(24 388)	(24 388)
Housing Company Tshwane: Grant owned by the City			(227 896)	(227 896)
Housing Company Tshwane: Rental received on behalf of the City			237 054	263 115
Housing Company Tshwane: Receivables to the City (Rate & Taxes and Water & Electricity)			245 504	-
Tshwane Economic Development Agency: Grant owed by the City			(92 000)	(92 000)
Housing Company Tshwane: Receivables to the City (other income transferred)			14 000 000	-
TASEZ: Amounts owed to the City by Related party*			-	229 278 750
TASEZ: Amounts owed by the City to Related party			-	(56 083 144)

Related party transactions

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Sales to related parties				
Housing Company Tshwane: Rates			992 887	945 226
Housing Company Tshwane: Water and electricity			978 413	519 105
HCT: Motor Vehicles Registration Fee			10 932	-
Tshwane Economic Development Agency: Website expenses			-	80 000
Grants, transfers and subsidies to related parties				
Housing Company Tshwane: Grant transferred as income*			(107 560 031)	(70 005 759)
Tshwane Economic Development Agency: Grant transferred as income*			(80 333 816)	(73 586 344)

Refer to Note 14 for the Equity Accounting of Investment in associate: TASEZ

*The prior year amount has been restated, refer to note 71.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

57. Commitments

Authorised capital expenditure

Approved and contracted for				
• Infrastructure assets	944 035 091	1 652 802 933	944 035 091	1 652 802 933
• Community assets	717 790 551	46 261 443	717 790 551	46 261 443
• Other assets	2 827 093	27 473 808	2 827 093	26 940 262
• Intangible assets	128 147 830	673 636 504	128 147 830	673 636 504
• Property, plant and equipment	15 339 190	47 101 000	-	-
	1 808 139 755	**2 447 275 688**	**1 792 800 565**	**2 399 641 142**

Total capital commitments				
Approved and contracted	1 808 139 755	2 447 275 688	1 792 800 565	2 399 641 142

58. Unauthorised expenditure

Opening balance as previously reported	2 146 039 588	423 284 508	2 146 039 588	423 284 508
Add: Unauthorised expenditure - current	1 298 037 923	2 146 039 587	1 298 037 923	2 146 039 587
Less: Amount authorised - prior period	-	(423 284 507)	-	(423 284 507)
Closing balance	**3 444 077 511**	**2 146 039 588**	**3 444 077 511**	**2 146 039 588**

The over expenditure incurred by the group's departments during the year is attributable to the following categories:

Unauthorised expenditure: Budget overspending - per strategic unit				
Community and Social Development Services	19 032 329	-	19 032 329	-
Energy & Electricity	4 757 433	-	4 757 433	-
Group Financial Services	-	855 954 740	-	855 954 740
Group Legal and Secretarial Services	9 688 294	-	9 688 294	-
Human Settlements	13 344 422	-	13 344 422	-
Regional Operation & Coordination	-	366 104 871	-	366 104 871
Roads & Transport	101 500 843	-	101 500 843	-
Water and Sanitation	1 082 492 554	883 474 450	1 082 492 554	883 474 450
Shared Services	67 222 048	40 505 527	67 222 048	40 505 527
	1 298 037 923	**2 146 039 588**	**1 298 037 923**	**2 146 039 588**

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

Cash	90 655 547	28 793 832	90 655 547	28 793 832
Non-cash	1 207 382 376	2 117 245 756	1 207 382 376	2 117 245 756
	1 298 037 923	**2 146 039 588**	**1 298 037 923**	**2 146 039 588**

All unauthorised expenditure reported in the signed 2022/23 annual financial statements have been investigated, with some matters processed by Council. All matters reported in the 2023/24 financial year are currently under investigation, the City will assess the recommendations and the impact of any unauthorised expenditure once the forensic investigation report is finalized.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

59. Fruitless and wasteful expenditure

Opening balance as previously reported	3 148 186 339	2 591 526 007	3 082 290 426	2 587 927 445
Add: Expenditure identified - current year	613 122 458	805 997 225	612 827 405	805 997 225
SARS interest reversed	-	(311 634 244)	-	(311 634 244)
Add: Expenditure prior year identified in current year	1 154 200	-	1 154 200	-
Resolved by Council				
- For recovery	(50 510 765)	-	(50 510 289)	-
- For write-off	(2 253 635 825)	-	(2 253 635 825)	-
Add: Court Order Breach of contract due to failure to hand over site to the contractor	-	45 316 206	-	-
Add: stolen fence at Chantelle Poject	609 127	-	-	-
(Claim loss of profit against HCT) & Interest levied by the contractor due to invoices not paid timeously	-	16 981 145	-	-
Closing balance	**1 458 925 534**	**3 148 186 339**	**1 392 125 917**	**3 082 290 426**

All fruitless and wasteful expenditure reported in the signed 2022/23 annual financial statements have been investigated, with some matters processed by Council. All matters reported in the 2023/24 financial year are currently under investigation, the City will assess the recommendations and the impact of any fruitless and wasteful expenditure once the forensic investigation report is finalized.

The above is inclusive of amounts to be recovered as approved by council

Details of fruitless-and wasteful expenditure				
Interest on late payments	314 737 550	575 740 672	314 737 550	574 866 442
VAT interest and penalty liability	30 997 915	169 314 715	30 997 915	169 314 715
Goods or services procured not being utilized	268 139 567	61 816 068	268 139 567	61 816 068
Declarations	106 573	-	106 573	-
failure to hand over site to the contractor	-	44 441 976	-	-
	613 981 605	**851 313 431**	**613 981 605**	**805 997 225**

60. Irregular expenditure

Opening balance as previously reported - restated	17 029 923 430	13 985 510 691	16 894 489 480	13 891 750 397
Add: Irregular Expenditure - current year*	3 195 544 066	3 157 225 616	3 080 054 203	3 002 739 083
Add: Irregular Expenditure - Prior year	162 683 620	-	160 723 386	-
Resolved by Council				
- For write-off - current year	(1 649 499 570)	(321 935)	(1 649 499 570)	-
- For recovery	(479 164 222)	(112 490 942)	(479 164 222)	-
Less: Amount written off - prior period	(1 183 671)	-	-	-
Closing balance	**18 258 303 653**	**17 029 923 430**	**18 006 603 277**	**16 894 489 480**

The balance of R17 billion is currently under investigation. The City will assess the recommendations and the impact of any irregular expenditure once the forensic investigation report is finalised.

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

60. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings				
Non-Compliance with Section 32 of the MFMA	Under investigation	110 831 640	1 031 570 893	110 831 640	938 132 534
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation	71 807 252	125 526 689	71 807 252	123 810 209
Non-Compliance with Section 32 of the MFMA (Irregular expenditure relating to prior year identified in the current year)	Under investigation	160 723 386	-	160 723 386	-
Misrepresentation by winning bidder as forged documents were submitted to win the tender	Under investigation	524 975	3 493 726	524 975	3 493 726
Non compliance with SCM regulation 44 - Awards made to employees of the City and state employees	Under investigation	42 279 111	31 002 003	42 279 111	31 002 003
Mandatory sub-contracting - Tenders over R30 million - PPR subcontracting regulations not complied with	Under investigation	-	42 803 969	-	42 803 969
The tender validity period had lapsed at the time of award	Under investigation	-	72 744 595	-	72 744 595
SCM Regulation 43 - Awards to persons whose tax matters are not in order	Under investigation	28 705 812	17 342 626	28 705 812	17 342 626
Non compliance with Section 112 - Winning bidder not meeting mandatory requirements, Unfair disqualification of bidders	Under investigation	2 825 905 413	1 773 409 421	2 825 905 413	1 773 409 421
Non-compliance with budget implementation - Section 69 of MFMA	Under investigation	40 840 464	43 668 866	-	-
Non- compliance with Preferential Procurement Regulation 2022 - Supplier unfairly disqualified, specific goals not stipulated on the invite & inconsistency in applying the Functionality/evaluation criteria	Under investigation	-	1 454 137	-	-
Non- compliance - Supply Chain Regulation 23(1)c - Procedure for handling, opening and recording bids	Under investigation	20 271 364	10 238 677	-	-
The virement not approved by Council	Under investigation	20 684 990	18 497 131	-	-
Non-compliance with regulation 22 (1) of Municipal SCM regulation - Bids of LT nature not advertised for 30 days Non-compliance with BAC composition - sec 29 & scope variation	Investigation concluded and the board recommended write-off	-	72 851 094	-	-
Non-compliance with BAC composition - section 29 & scope variation	Investigation concluded and the board recommended write-off	27 203 849	4 876 477	-	-
Municipal Supply Chain Management Policies	Under investigation	-	1 183 671	-	-

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		Group 2025	Group 2024	Municipality 2025	Municipality 2024
60. Irregular expenditure (continued)					
Under investigation and the board is monitoring implementation of consequence management	Under investigation	134 250 279	-	-	-
Non-compliance with MFMA Circular 62 - expansion or variation of orders against the original contract	Declared and will be reported to Forensic Department for investigation	1 807 692	-	-	-
Appointment of legal services from expired panel	Declared and will be reported to Forensic Department for investigation	1 000 687	-	-	-
Assets transfer to parent	Declared and will be reported to Forensic Department for investigation	2 786 275	-	-	-
Competitive bidding and three written quotation not invited	Transaction to be investigated by the board of directors as per the MFMA	1 043 474	-	-	-
Bid specification not drafted appropriately	Transaction to be investigated by the board of directors as per the MFMA	1 811 302	-	-	-
		3 492 477 965	**3 250 663 975**	**3 240 777 589**	**3 002 739 083**

Payments to non - S56 managers were deemed to be irregular from prior year period.

Irregular expenditure to be recovered

	Group 2025	Group 2024	Municipality 2025	Municipality 2024
Glad Africa	-	652 073 251	-	652 073 251
Babore	-	1 276 960	-	1 276 960
Blackhead consulting	2 247 161	-	2 247 161	-
	2 247 161	**653 350 211**	**2 247 161**	**653 350 211**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

61. 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 Committee and includes a note to the audited consolidated annual financial statements.

In terms of Section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency
- if such goods or services are produced or available from a single provider only
- for the acquisition of special works of art or historical objects where specifications are difficult to complete
- acquisition of animals for zoos and/or nature and game reserves
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes

Deviation from tender and quotation process:

- Sole suppliers
- Emergency
- Impracticality

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council.

Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Deviation from tender process (amounts above R200 000)				
Other exceptional cases	405 521 430	2 065 414	396 823 883	-
	405 521 430	2 065 414	396 823 883	-
(1) (b) to ratify any minor breaches of the procurement processes	-	-	-	-
	405 521 430	**2 065 414**	**396 823 883**	**-**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

62. Regulation 45 disclosure

In terms of the Regulation 45 of the Municipal Supply Chain Management regulations, the notes to the annual financial statements of a City must disclose particulars of any award of more than R2,000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

- the name of that person;
- the capacity in which that person is in the service of the state; and
- the amount of the award.

The name of the person	The capacity	Value of award 30 June 2025	Value of award 30 June 2024 restated
Elelwani Radali	Engineering Consultant	6 379 520	5 550 310
Sakisene Tsolofelo Christinah Mahlangu#	Supervisor	-	3 152 514
PA Mavhungu	Director	-	200 000
Sharlotte Malela (EskomPers 4076870)#	Director	70 351 251	52 170 831
Keagile Jane Moja	Director	15 511 109	-
Mamokgethi Mokgwethu	Director	3 450 000	-
Johannah B Tsela	Director	55 375 308	-
Joseph Mabunda	Director	1 500 000	-
MGD Matebane	Director	158 743 750	-
Viola Phesheya Gcinekile Nkosi	Director	176 439	-
Kanetji Samuel Baloyi	Director	16 200	-
Edelgard Makopo	Director	15 000	-
Setlhare Paul Ledwaba	Director	82 398	-
Mmaphokwane Gracia Nkuna	Director	110 050	-
David Kgaogelo Maila	Director	61 736	-
		311 772 761	**61 073 655**

* Commission based award
# Rates Based as and when in nature tender

The 2024 balance is restated by R65 051 952 due to additional disclosures.

63. Contingencies

MUNICIPALITY

Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993*	125 443 008	130 084 934	125 443 008	130 084 934

*The prior year amount has been restated, refer to note 71.

Disclosure of insurance claims pending assessment by the insurer

The estimated insurance claims amount to R1 111 437 116 (2024: R976 031 299). The estimated amount is based on quotations and claim forms received. The merits must still be determined and could result in a lesser or greater amount.

Insurance claims				
Pending claims iro asset - motor own damage contractors and electricity claims*	298 795 266	250 400 754	298 795 266	250 400 754
Pending claims iro public liabilities*	812 641 850	725 630 545	812 641 850	725 630 545
	1 111 437 116	**976 031 299**	**1 111 437 116**	**976 031 299**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

63. Contingencies (continued)

*The prior year amount has been restated, refer to note 71.

Litigation Matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable.

Contingent assets

The below contingent assets arose as a result of the application of Section 32(2) of the MFMA which states that a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure.

Fruitless and wasteful expenditure	-	-	50 510 289	-
irregular expenditure	-	-	479 164 222	-
	-	**-**	**529 674 511**	**-**

Category A

Material cases: cases with the value exceeding R10 million.

Department	**Short description of cases**	**2025**	**Restated 2024**
Housing and Human Settlement	Claim for specific performance and damages. The claimant was awarded a tender and issued a letter of appointment; however no work was allocated. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	16 925 581	16 925 581
Housing and Human Settlement	Claim for rental payments in respect of Clarina Flats, where former residents of Schubart Park are accommodated. The claimant, Rainbow Place Properties, is seeking payment of monies allegedly due. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	50 616 000	50 616 000
Housing and Human Settlement	Claim for damages arising from the invasion of Brookway's properties. An eviction order was obtained, which also directed the City of Tshwane to provide alternative accommodation by a specified date. The plaintiff alleges that the City failed to comply with this directive, resulting in the eventual sale of the property and consequential damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	176 526 000	176 526 000
Housing and Human Settlement	Claim for outstanding lease payments. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	31 487 000	31 487 000

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Property Management	The claimant alleges that a development agreement was concluded with the City of Tshwane in respect of certain properties. It is further alleged that the City breached the agreement by settling individuals on the properties that formed the subject of the agreement. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			51 507 439	51 507 439
Property Management	Claim for damages. The capital amount of R11,000,000 has been estimated by legal counsel, as reported to the AGSA team. The ultimate quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			11 000 000	11 000 000
Utility Services	Claim arising from the cancellation of a contract on legal grounds. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			183 624 957	183 624 957
Audit and Risk	Claim for compensation for services rendered. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			11 286 645	11 286 645
Roads and Transport	Claim for payment in respect of services rendered for the installation of street light poles. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			14 824 129	14 824 129
Roads and Transport	Claim relating to the expropriation of land intended for road construction. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			30 390 000	30 390 000
Roads and Transport	Claim for consequential losses arising from expropriated property. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			283 010 000	283 010 000
Environment & Agriculture Management	Claim relating to the alleged unlawful cancellation of a contract. Nosalto claims that the City unlawfully terminated its contract for household waste removal in Bronkhorstspruit, alleging that its trucks were prevented from collecting waste. The City of Tshwane maintains that no agreement was cancelled; Nosalto was merely requested to replace flat-bed trucks with compactors, which they did not do. The City has filed a plea, and Nosalto is to apply for a trial date and has since amended its papers, including a claim for interest from 14 May 2013. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court’s ruling cannot be determined.			10 000 000	10 000 000

Notes to the Audited Consolidated Annual Financial Statements

63. Contingencies (continued)

Figures in Rand		Group 2025	Group 2024	Municipality 2025	Municipality 2024
Environment & Agriculture Management	Claim for breach of contract, seeking payment for services rendered and damages. The contractor alleges that the City breached a contract under tender CB259/2008 by utilizing tender CB82/2011 for the same services covered under CB259/2008. Tender CB82/2011 was intended to be used only in emergency situations for waste collection. The contractor is also claiming overtime payments under CB82/2011. The claim has been amended, increasing the amount from R22,063,517.35 to R46,643,772.35. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			46 643 772	46 643 772
Community Safety - Metro Police	Claim for payment in respect of security services provided at five locations in the former Kungwini Municipality. The services were rendered but remain unpaid. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			16 720 095	16 720 095
Environment & Agriculture Management	Claim for damages arising from the early termination of a contract for waste processing. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			320 624 826	320 624 826
Shared Services	Claim for damages relating to the Broadband Tender, with Thobela alleging that the City of Tshwane is in breach and seeking compliance with the contract and its implementation. The claim is conditional on the outcome of an appeal against the judgment in favour of the City, which reviewed and set aside the Broadband Contract. Thobela has sought to amend its claim to R4,087,407.14, which the City considers overstated. Thobela is also pursuing delay costs as part of its claim through ongoing arbitration. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's or arbitration ruling cannot be determined.			1 955 738 877	1 955 738 877
Shared Services	Claim for damages arising from losses allegedly suffered in relation to the Broadband Contract, which was set aside by the Court. The claimant alleges that the panel of attorneys, KR Inc., provided incorrect legal advice regarding the validity of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			327 764 660	327 764 660
Shared Services	Claim for damages arising from an alleged breach of agreement. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			1 644 970 578	1 644 970 578
Group Financial Services	Claim for outstanding payment for services rendered under GFS 01-2015/16. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			12 257 284	-
Group Property Management	Claim for contractual damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			11 303 678	-

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to comply with the contract provisions. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			47 440 027	47 440 027
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			17 946 566	17 946 566
Roads and Transport	Claim for compensation arising from the expropriation of property. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			10 003 925	-
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			59 244 567	59 244 567
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to comply with the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			80 214 095	80 214 095
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			111 615 305	111 615 305
Group Property Management	Claim for damages arising from the alleged repudiation of a sale agreement. The plaintiff cancelled the sale agreement and is now seeking damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			233 168 074	233 168 074
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			41 421 707	41 421 707
Group Legal and Secretariat	Claim alleging that the City of Tshwane is vicariously liable for costs allegedly incurred by the claimant during her employment with the City. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			17 658 047	17 658 047
Shared Services Department	Claim for loss of profit arising from the disqualification of the bidder in Tenders SS04-2022/21 and SS05-2020/21, which were subsequently reviewed and set aside by the Court. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			14 158 509	14 158 509

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Environment & Agriculture Management	Claim for unjust enrichment in respect of expenses incurred in constructing a service station. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			370 704 567	370 704 567
Group Financial Services	Vresthena has issued summons claiming damages in respect of service disconnections at its commercial properties across the City, relating to accounts allegedly in dispute. The damages claimed include loss of business (such as tenants leaving and reduced trading hours), expenses for alternative measures (including generators, fuel, and additional security), and reputational loss. The summons have been referred to the City's insurers to determine whether the matter may be addressed as a public liability claim. The amount claimed is approximately R573,985,614.81. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			568 985 615	-
				6 779 782 525	**6 177 232 023**

63. Contingencies (continued)

Category B

Material cases: cases with the value not exceeding R10 million.

Department	**2025**	**Restated 2024**
Housing and Human Settlement	20 084 745	20 084 745
Property Management	619 876	619 876
Financial Services	38 869 987	37 839 888
Finance Services Department (Supply Chain Management)	2 586 681	1 441 285
Utility Services	30 755 235	30 755 235
Audit and Risk	1 500 000	1 500 000
Roads and Transport	26 530 539	11 518 285
Environment & Agriculture Management	4 960 731	4 960 731
Community Safety - Metro Police	1 223 942	7 276 028
Office of the Speaker	2 640 610	2 640 610
Human Capital Management	29 648 369	29 648 369
Shared Services	6 363 304	6 363 304
Community and Social Development	180 404	180 404
Legal and Secretariat	4 900 000	4 900 000
Regional Operations and Coordination	4 484 039	5 724 103
Energy and Electricity	8 842 313	8 842 313
Roads and Stormwater	1 176 983	1 176 983
	185 367 758	**175 472 159**

HCT

HCT entered into a contract with Magic Labour for the construction and development of social housing units on Erf 3525 & 3526, Marabastad, Pretoria. Magic Labour failed to deliver the required units as a result HCT terminated the contract due non-performance as stipulated on the contract. There is court process with Magic Labour and Magic Labour disputes the termination and claim an amount of R41,654,855.50 in the form of a final account.

The entity disputed invoices amounting to R31,685 from the Auditor General on interest charged.

HCT is in the process of finalising the final accounts for the Townlands project relating to Shomang Construction CC and Enza Construction (Pty) Ltd. The final account amounts issued by the Principal Agent have been formally disputed by both contractors and remain under negotiation. A legal opinion obtained in February 2025 confirmed the presence of concurrent delays attributable to both the contractors and the employer, which may affect the enforceability of contractual penalties and the final settlement values.

As at year-end, no final agreement has been reached and the amount that may become payable cannot be reliably measured. The matter does not meet the GRAP 19 requirements for recognising a provision, as no present obligation exists, and the outcome of the dispute remains uncertain. The item is therefore disclosed as a contingent liability, and a liability will only be recognised once the final accounts are settled or determined through a formal dispute-resolution processes.

Contingent assets

On the 13 March 2018, the entity terminated the construction contract with Magic Labour Hire & Security Services due to poor performance. Management has quantified the value of latent defects discovered and is claiming R6,801,204.06 from the Magic Labour Hire and construction guarantee which is held by Power Guarantee (Pty) Ltd.

Housing Company Tshwane (HCT) has lodged a claim against the performance guarantee for this amount. The guarantor has not effected payment, and legal proceedings have been initiated to enforce the claim.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

63. Contingencies (continued)

The entity has instituted legal proceedings against Magic Labour (Pty) Ltd, following the termination of its contract for the development of a social housing scheme on Erf 3525 and Erf 3526, Marabastad, Pretoria Ext14. The counterclaim arises from losses and additional costs incurred by the entity as a result of the contractor's breach of contractual obligations and failure to complete works in accordance with the JBCC Principal Building Agreement. Legal correspondence and pleadings confirm that the matter is currently being handled by the entity's appointed attorneys, and the counterclaim has been filed but not yet adjudicated. The claim value has not been quantified in the financial statements as the matter is still subject to legal proceedings and expert assessment to determine the exact recoverable amount.

City of Tshwane Metropolitan Municipality

Contingent assets

The below contingent assets arose as a result of the application of Section 32(2) of the MFMA which states that a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure.

Fruitless and wasteful expenditure	50 510 289	-	50 510 289	-
irregular expenditure	479 164 222	-	479 164 222	-
	529 674 511	**-**	**529 674 511**	**-**

Category A

Material cases: cases with the value exceeding R10 million.

Department	**Short description of cases**	**2025**	**Restated 2024**
Housing and Human Settlement	Claim for specific performance and damages. The claimant was awarded a tender and issued a letter of appointment; however no work was allocated. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	16 925 581	16 925 581
Housing and Human Settlement	Claim for rental payments in respect of Clarina Flats, where former residents of Schubart Park are accommodated. The claimant, Rainbow Place Properties, is seeking payment of monies allegedly due. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	50 616 000	50 616 000
Housing and Human Settlement	Claim for damages arising from the invasion of Brookway's properties. An eviction order was obtained, which also directed the City of Tshwane to provide alternative accommodation by a specified date. The plaintiff alleges that the City failed to comply with this directive, resulting in the eventual sale of the property and consequential damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	176 526 000	176 526 000
Housing and Human Settlement	Claim for outstanding lease payments. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.	31 487 000	31 487 000

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Property Management	The claimant alleges that a development agreement was concluded with the City of Tshwane in respect of certain properties. It is further alleged that the City breached the agreement by settling individuals on the properties that formed the subject of the agreement. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			51 507 439	51 507 439
Property Management	Claim for damages. The capital amount of R11,000,000 has been estimated by legal counsel, as reported to the AGSA team. The ultimate quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			11 000 000	11 000 000
Utility Services	Claim arising from the cancellation of a contract on legal grounds. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			183 624 957	183 624 957
Audit and Risk	Claim for compensation for services rendered. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			11 286 645	11 286 645
Roads and Transport	Claim for payment in respect of services rendered for the installation of street light poles. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			14 824 129	14 824 129
Roads and Transport	Claim relating to the expropriation of land intended for road construction. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			30 390 000	30 390 000
Roads and Transport	Claim for consequential losses arising from expropriated property. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			283 010 000	283 010 000
Environment & Agriculture Management	Claim relating to the alleged unlawful cancellation of a contract. Nosalto claims that the City unlawfully terminated its contract for household waste removal in Bronkhorstspruit, alleging that its trucks were prevented from collecting waste. The City of Tshwane maintains that no agreement was cancelled; Nosalto was merely requested to replace flat-bed trucks with compactors, which they did not do. The City has filed a plea, and Nosalto is to apply for a trial date and has since amended its papers, including a claim for interest from 14 May 2013. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			10 000 000	10 000 000

Notes to the Audited Consolidated Annual Financial Statements

63. Contingencies (continued)

Figures in Rand		Group 2025	Group 2024	Municipality 2025	Municipality 2024
Environment & Agriculture Management	Claim for breach of contract, seeking payment for services rendered and damages. The contractor alleges that the City breached a contract under tender CB259/2008 by utilizing tender CB82/2011 for the same services covered under CB259/2008. Tender CB82/2011 was intended to be used only in emergency situations for waste collection. The contractor is also claiming overtime payments under CB82/2011. The claim has been amended, increasing the amount from R22,063,517.35 to R46,643,772.35. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			46 643 772	46 643 772
Community Safety - Metro Police	Claim for payment in respect of security services provided at five locations in the former Kungwini Municipality. The services were rendered but remain unpaid. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			16 720 095	16 720 095
Environment & Agriculture Management	Claim for damages arising from the early termination of a contract for waste processing. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			320 624 826	320 624 826
Shared Services	Claim for damages relating to the Broadband Tender, with Thobela alleging that the City of Tshwane is in breach and seeking compliance with the contract and its implementation. The claim is conditional on the outcome of an appeal against the judgment in favour of the City, which reviewed and set aside the Broadband Contract. Thobela has sought to amend its claim to R4,087,407.14, which the City considers overstated. Thobela is also pursuing delay costs as part of its claim through ongoing arbitration. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's or arbitration ruling cannot be determined.			1 955 738 877	1 955 738 877
Shared Services	Claim for damages arising from losses allegedly suffered in relation to the Broadband Contract, which was set aside by the Court. The claimant alleges that the panel of attorneys, KR Inc., provided incorrect legal advice regarding the validity of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			327 764 660	327 764 660
Shared Services	Claim for damages arising from an alleged breach of agreement. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			1 644 970 578	1 644 970 578
Group Financial Services	Claim for outstanding payment for services rendered under GFS 01-2015/16. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			12 257 284	-
Group Property Management	Claim for contractual damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			11 303 678	-

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to comply with the contract provisions. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			47 440 027	47 440 027
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			17 946 566	17 946 566
Roads and Transport	Claim for compensation arising from the expropriation of property. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			10 003 925	-
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			59 244 567	59 244 567
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to comply with the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			80 214 095	80 214 095
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			111 615 305	111 615 305
Group Property Management	Claim for damages arising from the alleged repudiation of a sale agreement. The plaintiff cancelled the sale agreement and is now seeking damages. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			233 168 074	233 168 074
Regional Operations and Coordination	Claim for loss of income arising from the alleged failure to implement the provisions of the contract. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			41 421 707	41 421 707
Group Legal and Secretariat	Claim alleging that the City of Tshwane is vicariously liable for costs allegedly incurred by the claimant during her employment with the City. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			17 658 047	17 658 047
Shared Services Department	Claim for loss of profit arising from the disqualification of the bidder in Tenders SS04-2022/21 and SS05-2020/21, which were subsequently reviewed and set aside by the Court. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			14 158 509	14 158 509

		Group		Municipality	
Figures in Rand		2025	2024	2025	2024

63. Contingencies (continued)

Environment & Agriculture Management	Claim for unjust enrichment in respect of expenses incurred in constructing a service station. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			370 704 567	370 704 567
Group Financial Services	Vresthena has issued summons claiming damages in respect of service disconnections at its commercial properties across the City, relating to accounts allegedly in dispute. The damages claimed include loss of business (such as tenants leaving and reduced trading hours), expenses for alternative measures (including generators, fuel, and additional security), and reputational loss. The summons have been referred to the City's insurers to determine whether the matter may be addressed as a public liability claim. The amount claimed is approximately R573,985,614.81. The quantum of the claim remains uncertain as the matter is being defended by the City. As at the reporting date, the timing of the court's ruling cannot be determined.			568 985 615	-
				6 779 782 525	**6 177 232 023**

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

63. Contingencies (continued)

Category B

Material cases: cases with the value not exceeding R10 million.

Department	**2025**	**Restated 2024**
Housing and Human Settlement	20 084 745	20 084 745
Property Management	619 876	619 876
Financial Services	38 869 987	37 839 888
Finance Services Department (Supply Chain Management)	2 586 681	1 441 285
Utility Services	30 755 235	30 755 235
Audit and Risk	1 500 000	1 500 000
Roads and Transport	26 530 539	11 518 285
Environment & Agriculture Management	4 960 731	4 960 731
Community Safety - Metro Police	1 223 942	7 276 028
Office of the Speaker	2 640 610	2 640 610
Human Capital Management	29 648 369	29 648 369
Shared Services	6 363 304	6 363 304
Community and Social Development	180 404	180 404
Legal and Secretariat	4 900 000	4 900 000
Regional Operations and Coordination	4 484 039	5 724 103
Energy and Electricity	8 842 313	8 842 313
Roads and Stormwater	1 176 983	1 176 983
	185 367 758	**175 472 159**

64. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 359 240	5 065 270	5 359 240	5 065 270
Amount paid - current year	(5 359 240)	(5 065 270)	(5 359 240)	(5 065 270)
	-	-	-	-

Audit fees

Opening balance	518 404	-	518 404	-
Total invoiced	43 246 949	44 920 662	43 246 949	44 920 662
Amount paid - current year*	(43 328 131)	(44 402 258)	(43 328 131)	(44 402 258)
	437 222	**518 404**	**437 222**	**518 404**

*The prior year amount was adjusted to reflect the correct audit fee for the financial year. The prior year amount as disclosed erronously included an amount of R1 671 727 relating to consultant fees.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

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

PAYE and UIF

Opening balance	191 892 654	-	191 453 546	-
Deductions from payroll	2 166 367 544	2 042 727 035	2 148 699 957	2 025 433 292
Amount paid - current year*	(2 160 063 590)	(1 850 834 381)	(2 142 434 492)	(1 833 979 746)
	198 196 608	**191 892 654**	**197 719 011**	**191 453 546**

*The prior year amount was adjusted to reflect the correct audit fee for the financial year. The prior year amount as disclosed erronously included .

Pension and Medical Aid Deductions

Opening balance	253 552 971	-	252 717 011	-
Deductions from payroll	3 023 345 030	2 957 001 381	3 013 968 327	2 948 566 151
Amount paid - current year	(3 014 083 274)	(2 703 448 410)	(3 003 870 621)	(2 695 849 140)
	262 814 727	**253 552 971**	**262 814 717**	**252 717 011**

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
Baloyi JJ	1 339	39 767	41 106
Chauke HQ	2 503	1 356	3 859
Chiloane EP	1 468	350	1 818
Mazibuko MS	427	2	429
Makena SM	-	682	682
Masuku EN	2 319	22 801	25 120
Mehlape-Zimu MM	24 795	82 836	107 631
Phokoje ST	11 090	67 179	78 269
Raphuthi MM	6 854	127 508	134 362
Helfrich & Venter WP & MD	2 853	779	3 632
Makgaleng KG	4 400	10 902	15 302
Phalwane V	11 404	20 669	32 073
Legodi SL	9 969	98 597	108 566
	79 421	**473 428**	**552 849**

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

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Baloyi JJ	2 679	41 333	44 012
Boshielo SM & MKF	10 298	5 213	15 511
Chauke HQ	1 795	5 670	7 465
Dzumba KY	20 601	792	21 393
Leshabana LP	11 577	98 212	109 789
Mabogwana MO	2 482	6	2 488
Madonsela MI	221 999	826 185	1 048 184
Makena SM	-	682	682
Makgaleng KG	10 911	5 369	16 280
Malosi T	3 079	1 162	4 241
Manhique RM & AF	14 127	57 511	71 638
Mashapa MA	3 222	14 450	17 672
Mashola M S	26 253	38 596	64 849
Masilela JK	4 550	23 689	28 239
Masuku EN	27 098	27 763	54 861
Mathibedi MT	6 438	82 421	88 859
Mazibuko MS	13 884	37 624	51 508
Mbokane EP	8 620	25 262	33 882
Mehlape-Zimu MM	31 711	100 738	132 449
Mocumi TC	7 647	121 024	128 671
Modise ET	134 704	739 969	874 673
Moloi ED	1 722	16 138	17 860
Phokoje ST	14 657	159 350	174 007
Raphuthi MM	8 324	117 915	126 239
Tlou PP	2 608	23 606	26 214
Violet P	3 753	21 609	25 362
	594 739	**2 592 289**	**3 187 028**

These councillors made arrangements to pay off their arrear debt.

Notes to the Audited Consolidated Annual Financial Statements

65. Financial instruments

Categories of financial instruments

Group

2025

Financial assets

	Note(s)	At fair value	At amortised cost	Total
Long term receivables	6	-	519 910 736	519 910 736
Redemption fund asset*	7	79 805 458	-	79 805 458
Other receivables from exchange transactions	5	-	430 948 689	430 948 689
Consumer receivables	4	-	5 483 099 276	5 483 099 276
Cash and cash equivalents	8	-	2 363 782 320	2 363 782 320
Interest rate swaps	16	612 461	-	612 461
		80 417 919	**8 797 741 021**	**8 878 158 940**

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	17	-	8 717 024 691	8 717 024 691
Finance lease obligation	19	-	36 436 570	36 436 570
Consumer deposits	22	-	780 176 709	780 176 709
Interest rate swap	16	85 468 508	-	85 468 508
Service concession arrangement	28	-	2 728 844 536	2 728 844 536
Payables from exchange transactions	20	-	6 664 834 832	6 664 834 832
		85 468 508	**18 927 317 338**	**19 012 785 846**

2024

Financial assets	**At fair value**	**At amortised cost**	**Total**
Long term receivables	-	452 293 215	452 293 215
Redemption fund asset*	89 031 657	-	89 031 657
Trade and other receivables (cost)	-	798 333 847	798 333 847
Consumer receivables	-	4 628 221 024	4 628 221 024
Cash and cash equivalents	-	2 018 959 942	2 018 959 942
Interest rate swap - Non-current portion	-	130 045 708	130 045 708
	89 031 657	**8 027 853 736**	**8 116 885 393**

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	17	-	9 162 526 870	9 162 526 870
Finance lease obligation	19	-	66 610 514	66 610 514
Consumer deposits	22	-	773 337 672	773 337 672
Interest rate swap	16	3 349 646	-	3 349 646
Service concession arrangement	28	-	2 654 575 712	2 654 575 712
Payables from exchange transactions	20	-	6 634 331 402	6 634 331 402
Redemption fund liability		-	132 631 547	132 631 547
		3 349 646	**19 424 013 717**	**19 427 363 363**

65. Financial instruments (continued)

The prior year amounts have been restates, refer to note 71

Municipality - 2025

Financial assets

	Note(s)	At fair value	At amortised cost	Total
Long term receivables	6	-	519 910 736	519 910 736
Redemption fund asset*	7	79 805 458	-	79 805 458
Other receivables from exchange transactions	5	-	416 667 045	416 667 045
Consumer receivables	4	-	7 515 793 994	7 515 793 994
Cash and cash equivalents	8	-	2 300 299 345	2 300 299 345
Interest rate swaps	16	612 461	-	612 461
		80 417 919	**10 752 671 120**	**10 833 089 039**

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	17	-	8 717 024 691	8 717 024 691
Finance lease obligation	19	-	36 253 556	36 253 556
Consumer deposits	22	-	780 176 709	780 176 709
Interest rate swap	16	85 468 508	-	85 468 508
Service concession arrangement	28	-	2 728 844 536	2 728 844 536
Payables from exchange transactions	20	-	6 634 331 402	6 634 331 402
		85 468 508	**18 896 630 894**	**18 982 099 402**

Municipality - 2024

Financial assets

		At fair value	At amortised cost	Total
Long term receivables	6	-	452 293 215	452 293 215
Redemption fund asset*	7	89 031 657	-	89 031 657
Other receivables from exchange transactions	5	-	4 263 306 666	4 263 306 666
Consumer receivables	4	-	4 628 221 024	4 628 221 024
Cash and cash equivalents	8	-	1 985 987 137	1 985 987 137
Interest rate swap - Non-current portion	16	130 045 708	-	130 045 708
		219 077 365	**11 329 808 042**	**11 548 885 407**

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	17	-	9 162 526 870	9 162 526 870
Finance lease obligation	23	-	66 032 753	66 032 753
Consumer deposits	22	-	773 337 672	773 337 672
Interest rate swap	16	3 349 646	-	3 349 646
Service concession arrangement	28	-	2 654 575 713	2 654 575 713
Payables from exchange transactions	20	-	11 404 012 423	11 404 012 423
Redemption fund liability		-	132 631 547	132 631 547

Notes to the Audited Consolidated Annual Financial Statements

65. Financial instruments (continued)

	3 349 646	**24 193 116 978**	**24 196 466 624**

66. Risk management

Risks

In running its operations, the City is exposed to a variety of financial risks: market, liquidity, credit and interest rate risks. Section 62.(1)(c)(i) Of MFMA states that the Accounting Officer of a City is responsible for managing the financial administration of the City and must for this purpose take all reasonable steps to ensure that the City has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In response to this the group adopted National Treasury Public Sector Risk Management Framework and is committed to the effective management of its risks. The process is called risk monitoring and control. It involves monitoring the identified risks including the above-mentioned financial risks, identifying new risks, and evaluating the overall effectiveness of the risk management plan in reducing the risks.

The Group Financial Services is committed to the effective management of the financial risks, with Treasury Office responsible for management of market, liquidity, and interest rate risks. The Revenue Office is responsible for credit risk management. In the course of the City's business operations, it is exposed to interest rate, credit, liquidity and market risk. The City has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Financing risk

Financing risk refers to the City’s inability to control its monetary policy and defaulting on bonds or other debt issues. Borrowings could become more difficult or more costly in the future. The City’s targeted weighted average cost of borrowing for the MTREF is set at 9.9% per annum and as per the 30 June 2025 annual financial statements, the result was 11.20% meaning that the City's loan book has been negatively affected by the interest rate fluctuations however the WACC increased to 11.20.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be negatively affected by the adverse changes in interest rates. Interest rate risk arises from fluctuations in market and economic conditions.

The City’s significant exposure to interest rate risk emanates from its long-term floating rate-based loans. Periodic payments towards variable interest rate loans are volatile and introduce uncertainty to the City’s cash flows. Hence fixed interest rates loans are preferred over variable interest rates loans, as they are stable and beneficial, especially if interest rates rise above the fixed rate.

The City manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate loans and investments, as well as by entering interest rate swap contracts on some of the loans. Given its strained liquidity position, the City has made a conscious decision to keep the fixed-floating rate mix loans on a 60:40 ratio. Where there is bias in the loan portfolio towards fixed rate loans, the City addresses the bias by focusing on floating rate loans in its future loans, and vice versa. Alternatively, the City may choose to employ interest rate swaps to get to the desired ratio.

The level of the City's exposure to interest rate risk could be viewed in the annual financial statements. The City also uses interest rate swaps to hedge the interest rate risk.

There was no change in the objectives, policies, and processes for managing the interest rate risks and the methods used to measure those risks.

Mitigation factors

The City has adopted smoothing, maintaining a balance between fixed interest rates and floating interest rates on different instruments. The City also uses Interest rate swaps to manage the risk;

Variable rate loans : R2 876 933 112 (2024: R3 231 632 457) and

Fixed rate loans: R5 840 091 579 (2024: R5 930 874 413).

There was no change in the exposure to risks and how they arise since the previous financial year. There was further no change in the objectives, policies and processes for managing the risks and the methods used to measure the risks.

66. Risk management (continued)

Assets Group 2025	Fund valuation		Fixed rate		Non-interest bearing		Total
Description	Amount	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years	
Investments			7.88 %				
Housing loans		8 702 823	13.50 %	30			8 702 823
Loan to sport clubs		873 534	5.00 %	10			873 534
Sale of land		60 910 753	9.00 %	5			60 910 753
Current portion of long-term receivables		233 184 594	%	3			233 184 594
Arrangement debtors		216 239 032	%				216 239 032
Consumer receivables		5 483 099 276	9.33 %	1			5 483 099 276
Receivables from exchange transactions		430 948 689					430 948 689
Cash and cash equivalents		2 363 782 321					2 363 782 321
Redemption fund asset	79 805 458		7.17 %	7			79 805 458
Interest rate swap	612 461		9.30 %	4			612 461
Total financial assets	**80 417 919**	**8 797 741 022**					**8 878 158 941**

66. Risk management (continued)

Liabilities **Group 2025** **Description**	**Floating rate** **Amount**	**Fixed rate** **Amount**	**Weighted average effective interest rate** **%**	**Weighted average period for which rate is fixed** **Years**	**Non-interest bearing** **Amount**	**Weighted average period until maturity** **Years**	**Total**
Interest rate swap		85 468 508	11.00 %				85 468 508
Finance lease obligation	36 436 570						36 436 570
Consumer deposits					780 176 709		780 176 709
Service concession arrangement					2 728 844 536		2 728 844 536
Payables from exchange transactions					6 664 834 832		6 664 834 832
Loans and bonds		8 717 024 692	9.12 %				8 717 024 692
Total financial liabilities	**36 436 570**	**8 802 493 200**			**10 173 856 077**		**19 012 785 847**

Assets **Municipality 2025** **Description**	**Fund valuation** **Amount**	**Fixed rate** **Amount**	**Weighted average effective interest rate** **%**	**Weighted average period for which rate is fixed** **Years**	**Non-interest bearing** **Amount**	**Weighted average period until maturity** **Years**	**Total**
Investments			7.88 %				
Housing loans		8 702 823	13.50 %	30			8 702 823
Loan to sport clubs		873 534	5.00 %	10			873 534
Sale of land		60 910 753	9.00 %	5			60 910 753
Current portion of long-term receivables		233 184 594	%	3			233 184 594
Arrangement debtors		216 239 032	%				216 239 032
Consumer receivables		7 515 793 994	9.33 %	1			7 515 793 994
Receivables from exchange transactions		416 667 045					416 667 045
Cash and cash equivalents		2 300 299 346					2 300 299 346
Redemption fund asset	79 805 458		7.17 %	7			79 805 458
Interest rate swap	612 461		9.30 %	4			612 461
Total financial assets	**80 417 919**	**10 752 671 121**					**10 833 089 040**

66. Risk management (continued)

Liabilities **Municipality 2025**	**Floating rate** **Amount**	**Fixed rate** **Amount**	**Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Non-interest bearing** **Amount**	**Weighted average period until maturity**	**Total**
Description			**%**	**Years**		**Years**	
Interest rate swap		85 468 508	11.00 %				85 468 508
Finance lease obligation	36 253 556						36 253 556
Consumer deposits					780 176 709		780 176 709
Service concession arrangement					2 728 844 536		2 728 844 536
Payables from exchange transactions					6 634 331 402		6 634 331 402
Loans and bonds		8 717 024 692	9.12 %				8 717 024 692
Total financial liabilities	**36 253 556**	**8 802 493 200**			**10 143 352 647**		**18 982 099 403**

Assets **Group 2024**	**Floating rate** **Amount**	**Fixed rate** **Amount**	**Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Non-interest bearing** **Amount**	**Weighted average period until maturity**	**Total**
Description			**%**	**Years**		**Years**	
Investments			7.88 %				
Housing loans		11 041 326	13.50 %	30			11 041 326
Loan to sport clubs		913 522	5.00 %	10			913 522
Sale of land		65 014 229	9.00 %	5			65 014 229
Current portion of long-term receivables		231 150 643	%	3			231 150 643
Receivables from exchange transactions		4 628 221 024	11.75 %	1		1	4 628 221 024
Other receivables from exchange transactions		798 333 847	%				798 333 847
Cash and cash equivalents		2 018 959 942	%				2 018 959 942
Redemption fund asset	89 031 657		8.90 %	7			89 031 657
Arrangement debtors		144 173 495	%				144 173 495
Interest rate swap	130 045 708		10.59 %	4			130 045 708
Total financial assets	**219 077 365**	**7 897 808 028**					**8 116 885 393**

66. Risk management (continued)

The current portion of Arrangement debtors for prior year amounting to R144 173 495 which was errouneously not included as part of the note has now been included.

Liabilities Group 2024	**Floating rate Amount**	**Fixed Rate Amount**	**Fixed rate Weighted average effective interest rate**	**Fund valuation**	**Non-interest bearing Amount**	**Weighted average period until maturity**	**Total**
Description			**%**			**Years**	
Interest rate swap		3 349 646	9.31 %				3 349 646
Finance lease obligation	66 610 514						66 610 514
Consumer deposits					773 337 672		773 337 672
Service concession arrangement					2 654 575 712		2 654 575 712
Payables from exchange transactions					6 634 331 402		6 634 331 402
Redemption fund liability				132 631 547.00			132 631 547
Loans and bonds		9 162 526 870	12.71 %				9 162 526 870
Total financial liabilities	**66 610 514**	**9 165 876 516**		**132 631 547**	**10 062 244 786**		**19 427 363 363**

66. Risk management (continued)

Assets	**Floating rate**	**Fixed rate**			**Non-interest bearing**		
Municipality 2024	**Amount**	**Amount**	**Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Amount**	**Weighted average period until maturity**	**Total**
Description			**%**	**Years**		**Years**	
Investments			7.88 %				
Housing loans		11 041 326	13.50 %	30			11 041 326
Loan to sport clubs		913 522	5.00 %	10			913 522
Sale of land		65 014 229	9.00 %	5			65 014 229
Current portion of long-term receivables			%	3			
Long-term receivables		231 150 643	%				231 150 643
Receivables from exchange transactions		4 628 221 024	11.75 %	1		1	4 628 221 024
Other receivables from exchange transactions		4 263 306 666	%				4 263 306 666
Cash and cash equivalents		1 985 987 136	%				1 985 987 136
Arrangement debtors		144 173 495	%				144 173 495
Redemption fund asset	89 031 657		8.90 %	7			89 031 657
Interest rate swap	130 045 708		10.59 %	4			130 045 708
Total financial assets	**219 077 365**	**11 329 808 041**					**11 548 885 406**

66. Risk management (continued)

The current portion of Arrangement debtors for prior year amounting to R144 173 495 which was errouneously not included as part of the note has now been included.

Liabilities Municipality 2024	**Floating rate Amount**	**Fixed Rate Amount**	**Fixed rate Weighted average effective interest rate**	**Fund valuation**	**Non-interest bearing Amount**	**Weighted average period until maturity**	**Total**
Description			**%**			**Years**	
Interest rate swap		3 349 646	9.31 %				3 349 646
Finance lease obligation	66 032 753						66 032 753
Consumer deposits					773 337 672		773 337 672
Service concession arrangement					2 654 575 712		2 654 575 712
Payables from exchange transactions					11 404 012 423		11 404 012 423
Redemption fund liability				132 631 547.00			132 631 547
Loans and bonds		9 162 526 870	12.71 %				9 162 526 870
Total financial liabilities	**66 032 753**	**9 165 876 516**		**132 631 547**	**14 831 925 807**		**24 196 466 623**

Notes to the Audited Consolidated Annual Financial Statements

66. Risk management (continued)

Interest rate swaps

Interest rate swaps are primarily used by the City to maintain the fixed-floating rate mix indicated above. This means that there are underlying loans behind most of the interest rate swaps executed by the City over the years. However, there are instances where interest rate swaps were taken by the City as part of the liability reduction through a debt redemption fund that the City implemented about eight years ago. Executing interest rate swaps in the context of a debt redemption solution is done with the objective of matching the duration of assets to the duration of liabilities.

It must be understood that the valuation of interest rate swap as at a specific valuation date considers only outstanding cash flows. All cash receipts or payments that happened before the valuation date are not included in the valuation of a specific swap. .

At the reporting date the City had entered into the following interest rate swaps relating to specific statement of financial position items

Group and Municipality - 30 June 2024	Fair value	Estimated fair value gain/(loss)
Current asset interest rate swaps	130 045 708	130 045 708

Currency risk

The City's undertakes certain transactions that are denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. However, the City's manages this risk by entering into contracts where the risk is carried by the service provider. The City experiences currency risk predominantly as a result of one contract entered into by the City, as a result of timing differences between the date of invoice and date of payment.

Sensitivity risk

The City has used a sensitivity analysis technique that measures the estimated change to the fair value of the floating liabilities in respect of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable as at 30 June, with other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

As at 30 June 2025, if the interest rate on the loans at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R208 million with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by computing the difference between the year’s interest expense loans at the current rate (refer to note 17) and at a rate of 1% higher/lower.

Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by defaulting. The defaulting Consumer receivables on exchange transactions exposes the City to credit risk. The credit risk is very limited due to the nature of the City’s business and its reliance on government grants as the main source of security funding. The City has Credit Control and Debt Collection Policies to manage the exposure to risk as a result of defaulting customers. Credit control is those managerial, administration and accounting policies the City applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the City takes to enforce the collection of the amounts due and payable to the City.

Financial assets, which potentially subject the City to the risk of non-performance by counter-parties and thereby subject the City to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the City obtains appropriate deposits and guarantees from debtors to mitigate risk. The City's cash and cash equivalents and short-term deposits are placed with high-credit quality financial institutions.

The City limits its treasury counter-party exposure arising from the money market by only dealing with well-established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The City only deals with financial institutions with a short-term credit rating of A+ and long-term credit rating of AA- and higher at an international accredited credit rating agency. The City's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Financial assets exposed to credit risk at 30 June 2025 were as follows:

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

66. Risk management (continued)

Long-term receivables	519 910 736	452 293 215	519 910 736	452 293 215
Redemption fund asset	79 805 458	89 031 657	79 805 458	89 031 657
Other receivables from exchange transactions	430 948 689	798 333 847	416 667 045	4 263 306 666
Consumer receivables	5 483 099 276	4 628 221 024	7 515 793 994	4 628 221 024
Cash and cash equivalents	2 363 782 321	2 018 959 942	2 300 299 345	1 985 987 137
Interest rate swaps	612 461	130 045 708	612 461	130 045 708
	8 878 158 941	**8 116 885 393**	**10 833 089 039**	**11 548 885 407**

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the City's customer base and their dispersion across different industries and geographical areas. The City does not have any significant exposure to any individual customer or counter-party. Accordingly, the City does not consider there to be any significant concentration of credit risk, which has not been adequately provided for. Trade receivables are presented net of the allowance for impairment. The consumer receivables as presented do not include any debt relating to property rates, as property rates do not meet the definition criteria for financial instruments. Strict credit control procedures are in place to mitigate the credit risk relating to trade receivables. Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the City's exposure to credit risk, the approach to measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the City's maximum exposure to credit risk without taking into account the value of any collateral obtained. The major concentrations of credit risk (as a percentage) that arise from the City's receivables in relation to customer classification are as follows:

Consumer receivables:		
Household	58 %	58 %
Industrial/Commercial	24 %	24 %
National and provincial government	6 %	4 %
Other consumer receivables	4 %	7 %
Long-term receivables	2 %	2 %
Sundry receivables	2 %	1 %
Sundry persons	4 %	4 %
	100 %	**100 %**

Liquidity risk

The risk that the group may encounter difficulties in raising sufficient funds in meeting its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the City's obligations is critical for the City to continue as a going concern. The City manages liquidity risk through proper management of working capital, monitoring of actual expenditure versus forecasted cash flows. In terms of its financial commitments on long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

The implementation of the Financial Recovery Plan (FRP) aims to improve the financial position of the City over the medium term, with most of the ratios expected to fall within the National Treasury benchmarks. The plan as proposed interrogates the entire value chain of municipal operations in the City and its primary objective is to ensure that the City bills and collects all revenues due to it, including investigating new sources of revenue, managing expenditures within allowable and available limits - including cost containment; ensuring that the service delivery model is integrated, effective and efficient; and employing skilled and motivated staff who render an excellent customer service.

Liquidity is the risk of the City not being able to meet its obligation as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incoming unacceptable losses or risking damage to the City's reputation. This is achieved by using cashflow forecast. The following are contractual liabilities of which interest is included in loans and bonds, service concessions and leases.

66. Risk management (continued)

Group and Municipality - 2025	Up to 1 year	1 - 5 years	>5 years	Total
Non-derivative financial liabilities				
Finance lease obligation	36 563 970	6 504 385	-	43 068 355
Capital repayments	30 407 991	5 845 566	-	36 253 557
Interest	6 155 979	658 819	-	6 814 798
Service concession arrangement	288 803 683	1 183 573 982	4 483 049 692	5 955 427 357
Capital repayments	(12 662 310)	(61 544 652)	1 672 478 734	1 598 271 772
Interest	301 465 993	1 245 118 634	2 810 570 958	4 357 155 585
Loans and bonds	2 733 085 167	6 270 403 312	5 187 144 318	14 190 632 797
Capital repayments	1 632 991 923	2 473 038 450	4 610 994 318	8 717 024 691
Interest	1 100 093 244	3 797 364 862	576 150 000	5 473 608 106
Payables from exchange transactions	15 096 784 370	-	-	15 096 784 370
	18 155 237 190	**7 460 481 679**	**9 670 194 010**	**35 285 912 879**

Group and Municipality - 2024	Up to 1 year	1 - 5 years	>5 years	Total
Non-derivative financial liabilities				
Finance lease obligation	35 905 208	3 979 133	-	39 884 341
Capital repayments	30 029 513	3 856 242	-	33 885 755
Interest	5 875 695	122 891	-	5 998 586
Service concession arrangement	294 262 690	1 008 162 085	4 866 231 219	6 168 655 994
Capital repayments	(46 647 960)	(223 161 640)	1 740 399 359	1 470 589 759
Interest	340 910 650	1 231 323 725	3 125 831 860	4 698 066 235
Loans and bonds	1 663 782 014	8 730 932 765	7 550 983 884	17 945 698 663
Capital repayments	435 149 579	4 419 624 659	4 307 752 632	9 162 526 870
Interest	1 228 632 435	4 311 308 106	3 243 231 252	8 783 171 793
Payables from exchange transactions	20 939 310 051	-	-	20 939 310 051
	22 933 259 963	**9 743 073 983**	**12 417 215 103**	**45 093 549 049**

Market risk

The City is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The City manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year. The City applies the following mitigation factors to market risk.

The City investments are diversified amongst the well-established financial institutions. The City abides by National Treasury's investment regulations and the City's Investment policy. Interest rate risk management: The City's interest rate profile consists of fixed and floating rate loans and bank balances which expose the City to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in surplus or deficit over the period of the borrowings on an effective interest basis.

The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts. Borrowings issued at fixed rates are susceptible to fair value adjustments because of volatility in interest rates. A bond or a loan that pays a fixed interest rate will change in value because the discount rate of each cash flow fluctuates as the market yield curve changes.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

66. Risk management (continued)

30 June 2025	Fair value	Carrying amount
Liabilities		
Interest rate swaps	85 468 508	85 468 508

30 June 2024	Fair value	Carrying amount
Liabilities		
Interest rate swaps	3 349 646	3 349 646

Capital risk management

The City's objectives when managing capital is to safeguard the City's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the City consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Note 17 and cash and cash equivalents disclosed in Note 8, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the City monitors capital on the basis of the gearing ratio.

The gearing ratio as at 30 June 2025 was 19% and 30 June 2024 was 27.5%.

67. In-kind donations and assistance

The following donations in kind and assistance were provided/(received) for the FY2024/25

2025

Description	Donation provided	Donation received	Total
Description			
Fire Safety Awareness	607 060	-	607 060
Blankets, mattresses and salvage sheets	319 199	-	319 199
Fire rescue	1 091 321	-	1 091 321
Refreshments	-	(6 668)	(6 668)
Stationery (Backpacks, pens and lanyards)	-	(9 791)	(9 791)
Ipads	-	(1 378 965)	(1 378 965)
Radiation detection equipment	-	(6 180 000)	(6 180 000)
Catering	-	(200 000)	(200 000)
Grand total	**2 017 580**	**(7 775 424)**	**(5 757 844)**

2024

Description	Donation provided	Donation received	Total
Description			
Blankets, mattresses and salvage sheets	488 119	-	488 119
Fire rescue	1 001 795	-	1 001 795
Refreshments	-	(12 397)	(12 397)
Fridge	-	(8 398)	(8 398)
Fire extinguishers	-	(210 990)	(210 990)
Grand total	**1 489 914**	**(231 785)**	**1 258 129**

Fire Safety Awareness - Fire Safety Awareness & Fire Prevention at schools and within the community around the City.

Blankets and mattresses - These items are provided to community during incidents such as flooding and structural fires. The benefit derived for the City is immediate disaster relief to community who are in need.

67. In-kind donations and assistance (continued)

Fire rescue - The approved tariffs of the Emergency Service Department makes provision for exclusions such as assistance provided during floods, to pensioners and deceased pedestrians and therefore the costs are waived. The benefit derived for the City is immediate assistance to community who are in need.

Refreshment - The refreshments were provided by the Randburg Cheeky Tiger wanted to assist at the Passing out Parade

Stationery - Backpacks, pens and lanyards received for Emergency Service Department students and retirees at the Passing out Parade

Ipads - Ipad donated to Health Department by Clinton Health Access initiative to improve accessibility to point of care antenatal and improve outcome for mothers and neonates in the Tshwane District.

Radiation detection equipment

Radiation detection equipment were provided by US Dept of Energy to Emergency Services Department.

68. Principal agent arrangements

Collection agents

Prepaid electricity

The service providers who serve as agents for the City in the third party sale of prepaid electricity. All payments are made directly to the City and the service provider invoices the City for commission payable.

Commission paid to the agents	24 812 724	37 433 586	24 812 724	37 433 586

Agent arrangements

Licensing Services: Agent for Province's Department of Transport

The City acts as an agent for Province's Department of Transport, providing licensing and vehicle registration services on its behalf.

Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	462 856 514	402 532 514	462 856 514	402 532 514
Revenue received on behalf of principal (includes commission)	1 417 659 903	1 434 566 487	1 417 659 903	1 434 566 487
Revenue recognised by the City as agency fee (includes VAT)	(303 478 760)	(302 239 387)	(303 478 760)	(302 239 387)
Revenue paid over to the principal	(1 316 663 350)	(1 072 003 100)	(1 316 663 350)	(1 072 003 100)
Balance owing at the end of the year	**260 374 307**	**462 856 514**	**260 374 307**	**462 856 514**

Agent for the National Department of Justice and Constitutional Development

The City acts as an agent for the National Department of Justice and Constitutional Development, collecting contempt of court fines imposed on traffic fine offenders who fail to appear in court. The City does not derive any revenue from this function.

Reconciliation of amounts payable to the department				
Revenue received on behalf of principal	351 600	121 800	351 600	121 800
Revenue paid over to the principal	(351 600)	(121 800)	(351 600)	(121 800)
Balance owing at the end of the year	-	-	-	-

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

68. Principal agent arrangements (continued)

Agent for the Road Traffic Infringement Agency

The City acts as an agent for the Road Traffic Infringement Agency, collecting traffic fines issued by other municipalities in terms of the Administrative Adjudication of Road Traffic Offences (AARTO) Act of 1998. The City earns commission on all payments collected.

Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	(31 601)	-	(31 601)	-
Revenue received on behalf of principal (includes commission)	67 081 472	24 175 977	67 081 472	24 175 977
Revenue recognised by the City as agency fee (includes VAT)	(40 994 045)	(20 277 458)	(40 994 045)	(20 277 458)
Revenue paid over to the principal	(20 095 717)	(3 930 120)	(20 095 717)	(3 930 120)
Balance owing at the end of the year	**5 960 109**	**(31 601)**	**5 960 109**	**(31 601)**

Tshwane Fresh Produce Market

The sale of fresh produce market on National Fresh Produce Markets are governed by the Agriculture Produce Agenct Council and Market By Laws. The city is an agent through the Tshwane Fresh Produce Market facilitating the sale of fruits and vegetables.

Total reciepts from customers including commission	4 803 521 902	4 530 921 085	4 803 521 902	4 530 921 085
Less: Total payable to agents/farmers	(4 561 139 144)	(4 302 322 237)	(4 561 139 144)	(4 302 322 237)
Total commission earned for the year	**242 382 758**	**228 598 848**	**242 382 758**	**228 598 848**
Amount still outstanding to Agents/farmers at year end	**9 818 494**	**24 691 790**	**9 818 494**	**24 691 790**

69. Events after the reporting date

On 1 July 2025, the City of Tshwane implemented a City Cleansing Levy applicable to households and businesses that make use of private refuse collection services. The levy was introduced as part of the City’s broader revenue enhancement strategy and was projected to affect more than 200,000 households and business accounts within the municipality. Its intended purpose was to secure a sustainable revenue stream to fund citywide cleansing and environmental management services, while ensuring that all residents contribute equitably to the upkeep of public spaces, regardless of whether they receive waste collection directly from the City.

However, the implementation of the levy was subsequently challenged in the Pretoria High Court by a Civil Society Organisation (CSO). The Court ruled in favour of the applicants, declaring the levy unlawful and instructing the City to discontinue its application with immediate effect. In addition to halting the levy, the Court further directed that all affected customers who had already been billed and/or made payments under this arrangement must be credited or refunded accordingly.

The financial implications of this judgment are material. The City faces a potential loss of R278 million in budgeted revenue for the 2025/26 financial year, which had already been incorporated into the approved Medium-Term Revenue and Expenditure Framework (MTREF). This loss presents significant challenges to the City’s fiscal position, as the levy was earmarked to partially address structural budgetary pressures in the trading services portfolio. The City is currently considering the judgment refusing leave to appeal and whether the Supreme Court of Appeal should be approached.

The situation underscores the need for careful balancing between legal compliance, financial sustainability, and social legitimacy in the City’s revenue enhancement initiatives.

The City was unsuccessful in its exemption application hearing with the labour unions IMATU and SAMWU regarding the implementation of the 2021 Salary and Wage Collective Agreement. Consequently, the City is required to honour the 2021/22 salary increase obligations in accordance with the court ruling, with full compliance expected by March 2026.

	Group		Municipality	
Figures in Rand	2025	2024	2025	2024

69. Events after the reporting date (continued)

In anticipation of this requirement, formal negotiations have commenced with both unions to determine feasible settlement modalities. These engagements are being approached with due consideration for the City's financial sustainability, the preservation of a fully funded budget and the need to maintain uninterrupted adherence to existing payment arrangements with Eskom and other bulk service providers.

Preliminary calculations estimate the outstanding liability at R1 558 812 309, which includes the cumulative impact of the deferred salary adjustments. The City is therefore exploring structured, affordable, and phased repayment options that balance legal compliance with operational continuity, fiscal prudence, and the City's broader financial recovery framework.

The outcome of these negotiations will be formally communicated once consensus is reached and the proposed settlement model has been fully assessed for affordability and compliance with the MFMA and the Funding Compliance Plan.

70. Material Losses

Opening balance as previously reported - Restated*	183 170 402	178 212 729	183 170 402	178 212 729
Opening balance as restated	**183 170 402**	**178 212 729**	**183 170 402**	**178 212 729**
Add: Losses identified - current period	41 494 193	13 762 225	41 494 193	13 762 225
Resolved by Council				
- For recovery	(4 970 982)	-	(4 970 982)	-
- For write-off	-	(8 804 552)	-	(8 804 552)
Closing balance	**219 693 613**	**183 170 402**	**219 693 613**	**183 170 402**

Details of amounts recommended for recovery				
Current				
Refilwe Manor Bulk Infrastructure Vandalism	(4 970 982)	-	(4 970 982)	-

Details of amounts recommended for write-off				
Current				
Rental account at Bothongo Plaza	-	(8 804 552)	-	(8 804 552)

71. Prior period errors

Group - Statement of financial position - 2024

Figures in Rand	**Previously reported**	**Adjustment**	**Re-classification**	**Restated**	**Reference**
Assets					
Current Assets					
Inventories	897 057 852	3 319 215	-	900 377 067	[21]
Current tax receivable	301 080	-	-	301 080	
Consumer receivables: Exchange	4 605 253 267	35 782 413	(12 814 656)	4 628 221 024	[3]
Consumer receivables: Non exchange	2 313 987 049	19 152 709	(24 143 434)	2 308 996 324	[1]
Other receivables from exchange transactions	1 116 282 451	(64 778 999)	3 215 653 603	4 267 157 055	
Other receivables from non-exchange transactions	242 143 047	20 892 168	57 616 802	320 652 017	[2]
VAT receivable	-	2 144 954	284 721 029	286 865 983	
Long-term receivables: current portion	231 150 643	-	-	231 150 643	
Cash and cash equivalents	1 997 866 675	-	21 093 267	2 018 959 942	[1]
	11 404 042 064	**16 512 460**	**3 542 126 611**	**14 962 681 135**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Non-Current Assets					
Living resources	302 127	-	-	302 127	
Property, plant and equipment	48 537 948 562	(6 142 331 732)	-	42 395 616 830	[3]
Investment property	2 096 766 434	(34 981 843)	-	2 061 784 591	[6]
Intangible assets	1 071 239 234	(54 640 956)	-	1 016 598 278	[4]
Heritage assets	3 371 581 599	-	-	3 371 581 599	
Investments in associates	880 831 780	-	-	880 831 780	
Long term receivables	241 003 524	(19 860 952)	-	221 142 572	[7]
Redemption fund asset	89 031 657	-	-	89 031 657	
Interest rates swaps	130 045 708	-	-	130 045 708	
	56 418 750 625	**(6 251 815 483)**	**-**	**50 166 935 142**	
Total Assets	**67 822 792 689**	**(6 235 303 023)**	**3 542 126 611**	**65 129 616 277**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities					
Current Liabilities					
Loans and bonds	456 593 191	-	-	456 593 191	
Finance lease obligation	45 017 203	-	(8 952 001)	36 065 202	[5]
Operating lease liability	315 937	-	-	315 937	
Employee benefit obligation	1 726 694 494	3 600 850	-	1 730 295 344	[22]
Provisions	44 441 976	121 859 448	-	166 301 424	
Unspent conditional grants	215 347 138	-	-	215 347 138	
Service concession arrangement	75 874 954	-	240 428 169	316 303 123	[10]
Payables from exchange transactions	16 065 902 724	477 480 033	4 422 483 451	20 965 866 208	[6]
VAT payable	878 211 883	2 144 954	(880 356 837)	-	[16]
Consumer deposits	773 337 672	-	-	773 337 672	
	20 281 737 172	**605 085 285**	**3 773 602 782**	**24 660 425 239**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Redemption fund liability	132 631 547	-	-	132 631 547	
Deferred tax	319 777	-	-	319 777	
Employee benefit obligation	1 808 591 800	-	-	1 808 591 800	
Loans and bonds	8 705 933 679	-	-	8 705 933 679	
Interest rate swaps	3 349 646	-	-	3 349 646	
Finance lease obligation	49 342 293	(40 124 850)	21 327 869	30 545 312	[5]
Provisions	1 646 237 698	(137 707 984)	-	1 508 529 714	[12]
Service concession arrangement	2 491 810 208	28 031 127	(181 568 746)	2 338 272 589	[10]
	14 838 216 648	**(149 801 707)**	**(160 240 877)**	**14 528 174 064**	
Total Liabilities	**35 119 953 820**	**455 283 578**	**3 613 361 905**	**39 188 599 303**	
Net Assets	**32 702 838 869**	**(6 690 586 601)**	**(71 235 294)**	**25 941 016 974**	
Revaluation reserve	32 446 667	(2 036 755)	-	30 409 912	
Accumulated surplus (deficit)	32 670 392 202	(6 759 785 140)	-	25 910 607 062	
Total Net Assets	**32 702 838 869**	**(6 761 821 895)**	**-**	**25 941 016 974**	

Group - Statement of Financial Performance - 2024

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	24 357 873 073	59 596 820	-	24 417 469 893	[14]
Rental of facilities and equipment	208 762 500	3 745 088	-	212 507 588	[14]
Interest received (trading)	2 098 430 925	105 633 306	-	2 204 064 231	[14]
Licences and permits	43 618 141	-	-	43 618 141	
Share of profit in associate: TASEZ	55 756 392	-	-	55 756 392	
Revenue from service concession arrangements - exchange	50 872 192	2 540 695	-	53 412 887	[10]
Other income	1 362 493 893	(85 416 776)	70 201 280	1 347 278 397	[15]
Investment revenue - Interest	242 632 650	(59 110)	-	242 573 540	
Total revenue from exchange transactions	**28 420 439 766**	**86 040 023**	**70 201 280**	**28 576 681 069**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue from non-exchange transactions					
Taxation revenue					
Property rates and penalties	9 806 515 525	(42 898 795)	-	9 763 616 730	[3]
Interest - Taxation revenue	88 651	-	-	88 651	
Transfer revenue					
Government grants & subsidies	8 125 930 571	-	(1 628 341 000)	6 497 589 571	[13]
Fuel Levy	-	-	1 628 341 000	1 628 341 000	[13]
Public contributions and donations	6 704 994	25 249 700	-	31 954 694	[17]
Fines, Penalties and Forfeits	241 157 889	515 740	(74 594 386)	167 079 243	[15]
Total revenue from non-exchange transactions	**18 180 397 630**	**(17 133 355)**	**(74 594 386)**	**18 088 669 889**	
Total revenue	**46 600 837 396**	**68 906 668**	**(4 393 106)**	**46 665 350 958**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Expenditure					
Employee related costs	(11 526 334 529)	(11 300 237)	-	(11 537 634 766)	[18]
Remuneration of councillors	(133 389 734)	-	-	(133 389 734)	
Depreciation and amortisation	(2 156 944 888)	352 444 212	164 514 930	(1 639 985 746)	[5][6]
Finance costs	(2 502 811 975)	21 138 525	153 045 280	(2 328 628 170)	[18]
Debt Impairment	(4 540 422 826)	23 511 259	-	(4 516 911 567)	[1]
Inventory consumed	(978 120 559)	(8 583 286)	(3 697 005 533)	(4 683 709 378)	[19]
Bulk purchases	(17 059 154 350)	(33 446 121)	3 682 727 664	(13 409 872 807)	[20]
Contracted Services	(3 816 898 849)	(396 287 534)	-	(4 213 186 383)	[21]
Transfers and Subsidies	(2 052 518)	(2)	-	(2 052 520)	
General expenses	(1 744 503 256)	145 649 523	31 604 504	(1 567 249 229)	[10][11][12]
Total expenditure	**(44 460 633 484)**	**93 126 339**	**334 886 845**	**(44 032 620 300)**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Operating surplus	**2 140 203 912**	**162 033 007**	**330 493 739**	**2 632 730 658**
Gain/(loss) on disposal of assets	(43 294 167)	123 169 320	(177 611 631)	(97 736 478)[5][6]
(Loss)/gain on foreign exchange	(803 977)	-	-	(803 977)
Fair value adjustments	(107 974 164)	-	-	(107 974 164)
Actuarial gains	172 520 258	-	-	172 520 258
Impairment loss	(58 003 400)	(116 326 514)	163 172	(174 166 742)[5][6]
Asset ceiling	-	-	(153 045 280)	(153 045 280)
Interest rate swaps fair value gain/(loss) valuation	4 270 125	-	-	4 270 125
Taxation	(1 867 898)	-	-	(1 867 898)
Surplus for the year	**2 105 050 689**	**168 875 813**	**-**	**2 273 926 502**

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Municipality

Statement of financial position - 2024

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets					
Current Assets					
Inventories	897 057 852	-	-	897 057 852	
Other receivables from exchange transactions	1 111 980 441	(64 247 935)	3 215 574 160	4 263 306 666	[1]
Other receivables from non-exchange transactions	236 117 534	20 361 104	57 696 245	314 174 883	[2]
VAT receivable	-	-	284 721 029	284 721 029	
Consumer receivables: Exchange	4 605 253 267	35 782 413	(12 814 656)	4 628 221 024	[3]
Consumer receivables: Non exchange	2 313 987 049	19 152 709	(24 143 434)	2 308 996 324	[3]
Long-term receivables: short-term portion	231 150 643	-	-	231 150 643	
Cash and cash equivalents	1 964 893 869	-	21 093 267	1 985 987 136	[4]
	11 360 440 655	**11 048 291**	**3 542 126 611**	**14 913 615 557**	
Non-Current Assets					
Living resources	302 127	-	-	302 127	
Property, plant and equipment	47 565 199 250	(6 050 147 331)	-	41 515 051 919	[5]
Investment property	2 096 766 434	(34 981 843)	-	2 061 784 591	[6]
Intangible assets	1 070 635 634	(54 640 956)	-	1 015 994 678	[5]
Heritage assets	3 371 581 599	-	-	3 371 581 599	
Investments in controlled entities	1 000	-	-	1 000	
Investments in associates	880 831 780	-	-	880 831 780	
Long term receivables	241 003 524	(19 860 952)	-	221 142 572	[7]
Redemption fund asset	89 031 657	-	-	89 031 657	
Interest rates swaps	130 045 708	-	-	130 045 708	
	55 445 398 713	**(6 159 631 082)**	**-**	**49 285 767 631**	
Total Assets	**66 805 839 368**	**(6 148 582 791)**	**3 542 126 611**	**64 199 383 188**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities					
Current Liabilities					
Loans and bonds	456 593 191	-	-	456 593 191	
Finance lease obligation	44 622 456	-	(8 952 001)	35 670 455	[9]
Employee benefit obligation	1 722 552 127	-	-	1 722 552 127	
Provisions	-	121 859 448	-	121 859 448	
Unspent conditional grants and receipts	215 347 138	-	-	215 347 138	
Service concession arrangement - Current portion	75 874 954	-	240 428 169	316 303 123	[10]
Payables from exchange transactions	16 036 969 652	479 856 951	4 422 483 451	20 939 310 054	[11]
VAT payable	880 356 837	-	(880 356 837)	-	[16]
Consumer deposits	773 337 672	-	-	773 337 672	
	20 205 654 027	**601 716 399**	**3 773 602 782**	**24 580 973 208**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	1 808 591 800	-	-	1 808 591 800	
Loans and bonds	8 705 933 679	-	-	8 705 933 679	
Finance lease obligation	49 159 279	(40 124 850)	21 327 869	30 362 298	[9]
Provisions	1 646 237 698	(137 707 984)	-	1 508 529 714	[12]
Interest rate swaps	3 349 646	-	-	3 349 646	
Service concession arrangement	2 491 810 208	28 031 127	(181 568 746)	2 338 272 589	[10]
Redemption fund liability	132 631 547	-	-	132 631 547	
	14 837 713 857	**(149 801 707)**	**(160 240 877)**	**14 527 671 273**	
Total Liabilities	**35 043 367 884**	**451 914 692**	**3 613 361 905**	**39 108 644 481**	
Net Assets	**31 762 471 484**	**(6 600 497 483)**	**(71 235 294)**	**25 090 738 707**	
Accumulated surplus (deficit)	31 762 471 484	(6 671 732 780)	-	25 090 738 704	
Total Net Assets	**31 762 471 484**	**(6 671 732 780)**	**-**	**25 090 738 704**	

Statement of Financial Performance - 2024

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	24 358 392 178	59 596 820	-	24 417 988 998	[3]
Rental of facilities and equipment	175 208 153	3 745 088	-	178 953 241	[1]
Interest received (trading)	2 098 430 925	105 574 196	-	2 204 005 121	[3]
Licences and permits	43 618 141	-	-	43 618 141	
Share of profit in associate: TASEZ	55 756 392	-	-	55 756 392	
Revenue from service concession arrangements - exchange	50 872 192	2 540 695	-	53 412 887	[10]
Other income	1 359 692 647	(85 416 776)	70 201 280	1 344 477 151	[15]
Interest received - investment	240 960 240	-	-	240 960 240	
Total revenue from exchange transactions	**28 382 930 868**	**86 040 023**	**70 201 280**	**28 539 172 171**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	9 807 460 751	(42 898 795)	-	9 764 561 956	[3]
Transfer revenue					
Government grants & subsidies	8 066 337 731	-	(1 628 341 000)	6 437 996 731	[13]
Fuel Levy	-	-	1 628 341 000	1 628 341 000	[13]
Public contributions and donations	6 704 994	25 288 869	-	31 993 863	[17]
Fines, Penalties and Forfeits	241 157 889	515 740	(74 594 386)	167 079 243	[15]
Total revenue from non-exchange transactions	**18 121 661 365**	**(17 094 186)**	**(74 594 386)**	**18 029 972 793**	
Total revenue	**46 504 592 233**	**68 945 837**	**(4 393 106)**	**46 569 144 964**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Expenditure					
Employee costs	(11 443 454 694)	(9 917 283)	-	(11 453 371 977)	[18]
Remuneration of councillors	(133 389 734)	-	-	(133 389 734)	
Depreciation	(2 137 699 799)	355 158 023	164 514 930	(1 618 026 846)	[5][6]
Finance costs	(2 502 724 075)	21 138 525	153 045 280	(2 328 540 270)	[18]
Debt Impairment	(4 532 427 741)	23 511 259	-	(4 508 916 482)	[1]
Inventory consumed	(978 120 559)	(8 583 286)	(3 697 005 533)	(4 683 709 378)	[19]
Bulk purchases	(17 059 154 350)	(33 446 121)	3 682 727 664	(13 409 872 807)	[20]
Contracted Services	(3 794 436 961)	(339 964 949)	-	(4 134 401 910)	[21]
Transfers and Subsidies	(99 854 090)	-	-	(99 854 090)	
General expenses	(1 690 171 901)	120 391 651	31 604 504	(1 538 175 746)	[10][11][12]
Total expenditure	**(44 371 433 904)**	**128 287 819**	**334 886 845**	**(43 908 259 240)**	
Operating surplus	**2 133 158 329**	**197 233 656**	**330 493 739**	**2 660 885 724**	
Loss on disposal of assets	(42 513 700)	123 130 151	(177 611 631)	(96 995 180)	[5][6]
Gain or loss on exchange differences	(803 977)	-	-	(803 977)	
Fair value adjustments	(107 974 164)	-	-	(107 974 164)	
Actuarial gains/losses	172 520 258	-	-	172 520 258	
Impairment loss	(13 080 884)	(93 783 861)	163 172	(106 701 573)	[5][6]
Asset ceiling	-	-	(153 045 280)	(153 045 280)	
Interest rate swaps fair value gain/(loss) valuation	4 270 125	-	-	4 270 125	
Surplus for the year	**2 145 575 987**	**226 579 946**	-	**2 372 155 933**	

1. Other receivables from exchange transactions

The housing rental debt impairment provision was overstated by R36 million relative to the actuarial assessment.

A pair of general ledger accounts that net off to nil when read together and are used to clear and record transactions emanating from the Fresh Produce Market, were incorrectly mapped. The two GLs should be mapped together but were mistakenly mapped separately resulting in the one GL account being mapped to 'other receivables from non exchange transactions' and the other GL being mapped to 'other payables' thereby resulting in the overstatement of both these components. The mapping error was corrected in the current year thereby resulting in fair presentation of both the components of 'other receivables from non exchange transactions' and 'other payables'.

The creditors with debit balances, totaling R186 million, were misclassified under payables from exchange transactions, instead of being correctly presented in accordance with GRAP accounting principles.

A general ledger account that relates to VAT retentions amounting to R114 million was incorrectly classified in other receivables has been reclassified to VAT receivable.

2. Other receivables from non-exchange

The major contributor to the other receivables from non-exchange adjustment is the adjustment in the AARTO debtor, the cancelled and invalid fines were erroneously included as part of the AARTO balance in the prior year.

3. Consumer receivables: Exchange and non-exchange

The material contributor to the adjustment in consumer receivables is the alignment of the debtors' systems. Errors were noted in the information transferred from the billing system to the reporting system. This affected the respective income statement financial items as well. An amount of R42 thousand was reclassified from interest received (trading to property rates – imposed.

4. Cash and cash equivalents

The reclassification relates to unallocated amounts which were included as part of cash and bank, these amounts have now been correctly reclassified to the payables or receivables.

71. Prior period errors (continued)

5. Property, plant and equipment, intangible assets

In the 2024/25 financial year the City of Tshwane reversed the impact of the previously recognised assets from its financial statements and an insignificant residue remains in the financial statements. These previously recognised assets have been a subject of a qualification from the 2021/2022 financial year.

In addition to the above adjustment, additional restatements primarily resulted from the replacement of assets that were only recognised in subsequent financial years, instead of in the financial year in which the replacement occurred. A significant contribution to the restatements was the correction of depreciation on assets capitalised in the current financial year, which had completion dates in prior financial periods. Additionally, some departments incurred operational expenditure on capital projects, which was incorrectly recognised and only adjusted in the current year. Furthermore, certain land purchase transactions relating to prior years were cancelled, with the associated funds refunded to the City, necessitating restatement of the relevant financial periods.

The reduction in the intangible assets is as a result of servitudes retired as well as intangible assets that were erroneously not capitalized in the prior year.

6. Investment property

Due to verification failure, the existence of the assets could not be confirmed, necessitating their retirement from the asset register in accordance with applicable accounting policies.

7. Long-term receivables

Long-term adjustment relates to an incorrect adjustment of the long-term receivables in the prior year; the incorrect entry reduced the balances and has been corrected to reflect the correct balance.

9. Finance Lease obligation

In the prior reporting period, the Auditor-General identified a finding related to the City's application of an incorrect interest rate in the measurement of lease liabilities for motor vehicles, leading to misstatements in the finance cost and liability balances. The City has retrospectively corrected the error by recalculating lease schedules to apply the appropriate interest rate, thereby restating lease liability balances, finance costs and depreciation.

10. Service concessions

In the 2024 financial year, the Auditor-General of South Africa identified discrepancies in the payments recorded in the amortization schedule for the Tshwane House service concession. Consequently, the City reassessed the 2022 financial year's amortization schedule to verify the accuracy of the recorded payments. The incorrect payments were updated, leading to the restatement of the service concession liability, associated finance costs, and related payments. Additionally, the Denneboom service concession asset and liability were restated to include an additional R58 million of assets that were completed in the prior financial year, however, the capitalization information was only received in the current financial year under audit. The corresponding depreciation of R23 million was adjusted as well as the income recognition of R2.5 million was recognized.

11. Payables from exchange transactions

The adjustments in the payables from exchange transactions is as a result prior years accruals that were subsequently not reversed and additional prior year accruals that were not included in accruals.

Areyeng Income Received in Advance

During the 2023 financial year, an incorrect journal entry of R29 million was processed for income received in advance relating to the Areyeng Bus Service. In accordance with GRAP 3 (Accounting Policies, Estimates, and Errors), the error was subsequently reversed, and the transaction was correctly reprocessed, ensuring proper recognition under GRAP 9 (Revenue from Exchange Transactions).

Auction Yard – Profit on Sale of Assets

The City erroneously recognized a profit of R11 million from the sale of assets at the Auction Yard, despite the fact that the transaction was not completed within the reporting period. The recognition of profit has been reversed and will be properly accounted for in the current financial year, once the transaction is finalized.

Interest on Eskom Account

The Auditor-General raised a finding that the City had not accounted for interest on the Eskom account, amounting to R398 million. This was initially processed as an audit adjustment. However, following the City's own assessment, the correct interest amount was determined to be R419 million. The initial journal was reversed, and the correct amount of R419 million was recognized to ensure accurate financial reporting.

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

12. Provisions

The adjustment in provisions is as a result of the finalized legal cases that were erroneously included as active cases in the prior year.

13 - Government Grants and Levies, Fuel Levy

Fuel levy has been reclassified for better financial statement presentation. Previously classified under government grants and subsidies, the fuel levy is now presented as a separate line item in the statement of financial performance to enhance clarity and transparency. This change aims to provide a more accurate representation of the financial position and performance of the City.

14 - Service charges, Rental of facilities and equipment, Interest received (trading)

The adjustments are as a result of the City embarking on an exercise to correctly account for other receivables and long-term receivables based on appropriate supporting evidence. This exercise was partly as a result of the audit opinion on other receivables. The supporting evidence was assessed and in some instances corrections of the previously stated amounts needed to be made as a result of some allocation journals not being processed.

15. Other income

During the 2024 financial year, an incorrect journal entry of R14 million for Areyeng Bus service was processed for income received in advance relating to the Areyeng Bus Service, the error was subsequently reversed, and the transaction was correctly reprocessed, ensuring proper recognition.

A general ledger account that was misclassified under Fines, Penalties, and Forfeits has been reclassified to other Income. This correction is made to ensure fair presentation of the financial statements, allowing for a more accurate reflection of the entity's financial performance.

16 - VAT payable

A general ledger account that relates to VAT retentions amounting to R114 million was misclassified in other receivables has been reclassified to VAT receivable.

17. Public contributions and donations

The restatement relates to developer created assets that were completed in the prior year, the completion certificates were provided in the current financial year.

18. Employee related costs

The adjustment relates to prior year expenses incorrectly account for in the current year, the adjusting journals have been processed to redirect the expense to the correct financial year.

The reclassification of the R153mil relates to employee obligation assets ceiling as per GRAP 25 which was erroneously classified in finance costs.

19. Inventory consumed

The reclassification of R3.6 billion relates to the water inventory that has been reclassified from bulk purchases to inventory consumed. The adjustment relates to additional prior year accruals that were erroneously omitted.

20. Bulk purchases

The reclassification of R3.6 billion relates to the water inventory that has been reclassified from bulk purchases to inventory consumed. The adjustment relates to additional prior year accruals that were erroneously omitted, as well as repairs and maintenance invoices incorrectly included as part of the bulk purchases.

21. Inventories and General Expenses

Certain inventory items amounting to R3 319 215 were incorrectly expensed under repairs and maintenance instead of being recognised as inventory in accordance with GRAP 12 – Inventories. The error has been corrected retrospectively. Comparative figures have been adjusted to ensure fair presentation of the financial statements.

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

22. Employee benefit obligation

An accrual for the 13th cheque was not recognised in prior years, and fringe benefits for employee accommodation were also omitted. This resulted in understated employee benefit liabilities and employee costs. The errors have been corrected retrospectively, with employee benefits increased by R1 223 925 under provisions and employee costs adjusted upward by R1 000 509 for the 13th cheque. In addition, fringe benefits were corrected by recognising R280 186 in employee costs . These corrections ensure that employee costs and related liabilities are now fairly presented in accordance with GRAP.

23. Financial instruments

Consumer receivables non-exchange relates to property rates and are not classified as financial instruments. The restated amount of R2 308 996 324 has been correctly removed from the financial instruments disclosure.

Other receivables from non-exchange relates to AARTO fines, By-Law fines and other miscellaneous items, the restated amount of R314 174 883 has been correctly removed from the financial instruments disclosure.

Retention creditors were previously reported seperately in the financial instruments note under financial liablities, however in the current year they have been aggregated together with payables from exchange transactions under financial liabilities. The restated amount of R564 127 203 is included in payables from exchange transactions. Additionally, there was a re-classification of Debtors with credit balances of R3 103 811 563, Other creditors of R1 001 631 469 and Unclaimed monies of R1 085 037 897 from Financial instruments to Non-financial instruments.

Cash Flow Statement

The restatement relates to the Cash Flow Statement being prepared on a Cash Basis versus an Accrual basis. All calculations were derived from bank statement transactions.

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Cash Flow Statement					
Cash flows from operating activities	3 434 532 155	(1 441 068 581)	-	1 993 463 574	[1]
Cash flows from investing activities	(1 872 473 948)	2 374 955 538	-	502 481 590	[2]
Cash flows from financing activities	(382 660 253)	(1 124 340 287)	-	(1 507 000 540)	[3]
Net increase/(decrease) in cash and cash equivalents	**1 179 397 954**	**(190 453 330)**	**-**	**988 944 624**	
Cash and cash equivalents at the beginning of the year	785 495 915	211 546 597	-	997 042 512	[4]
Cash and cash equivalents at the end of the year	**1 964 893 869**	**21 093 267**	**-**	**1 985 987 136**	

1 -Cash flows from operating activities

The restatement on receipts related to amounts received from customers, grants and interest received obtained directly from the bank statement as opposed to calculating movements between opening and closing balances and adding back the revenue on the income statement. The restatement on payments relates to obtaining amounts paid to suppliers, employees, grants to the City's entities and interest paid directly from the bank statements as opposed to calculating movements between opening and closing balances and adding expenditure for the year.

2 - Cash flows from investing activities

The restatement is as a result of taking actual cash payments for additions of movable and immovable assets versus taking additions accrued. The restatement on investments relates to the movement of investments forming part of our cash receipts and payments and is now separately disclosed as investment movements.

3 - Cash flows from financing activities

The restatement relates to amounts obtained directly from the bank account for actual payments made as opposed to movements between opening and closing balances.

4 - Cash and cash equivalents at the beginning and end of the year

The restatement relates to amounts reclassified from Cash and cash equivalents as they relate to unallocated receipts and payments in the bank statement which were not separately disclosed as receivables or payables.

71. Prior period errors (continued)

Disclosure prior period errors

Contingencies

Category A

Amount as reported on audited AFS – 30 June 2022	3 550 747 434
Prior Period Adjustments restating the opening balance as at 1 July 2021	2 409 962 733
Amount as reported on restated AFS – 30 June 2022	*5 960 710 167*
Prior Period Adjustments restating the opening balance as at 1 July 2022	(150 693 744)
Amount as reported on audited AFS – 30 June 2023	*5 810 016 423*
Prior Period Adjustments restating the 2022/23 movement	159 547 281
Amount as reported on restated AFS – 30 June 2023	5 969 563 704
Prior Period Adjustments restating the opening balance as at 1 July 2023	(219 764 157)
Amount as reported on audited AFS – 30 June 2024	5 749 799 547
Prior Period Adjustments restating the 2023/24 movement	427 432 476
Amount as reported on restated AFS – 30 June 2024	**6 177 232 023**

Category B

Amount as reported on audited AFS – 30 June 2022	309 564 040
Prior Period Adjustments restating the 2021/22 movement	(139 374 902)
Amount as reported on restated AFS – 30 June 2022	*170 189 138*
Prior Period Adjustments restating the opening balance as at 1 July 2022	32 148 032
Amount as reported on audited AFS – 30 June 2023	*202 337 170*
Prior Period Adjustments restating the 2022/23 movement	(27 269 574)
Amount as reported on restated AFS – 30 June 2023	175 067 596
Prior Period Adjustments restating the opening balance as at 1 July 2023	53 245 658
Amount as reported on audited AFS – 30 June 2024	228 313 254
Prior Period Adjustments restating the 2023/24 movement	(52 841 095)
Amount as reported on restated AFS – 30 June 2024	**175 472 159**

The adjustment of the cases is as a result of removal of finalised cases, addition of cases erronously omitted as well as the correction of case values.

Insurance claims

Public liabilities

Values corrected to include public liability claims active as at reporting date. Values previously disclosed were incorrect values relating to pending claims iro assets.

The correction of the amount are as below:

	Previously reported	Adjustments	Restated
Pending claims iro public liabilities	109 018 877	616 611 668	725 630 545

Pending claims iro asset, motor

Values have been corrected to include correct values as per the insurance claim schedule, the values previously disclosed were incorrect.

71. Prior period errors (continued)

The correction of the amount are as below:

	Previously reported	Adjustments	Restated
Pending claims iro assets -motor own damage contractors and electricity claims	52 205 923	198 194 831	250 400 754

Indemnification

The contingent liability was corrected to include values as at 30 June and not values as per signed letter from the Department of labour confirming liability as at 31 December.

The correction of the amount are as below:

	Previously reported	Adjustments	Restated
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	116 743 199	13 341 735	130 084 934

Remuneration of Top management

Group heads

	Previously reported	Adjustments	Restated
Remuneration of Group Heads	47 018 426	691 836	47 710 262

During the current financial year, the City identified the following errors relating to prior period:

- Group Head Jordan Griffiths was omitted from the remuneration of top management disclosure in the prior year, resulting in an understatement of remuneration by R1 968 583.
- Group Head Paledi Marota was erroneously included in both reporting to City manager and Group Heads ,therefore overstating group Heads disclosure by R1 240 862.
- An acting allowance amounting to R35 881.00 was erroneously included for Group Head Stephens Notoane.

Material losses

Amount as reported on audited AFS – 30 June 2020	167 963 333
Prior Period Adjustments restating the opening balance as at 1 July 2019	(12 157 645)
Prior Period Adjustments restating the 2019/20 movement	2 206 053
Amount as reported on restated AFS – 30 June 2020	*158 011 741*
Prior Period Adjustments restating the opening balance as at 1 July 2020	43 999 893
Amount as reported on audited AFS – 30 June 2021	*202 011 634*
Prior Period Adjustments restating the opening balance as at 1 July 2020	(9 951 592)
Prior Period Adjustments restating the 2023/24 movement	(13 847 313)
Amount as reported on restated AFS – 30 June 2024	**178 212 729**

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Related parties

The changes in the balances arose due to restatements and adjustments made by the related parties during their year-end finalisation process. After the related parties completed their audit and provided their final financial balances, we reconciled our records to theirs, resulting in revised balances. The adjustments are reflected as per below.

	Previously reported	Adjustments	Restated
Amounts included in Trade receivable (Trade Payable) regarding related parties			
TASEZ: Amounts owed to the City by Related party	262 810 650	(33 531 900)	229 278 750
Sales to related parties			
Tshwane Economic Development Agency: Website expenses	92 000	(12 000)	80 000
Grants, transfers and subsidies to related parties			
Housing Company Tshwane: Grant transferred as income*	62 501 212	7 504 547	70 005 759
Tshwane Economic Development Agency: Grant transferred as income*	75 281 997	(1 695 653)	73 586 344

*The sign of this amount has been changed to correctly reflect its nature (income or expense). This is a presentational correction only and does not represent an adjustment to the underlying balance.

Other income and COID provision

An error was noted in relation to the COID accounting. The COID amount was recognised in other income instead of recognising a provision, this related in the overstatement of other income and an understatement in liabilities. The adjustment is reflected as per below.

	Previously reported	Adjustments	Restated
Other income (compensation claims)	59 131 950	(59 131 950)	-
COID provision	-	59 131 950	59 131 950

Interest received (trading)

An adjustment was made in relation to interest from incentive programme that was netted off against interest received (trading). The adjustment iss reflected below;

	Previously reported	Adjustments	Restated
Interest received (trading)	2 157 547 829	46 457 292	2 204 005 121

Notes to the Audited Consolidated Annual Financial Statements

72. Change in Presentation of Cash Flows

In the current financial year, the City reviewed the presentation of certain categories of cash flows in the Statement of Cash Flows. Previously, these were disclosed on a net basis. From the current year, the City has adopted a gross presentation. The cashflows now comprise all receipts and payments from customers, suppliers, government and other and include receipts and payments from customers and suppliers where the City acts as an agent on behalf of principles.

The change in presentation involved disclosing the cashflows which passed through the City's bank accounts.

This change is considered a reclassification of presentation under **GRAP 1: Presentation of Financial Statements** and does not constitute a change in accounting policy under **GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors**.

Impact on Comparative Information

To provide comparability, the prior year figures have been restated. The effect is summarised below:

Group - Cash Flow Statement	**Previously Reported (Net)**	**Restated (Gross)**	**Difference**
Cash receipts from ratepayers, government and other	37 246 937 177	43 952 457 688	6 705 520 511
Cash Interest income	2 059 584 352	307 670 809	(1 751 913 543)
	39 306 521 529	44 260 128 497	4 953 606 968
Cash paid to suppliers. entities and employees	(33 630 904 787)	(41 357 921 538)	(7 727 016 751)
Finance costs	(2 213 608 732)	(835 257 152)	1 378 351 580
	(35 844 513 519)	(42 193 178 690)	(6 348 665 171)
Cash flows from operating activities	3 462 008 010	2 066 949 807	(1 395 058 203)
Cash flows from investing activities	(1 916 712 890)	399 089 964	2 315 802 854
Cash flows from financing activities	(383 206 462)	(1 494 404 443)	(1 111 197 981)
Net increase/(decrease) in cash and cash equivalents	1 162 088 658	971 635 328	(190 453 330)
Cash and cash equivalents at the beginning of the year	835 778 017	1 047 325 614	211 547 597
Cash and cash equivalents at the end of the year	**1 997 866 675**	**2 018 960 942**	**21 094 267**

Municipality - Cash Flow Statement	**Previously Reported (Net)**	**Restated (Gross)**	**Difference**
Cash receipts from ratepayers, government and other	37 167 571 995	43 727 325 719	6 559 753 724
Cash Interest income	2 057 911 941	306 052 069	(1 751 859 872)
	39 225 483 936	44 033 377 788	4 807 893 852
Cash paid to suppliers. entities and employees	(33 975 565 957)	(41 205 908 691)	(7 230 342 734)
Finance costs	(1 815 385 824)	(835 171 843)	980 213 981
	(35 790 951 781)	(42 041 080 534)	(6 250 128 753)
Cash flows from operating activities	3 434 532 155	1 992 297 254	(1 442 234 901)
Cash flows from investing activities	(1 872 473 948)	490 181 590	2 362 655 538
Cash flows from financing activities	(382 660 253)	(1 493 534 220)	(1 110 873 967)
Net increase/(decrease) in cash and cash equivalents	1 179 397 954	988 944 624	(190 453 330)
Cash and cash equivalents at the beginning of the year	785 495 915	997 042 512	211 546 597
Cash and cash equivalents at the end of the year	**1 964 893 869**	**1 985 987 136**	**21 093 267**

Notes to the Audited Consolidated Annual Financial Statements

73. Segment reporting

Group

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Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	11 326 435 968	15 727 565 445	18 167 843 587	5 306 053 138	50 527 898 138
Current Assets	186 572 974	1 082 090 030	5 875 917 777	9 365 477 359	16 510 058 140
Total assets	**11 513 008 942**	**16 809 655 475**	**24 043 761 364**	**14 671 530 497**	**67 037 956 278**
Total assets as per statement of financial position					**67 037 956 278**
Liabilities					
Non-current Liabilities	(445 173 443)	(1 310 556 125)	(3 098 678 502)	(11 043 944 744)	(15 898 352 814)
Current Liabilities	(1 905 846 304)	(681 038 775)	(5 847 093 874)	(14 484 043 386)	(22 918 022 339)
Total	**(2 351 019 747)**	**(1 991 594 900)**	**(8 945 772 376)**	**(25 527 988 130)**	**(38 816 375 153)**
Total liabilities as per statement of financial position					**(38 816 375 153)**
Net Assets	**9 161 989 195**	**14 818 060 575**	**15 097 988 988**	**(10 856 457 633)**	**28 221 581 125**
Additions to PPE and other assets	**443 528 531**	**540 679 021**	**1 244 404 267**	**407 624 225**	**2 636 236 044**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	-	-	27 172 669 056	-	27 172 669 056
Rental of facilities and equipment	105 606 971	46 625 591	63 326	77 367 221	229 663 109
Interest received (trading)	520 108	94 290	1 462 618 780	823 680 137	2 286 913 315
Licences and permits	11 500	41 177 412	-	-	41 188 912
Share of profit in associate: TASEZ	-	5 095 662	-	-	5 095 662
Service concession arrangements	-	53 412 890	-	-	53 412 890
Other income	50 213 528	686 998 261	135 032 856	321 669 674	1 193 914 319
Interest received - investment	264 425	7 210 924	-	286 071 125	293 546 474
Total revenue from exchange transactions	**156 616 532**	**840 615 030**	**28 770 384 018**	**1 508 788 157**	**31 276 403 737**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	10 822 015 348	10 822 015 348
Transfer revenue					
Government grants & subsidies	641 968 929	1 054 363 848	1 138 396 068	4 410 451 497	7 245 180 342
Fuel Levy	-	-	-	1 635 021 000	1 635 021 000
Public contributions and donations	13 557 809	-	3 816 689	1 167 005	18 541 503
Fines, Penalties and Forfeits	270 799 527	185 675	30 145	-	271 015 347
Total revenue from non-exchange transactions	**926 326 265**	**1 054 549 523**	**1 142 242 902**	**16 868 654 850**	**19 991 773 540**
Total revenue	**1 082 942 797**	**1 895 164 553**	**29 912 626 920**	**18 377 443 007**	**51 268 177 277**
Total revenue as per statement of financial performance					**51 268 177 277**

73. Segment reporting (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(5 634 866 367)	(1 898 844 164)	(2 804 872 039)	(3 178 937 616)	(13 517 520 186)
Remuneration of councillors	-	-	-	(136 861 352)	(136 861 352)
Depreciation and amortisation	(23 290 622)	(524 913 737)	(663 042 793)	(399 932 316)	(1 611 179 468)
Finance costs	(240)	(20 219 395)	(702 336 578)	(1 486 112 170)	(2 208 668 383)
Debt Impairment	(153 724 705)	(96 001 904)	(3 788 129 649)	(1 534 211 225)	(5 572 067 483)
Inventory consumed	(38 120 398)	(112 047 502)	(4 518 236 946)	(342 093 514)	(5 010 498 360)
Bulk purchases	-	-	(15 481 090 667)	-	(15 481 090 667)
Contracted Services	(1 460 331 716)	(817 028 067)	(1 750 987 508)	(1 011 953 377)	(5 040 300 668)
Transfers and Subsidies	(288 000)	-	-	(780 111)	(1 068 111)
General expenses	(116 812 095)	(240 681 111)	(264 700 825)	(1 142 238 395)	(1 764 432 426)
Total expenditure	**(7 427 434 143)**	**(3 709 735 880)**	**(29 973 397 005)**	**(9 233 120 076)**	**(50 343 687 104)**
Total expenditure as per statement of financial performance					**(50 342 869 010)**
Gain or loss on disposal of assets and liabilities	(5 458 055)	(148 399 992)	(587 677 953)	728 204 100	(13 331 900)
Gain or loss on exchange differences	-	-	-	(778 045)	(778 045)
Fair value adjustments	-	-	-	193 366 404	193 366 404
Impairment loss	(177 771 433)	(69 253 774)	(77 883 867)	(57 485 939)	(382 395 013)
Interest rate swap valuation	-	-	-	(211 552 109)	(211 552 109)
Surplus arising on debt restructuring	-	-	1 609 836 031	-	1 609 836 031
Decommissioning of asset	-	195 165 361	-	-	195 165 361
Asset ceiling	-	-	-	(108 992 074)	(108 992 074)
Actuarial gains/(losses)	-	-	-	69 317 407	69 317 407
Taxation	-	(2 102 206)	-	-	(2 102 206)
Surplus/(deficit) for the year	**(6 527 720 834)**	**(1 839 161 938)**	**883 504 126**	**9 756 402 675**	**2 273 024 029**
Surplus for the year as per statement of financial position					**2 273 842 123**

Notes to the Audited Consolidated Annual Financial Statements

73. Segment reporting (continued)

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Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	11 038 738 702	16 123 769 714	17 559 959 843	5 444 466 883	50 166 935 142
Current Assets	155 718 662	1 351 921 457	5 045 761 524	8 409 279 492	14 962 681 135
Total assets	**11 194 457 364**	**17 475 691 171**	**22 605 721 367**	**13 853 746 375**	**65 129 616 277**
Total assets as per statement of financial position					**65 129 616 277**
Liabilities					
Non-current Liabilities	(452 648 098)	(1 333 947 811)	(221 614 300)	(12 519 963 855)	- (14 528 174 064)
Current Liabilities	(1 008 575 507)	(756 781 641)	(13 442 705 684)	(9 452 362 407)	- (24 660 425 239)
Total	**(1 461 223 605)**	**(2 090 729 452)**	**(13 664 319 984)**	**(21 972 326 262)**	**- (39 188 599 303)**
Total liabilities as statement of financial position					**(39 188 599 303)**
Net Assets	**9 733 233 759**	**15 384 961 719**	**8 941 401 383**	**(8 118 579 887)**	**25 941 016 974**
Additions to PPE and other assets	**349 277 234**	**355 396 091**	**1 127 156 629**	**168 230 066**	**2 000 060 020**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	(519 105)	-	24 417 988 998	-	24 417 469 893
Rental of facilities and equipment	71 471 824	46 769 800	52 087	94 213 877	212 507 588
Interest received (trading)	718 647	87 258	1 312 846 924	890 411 402	2 204 064 231
Licences and permits	-	42 328 906	1 289 235	-	43 618 141
Share of profit in associate: TASEZ	55 756 392	-	-	-	55 756 392
Revenue from service concession arrangements - exchange	-	53 412 887	-	-	53 412 887
Other income	51 549 139	641 329 115	112 271 644	542 128 499	1 347 278 397
Interest received - investment	433 428	6 672 056	-	235 468 056	242 573 540
Total revenue from exchange transactions	**179 410 325**	**790 600 022**	**25 844 448 888**	**1 762 221 834**	**28 576 681 069**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	(945 226)	-	-	9 764 561 956	9 763 616 730
Interest - Taxation revenue	-	88 651	-	-	88 651
Transfer revenue					
Government grants & subsidies	464 296 652	885 452 883	1 085 620 309	4 062 219 727	6 497 589 571
Fuel Levy	-	-	-	1 628 341 000	1 628 341 000
Public contributions and donations	3 483 036	9 131	28 462 527	-	31 954 694
Fines, Penalties and Forfeits	166 923 630	155 613	-	-	167 079 243
Total revenue from non-exchange transactions	**633 758 092**	**885 706 278**	**1 114 082 836**	**15 455 122 683**	**18 088 669 889**
Total revenue	**813 168 417**	**1 676 306 300**	**26 958 531 724**	**17 217 344 517**	**46 665 350 958**
Total revenue as per statement of financial performance					**46 665 350 958**

73. Segment reporting (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(4 801 781 617)	(1 586 871 260)	(2 404 700 252)	(2 744 281 637)	(11 537 634 766)
Remuneration of councillors	-	-	-	(133 389 734)	(133 389 734)
Depreciation and amortisation	113 922 191	(546 675 428)	(690 557 099)	(516 675 410)	(1 639 985 746)
Finance costs	(239)	(78 655 819)	(609 562 089)	(1 640 410 023)	(2 328 628 170)
Debt Impairment	(206 903 618)	(88 755 077)	(2 065 675 587)	(2 155 577 285)	(4 516 911 567)
Inventory consumed	(25 075 753)	(125 856 515)	(4 025 077 374)	(507 699 736)	(4 683 709 378)
Bulk purchases	-	-	(13 409 872 807)	-	(13 409 872 807)
Contracted Services	(1 269 818 024)	(730 939 067)	(1 167 064 456)	(1 045 364 836)	(4 213 186 383)
Transfers and Subsidies	(288 000)	-	-	(1 764 520)	(2 052 520)
General expenses	(121 164 045)	(207 730 621)	(253 428 723)	(984 925 840)	(1 567 249 229)
Total expenditure	**(6 311 109 105)**	**(3 365 483 787)**	**(24 625 938 387)**	**(9 730 089 021)**	**(44 032 620 300)**
Total expenditure as per statement of financial performance					**(44 032 620 300)**
Gain or loss on disposal of assets and liabilities	(49 135 669)	(46 311)	(16 915 297)	(31 639 201)	(97 736 478)
Gain or loss on exchange differences	-	-	-	(803 977)	(803 977)
Fair value adjustments	-	-	-	(107 974 164)	(107 974 164)
Impairment loss	(94 421 395)	(37 780 720)	(137 063 589)	95 098 962	(174 166 742)
Loss on redemption fund	-	-	-	4 270 125	4 270 125
Actuarial gains/(losses)	-	-	-	172 520 258	172 520 258
Share of surpluses from joint ventures accounted for using the equity method	-	-	-	(153 045 280)	(153 045 280)
Discontinued operations	-	(1 867 898)	-	-	(1 867 898)
Surplus/(deficit) for the year	**(5 641 497 752)**	**(1 728 872 416)**	**2 178 614 451**	**7 465 682 219**	**2 273 926 502**
Surplus for the year as per statement of financial position					**2 273 926 502**

The City has resolved to provide reportable segment information for the three key business units: community and public safety, economic and environmental services and trading services.

The segments are categorized based on the nature of service delivered. Segments were aggregated for reporting purposes.

The City operates throughout the Tshwane jurisdiction as determine by the Municipal Demarcation Board, the City has seven regions.

Segments were aggregated on the basis of services delivered as management considered that the economic and the service delivery mandate characteristics of the segments. 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.

Notes to the Audited Consolidated Annual Financial Statements

73. Segment reporting (continued)

Municipality

2025

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 436 489 049	15 725 974 983	18 167 843 587	5 364 807 507	49 695 115 126
Current Assets	138 912 248	1 051 184 534	5 875 917 777	9 374 808 612	16 440 823 171
Total assets	**10 575 401 297**	**16 777 159 517**	**24 043 761 364**	**14 739 616 119**	**66 135 938 297**
Total assets as per statement of financial position					**66 135 938 297**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(445 173 443)	(1 310 389 532)	(3 098 678 502)	(11 043 944 746)	(15 898 186 223)
Current Liabilities	(1 856 230 373)	(672 886 114)	(5 847 093 874)	(14 484 043 386)	(22 860 253 747)
Total	**(2 301 403 816)**	**(1 983 275 646)**	**(8 945 772 376)**	**(25 527 988 132)**	**(38 758 439 970)**
Total liabilities as per statement of financial position					**(38 758 439 970)**
Net assets	**8 273 997 481**	**14 793 883 871**	**15 097 988 988**	**(10 788 372 013)**	**27 377 498 327**
Additions to PPE and other assets	**409 372 882**	**539 790 559**	**1 244 404 267**	**407 624 225**	**2 601 191 933**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	-	-	27 173 647 469	-	27 173 647 469
Rental of facilities and equipment	51 542 197	46 625 591	63 326	77 367 221	175 598 335
Interest received (trading)	221 991	94 290	1 462 618 780	823 680 137	2 286 615 198
Licences and permits	11 500	41 177 412	-	-	41 188 912
Share of profit in associate: TASEZ	-	5 095 662	-	-	5 095 662
Revenue from service concession arrangements - exchange	-	53 412 890	-	-	53 412 890
Other income	48 841 657	684 587 988	135 032 856	317 000 929	1 185 463 430
Interest received - investment	-	5 830 076	-	286 071 125	291 901 201
Total revenue from exchange transactions	**100 617 345**	**836 823 909**	**28 771 362 431**	**1 504 119 412**	**31 212 923 097**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	10 823 008 235	10 823 008 235
Transfer revenue					
Government grants & subsidies	631 933 553	1 054 363 848	1 138 396 068	4 410 451 497	7 235 144 966
Fuel Levy	-	-	-	1 635 021 000	1 635 021 000
Public contributions and donations	13 557 809	-	3 816 689	1 167 005	18 541 503
Fines, Penalties and Forfeits	270 799 527	185 675	30 145	-	271 015 347
Other income - HCT	14 000 000	-	-	-	14 000 000
Total revenue from non-exchange transactions	**930 290 889**	**1 054 549 523**	**1 142 242 902**	**16 869 647 737**	**19 996 731 051**

73. Segment reporting (continued)

Total revenue	**1 030 908 234**	**1 891 373 432**	**29 913 605 333**	**18 373 767 149**	**51 209 654 148**
Total revenue as per statement of financial performance					**51 209 654 148**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(5 584 345 335)	(1 853 855 761)	(2 804 872 039)	(3 178 937 616)	(13 422 010 751)
Remuneration of councillors	-	-	-	(136 861 352)	(136 861 352)
Depreciation and amortisation	6 610 931	(523 511 217)	(663 042 793)	(399 932 316)	(1 579 875 395)
Finance costs	-	(20 189 375)	(702 336 578)	(1 486 112 170)	(2 208 638 123)
Debt Impairment	(144 570 811)	(96 001 904)	(3 788 129 649)	(1 534 211 225)	(5 562 913 589)
Inventory consumed	(38 120 398)	(112 047 502)	(4 518 236 946)	(342 093 514)	(5 010 498 360)
Bulk purchases	-	-	(15 481 090 667)	-	(15 481 090 667)
Contracted Services	(1 446 338 929)	(816 529 224)	(1 750 987 508)	(1 011 953 377)	(5 025 809 038)
Transfers and Subsidies	(67 548 031)	(80 333 816)	-	(780 111)	(148 661 958)
General expenses	(116 311 199)	(208 499 319)	(264 700 825)	(1 142 238 395)	(1 731 749 738)
Total expenditure	**(7 390 623 772)**	**(3 710 968 118)**	**(29 973 397 005)**	**(9 233 120 076)**	**(50 308 108 971)**
Total expenditure as per statement of financial performance					**(50 308 108 971)**
Gain or loss on disposal of assets and liabilities	(4 191 496)	(148 383 267)	(587 677 953)	728 204 100	(12 048 616)
Gain or loss on exchange differences	-	-	-	(778 045)	(778 045)
Fair value adjustments	-	-	-	193 366 404	193 366 404
Impairment loss	(144 476 333)	(69 253 774)	(77 883 867)	(57 485 939)	(349 099 913)
Interest rate swap valuation	-	-	-	(211 552 109)	(211 552 109)
Discounting of debt	-	-	1 609 836 031	-	1 609 836 031
Decommissioning of asset	-	195 165 361	-	-	195 165 361
Asset ceiling	-	-	-	(108 992 074)	(108 992 074)
Actuarial gains/(losses)	-	-	-	69 317 407	69 317 407
Surplus/(deficit) for the year	**(6 508 383 367)**	**(1 842 066 366)**	**884 482 539**	**9 752 726 817**	**2 286 759 623**
Surplus for the year as per statement of financial position					**2 286 759 623**

2024

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 125 115 249	16 121 739 470	17 559 959 843	5 478 953 069	49 285 767 631
Current Assets	130 674 669	1 330 044 826	5 045 761 524	8 407 134 538	14 913 615 557
Total assets	**10 255 789 918**	**17 451 784 296**	**22 605 721 367**	**13 886 087 607**	**64 199 383 188**
Total assets as per statement of financial position					**64 199 383 188**

Notes to the Audited Consolidated Annual Financial Statements

73. Segment reporting (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(452 648 098)	(1 333 445 020)	(221 614 300)	(12 519 963 855)	(14 527 671 273)
Current Liabilities	(936 186 508)	(751 863 560)	(13 442 705 684)	(9 450 217 453)	(24 580 973 205)
Total	**(1 388 834 606)**	**(2 085 308 580)**	**(13 664 319 984)**	**(21 970 181 308)**	**(39 108 644 478)**
Total liabilities as statement of financial position					**(39 108 644 478)**
Net Assets	**8 866 955 312**	**15 366 475 716**	**8 941 401 383**	**(8 084 093 701)**	**25 090 738 710**
Additions to PPE and other assets	**261 830 160**	**354 941 397**	**1 127 156 629**	**168 230 066**	**1 912 158 252**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	-	-	24 417 988 998	-	24 417 988 998
Rental of facilities and equipment	37 917 477	46 769 800	52 087	94 213 877	178 953 241
Interest received (trading)	659 537	87 258	1 312 846 924	890 411 402	2 204 005 121
Licences and permits	-	42 328 906	1 289 235	-	43 618 141
Share of profit in associate: TASEZ	55 756 392	-	-	-	55 756 392
Revenue from service concession arrangements - exchange	-	53 412 887	-	-	53 412 887
Other income	50 409 267	639 667 741	112 271 644	542 128 499	1 344 477 151
Interest received - investment	-	5 492 184	-	235 468 056	240 960 240
Total revenue from exchange transactions	**144 742 673**	**787 758 776**	**25 844 448 888**	**1 762 221 834**	**28 539 172 171**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 764 561 956	9 764 561 956
Transfer revenue					
Government grants & subsidies	404 703 812	885 452 883	1 085 620 309	4 062 219 727	6 437 996 731
Fuel Levy	-	-	-	1 628 341 000	1 628 341 000
Public contributions and donations	3 522 205	9 131	28 462 527	-	31 993 863
Fines, Penalties and Forfeits	166 923 630	155 613	-	-	167 079 243
Total revenue from non-exchange transactions	**575 149 647**	**885 617 627**	**1 114 082 836**	**15 455 122 683**	**18 029 972 793**
Total revenue	**719 892 320**	**1 673 376 403**	**26 958 531 724**	**17 217 344 517**	**46 569 144 964**
Total revenue as per statement of financial performance					**46 569 144 964**

Notes to the Audited Consolidated Annual Financial Statements

73. Segment reporting (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(4 759 276 132)	(1 545 113 956)	(2 404 700 252)	(2 744 281 637)	(11 453 371 977)
Remuneration of councillors	-	-	-	(133 389 734)	(133 389 734)
Depreciation and amortisation	134 862 540	(545 656 877)	(690 557 099)	(516 675 410)	(1 618 026 846)
Finance costs	-	(78 568 158)	(609 562 089)	(1 640 410 023)	(2 328 540 270)
Debt Impairment	(198 908 533)	(88 755 077)	(2 065 675 587)	(2 155 577 285)	(4 508 916 482)
Inventory consumed	(25 075 753)	(125 856 515)	(4 025 077 374)	(507 699 736)	(4 683 709 378)
Bulk purchases	-	-	(13 409 872 807)	-	(13 409 872 807)
Contracted Services	(1 227 792 752)	(728 666 052)	(1 167 064 456)	(1 010 878 650)	(4 134 401 910)
Transfers and Subsidies	(35 807 573)	(62 281 997)	-	(1 764 520)	(99 854 090)
General expenses	(109 004 462)	(190 816 721)	(253 428 723)	(984 925 840)	(1 538 175 746)
Total expenditure	**(6 221 002 665)**	**(3 365 715 353)**	**(24 625 938 387)**	**(9 695 602 835)**	**(43 908 259 240)**
Total expenditure as per statement of financial performance					**(43 908 259 240)**
Gain or loss on disposal of assets and liabilities	(48 394 371)	(46 311)	(16 915 297)	(31 639 201)	(96 995 180)
Gain or loss on exchange differences	-	-	-	(803 977)	(803 977)
Fair value adjustments	-	-	-	(107 974 164)	(107 974 164)
Impairment loss	(26 956 226)	(37 780 720)	(137 063 589)	95 098 962	(106 701 573)
Loss on redemption fund	-	-	-	4 270 125	4 270 125
Actuarial gains/(losses)	-	-	-	172 520 258	172 520 258
Share of surpluses from joint ventures accounted for using the equity method	-	-	-	(153 045 280)	(153 045 280)
Surplus/(deficit) for the year	**(5 576 460 942)**	**(1 730 165 981)**	**2 178 614 451**	**7 500 168 405**	**2 372 155 933**
Surplus for the year as per statement of financial position					**2 372 155 933**

73. Segment reporting (continued)

The City has resolved to provide reportable segment information for the three key business units: community and public safety, economic and environmental services and trading services.

The segments are categorized based on the nature of service delivered. Segments were aggregated for reporting purposes.

The City operates throughout the Tshwane jurisdiction as determine by the Municipal Demarcation Board, the City has seven regions.

Segments were aggregated on the basis of services delivered as management considered that the economic and the service delivery mandate characteristics of the segments. 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.

Reportable segments	**Principal activities and operations**
Municipal governance and administration	All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
Trading Services	
Water management	Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchment areas and water storage, to distribution.
Wastewater management	Treating wastewater and safely disposing of it back into the environment.
Waste management	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the city's streets, public spaces, beaches and rivers.
Energy sources	Distributing electricity to residential, commercial and industrial customers in Tshwane, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.