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

General Information

Nature of business and principal activities	The municipality is, within its financial and administrative capacity to: Provide democratic and accountable government for the community; To ensure the provision of services to the community in a sustainable manner; To promote social and economic development; To promote a safe and healthy environment; and To encourage the involvement of the community and community organisations in the matters of the municipality.
Mayoral committee	
Honorable Mayor	Cllr TJ Pilane
Speaker	Cllr. DJ Sebata
Chief whip	Cllr. ML Ndiweni
Executive Committee	Cllr. JEA Swanepoel
	Cllr. HO Selokela
	Cllr. RA Tshukudu
MPAC Chairperson	Cllr. FJ Erasmus
Accounting Officer	Mr. CG. Letsoalo CA(SA)
Acting Chief Finance Officer (CFO)	Mr. T Chetty
Registered office	7 Rietbok Street Thabazimbi 0380
Business address	7 Rietbok Street Thabazimbi 0380
Postal address	Private Bag X530 Thabazimbi 0380
Bankers	ABSA Bank Limited
Auditors	The Auditor General of South Africa

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed by:

Accounting Officer
Mr. GC. Letsoalo CA(SA)

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Thabazimbi and operates under the Waterburg District Municipality.

Net deficit of the municipality is R 51 454 746 (June 2024: deficit R 107 080 888).

2. Going concern

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

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

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
Mr CG Letsoalo CA(SA)	South African

6. Corporate governance

General

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

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

Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 24 and in note 25 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.
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Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Current Assets			
Cash and cash equivalents	5	35 507 849	8 702 471
Inventories	6	4 003 977	5 914 785
Receivables from non-exchange transactions	7	48 798 389	26 534 791
Receivables from exchange transactions	8	57 272 745	36 962 168
Other receivables from exchange transactions	9	100 484 242	86 361 310
		246 067 202	**164 475 525**
Non-Current Assets			
Biological assets	3	826 800	826 800
Property, plant and equipment	4	820 904 484	831 527 755
		821 731 284	**832 354 555**
Total Assets		**1 067 798 486**	**996 830 080**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	787 874 428	650 733 831
Payables from non-exchange transactions	11	12 000 000	3 529 000
Consumer deposits	12	5 237 137	5 069 435
Employee benefit obligation	13	2 607 167	2 358 000
Unspent conditional grants and receipts	14	-	27 664 011
Provisions	15	23 878 287	2 545 473
		831 597 019	**691 899 750**
Non-Current Liabilities			
Employee benefit obligation	13	55 414 726	49 129 000
Provisions	15	37 987 435	61 547 284
		93 402 161	**110 676 284**
Total Liabilities		**924 999 180**	**802 576 034**
Net Assets		**142 799 306**	**194 254 046**
Accumulated surplus		142 799 306	194 254 046
Total Net Assets		**142 799 306**	**194 254 046**

* See Note 42

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	218 767 123	176 708 462
Rental of facilities and equipment	17	526 751	534 157
Licences and permits	18	3 351 717	5 167 112
Other income	19	2 474 720	2 462 489
Interest from exchange transactions	20	48 283 800	44 722 313
Total revenue from exchange transactions		**273 404 111**	**229 594 533**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	152 425 876	79 611 967
Interest from non-exchange transactions	23	22 798 744	14 356 216
Transfer revenue			
Government grants & subsidies	24	177 874 215	178 087 452
Public contributions and donations	22	38 077 089	15 906 800
Fines, Penalties and Forfeits		758 300	370 650
Off-market debt relief revenue	39	-	44 121 018
Total revenue from non-exchange transactions		**391 934 224**	**332 454 103**
Total revenue		**665 338 335**	**562 048 636**
Expenditure			
Employee related costs	25	(161 066 849)	(167 036 426)
Remuneration of councillors	26	(10 236 408)	(10 094 870)
Depreciation and amortisation	27	(40 281 765)	(33 213 549)
Finance costs	28	(45 996 426)	(34 441 671)
Lease rentals on operating lease		(2 340 234)	(4 355 651)
Debt Impairment	29	(183 310 691)	(96 062 286)
Bulk purchases	30	(116 749 481)	(109 415 197)
Contracted services	31	(66 308 606)	(92 698 032)
Inventory consumed	32	(32 705 258)	(25 441 211)
Operational Cost	33	(28 728 326)	(29 310 355)
Total expenditure		**(687 724 044)**	**(602 069 248)**
Operating deficit		**(22 385 709)**	**(40 020 612)**
Loss on disposal of assets and liabilities		(6 367 811)	(8 893 529)
Contribution to provisions: Landfill site	15	8 997 449	(2 064 333)
Actuarial gains/losses	13	1 966 056	1 695 000
Loss on biological assets and agricultural produce	34	-	(8 800)
Impairment loss	4	(2 549 000)	(21 859 380)
Inventories losses/write-downs	32	(31 115 731)	(35 929 234)
		(29 069 037)	**(67 060 276)**
Deficit for the year		**(51 454 746)**	**(107 080 888)**

* See Note 42

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	364 818 664	364 818 664
Correction of errors	(63 483 724)	(63 483 724)
Balance at 01 July 2023 as restated*	**301 334 940**	**301 334 940**
Changes in net assets		
Loss for the year as previously reported	(97 929 820)	(97 929 820)
Correction of errors	(9 151 068)	(9 151 068)
Loss for the year * restated	(107 080 888)	(107 080 888)
Restated* Balance at 01 July 2024	**194 254 052**	**194 254 052**
Changes in net assets		
Loss for the year	(51 454 746)	(51 454 746)
Total changes	(51 454 746)	(51 454 746)
Balance at 30 June 2025	**142 799 306**	**142 799 306**

* See Note 42

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and rendering of services		280 670 816	317 665 329
Grants and subsidies		150 446 193	174 958 809
Interest income		974 784	595 831
		432 091 793	493 219 969
Payments			
Cash payments to supplier and employees		(366 615 116)	(423 543 871)
Net cash flows from operating activities	35	**65 476 677**	**69 676 098**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(38 671 299)	(63 162 850)
Net increase/(decrease) in cash and cash equivalents		**26 805 378**	**6 513 248**
Cash and cash equivalents at the beginning of the year		8 702 471	2 189 223
Cash and cash equivalents at the end of the year	5	**35 507 849**	**8 702 471**

The accounting policies on pages 15 to 37 and the notes on pages 38 to 91 form an integral part of the annual financial statements.

* See Note 42

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	273 349 000	(37 500 000)	**235 849 000**	218 767 123	**(17 081 877)**	Narration 1
Rental of facilities and equipment	642 000	-	**642 000**	526 751	**(115 249)**	Narration 2
Licences and permits	5 317 000	-	**5 317 000**	3 351 717	**(1 965 283)**	Narration 3
Other income	2 993 000	-	**2 993 000**	2 474 720	**(518 280)**	Narration 4
Interest from exchange transactions	37 441 000	30 000 000	**67 441 000**	48 283 800	**(19 157 200)**	Narration 5
Total revenue from exchange transactions	**319 742 000**	**(7 500 000)**	**312 242 000**	**273 404 111**	**(38 837 889)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	108 625 000	35 500 000	**144 125 000**	152 425 876	**8 300 876**	Below 10%
Interest from non-exchange transactions	-	-	**-**	22 798 744	**22 798 744**	Narration 6
Transfer revenue						
Government grants & subsidies	255 139 000	38 242 000	**293 381 000**	177 874 215	**(115 506 785)**	Narration 7
Public contributions and donations	-	-	**-**	38 077 089	**38 077 089**	Narration 8
Fines, Penalties and Forfeits	870 000	-	**870 000**	758 300	**(111 700)**	Narration 9
Gains on disposal of assets	-	96 000	**96 000**	-	**(96 000)**	Narration 10
Total revenue from non-exchange transactions	**364 634 000**	**73 838 000**	**438 472 000**	**391 934 224**	**(46 537 776)**	
Total revenue	**684 376 000**	**66 338 000**	**750 714 000**	**665 338 335**	**(85 375 665)**	
Expenditure						
Employee related costs	(175 706 000)	10 500 000	**(165 206 000)**	(161 066 849)	**4 139 151**	Below 10%
Remuneration of councillors	(12 124 000)	-	**(12 124 000)**	(10 236 408)	**1 887 592**	Narration 11
Depreciation and amortisation	(44 420 000)	-	**(44 420 000)**	(40 281 765)	**4 138 235**	Narration 12
Finance costs	(23 622 000)	3 000 000	**(20 622 000)**	(45 996 426)	**(25 374 426)**	Narration 12
Lease rentals on operating lease	-	-	**-**	(2 340 234)	**(2 340 234)**	Narration 13
Debt Impairment	(36 271 000)	-	**(36 271 000)**	(183 310 691)	**(147 039 691)**	Narration 14
Bulk purchases	(117 305 000)	(3 000 000)	**(120 305 000)**	(116 749 481)	**3 555 519**	Narration 15
Contracted Services	(63 428 000)	(41 198 000)	**(104 626 000)**	(66 308 606)	**38 317 394**	Narration 16
Inventory consumed	(56 143 000)	(27 098 000)	**(83 241 000)**	(32 705 258)	**50 535 742**	Narration 17
Operational cost	(45 324 000)	(929 000)	**(46 253 000)**	(28 728 326)	**17 524 674**	Narration 18
Total expenditure	**(574 343 000)**	**(58 725 000)**	**(633 068 000)**	**(687 724 044)**	**(54 656 044)**	
Operating deficit	**110 033 000**	**7 613 000**	**117 646 000**	**(22 385 709)**	**(140 031 709)**	
Loss on disposal of assets and liabilities	-	-	**-**	(6 367 811)	**(6 367 811)**	Narration 19
Contribution to provisions: Landfill site	-	-	**-**	8 997 449	**8 997 449**	Narration 20
Actuarial gains/losses	-	-	**-**	1 966 056	**1 966 056**	Narration 21

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Impairment loss	-	-	**-**	(2 549 000)	**(2 549 000)**	Narration 22
Inventories losses/write-downs	-	-	**-**	(31 115 731)	**(31 115 731)**	Narratoin 22
	-	**-**	**-**	**(29 069 037)**	**(29 069 037)**	
Deficit before taxation	**110 033 000**	**7 613 000**	**117 646 000**	**(51 454 746)**	**(169 100 746)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**110 033 000**	**7 613 000**	**117 646 000**	**(51 454 746)**	**(169 100 746)**	
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	(80 459 000)	88 571 000	**8 112 000**	35 507 849	**27 395 849**	Narration 23
Inventories	58 074 000	(47 219 000)	**10 855 000**	4 003 977	**(6 851 023)**	Narration 24
Receivables from non-exchange transactions	82 602 000	-	**82 602 000**	48 798 389	**(33 803 611)**	Narration 25
Receivables from exchange transactions	113 195 000	-	**113 195 000**	57 272 745	**(55 922 255)**	Narration 26
Other receivables	89 464 000	136 197 000	**225 661 000**	100 484 242	**(125 176 758)**	Narration 27
	262 876 000	**177 549 000**	**440 425 000**	**246 067 202**	**(194 357 798)**	
Non-Current Assets						
Biological assets	836 000	-	**836 000**	826 800	**(9 200)**	Below 10%
Property, plant and equipment	35 103 000	832 579 000	**867 682 000**	820 904 484	**(46 777 516)**	Below 10%
	35 939 000	**832 579 000**	**868 518 000**	**821 731 284**	**(46 786 716)**	
Total Assets	**298 815 000**	**1 010 128 000**	**1 308 943 000**	**1 067 798 486**	**(241 144 514)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	295 597 000	427 720 000	**723 317 000**	787 874 429	**64 557 429**	Narration 28
Payables from non-exchange transactions	(2 720 000)	2 720 000	**-**	12 000 000	**12 000 000**	Narration 28
Consumer deposits	4 796 000	-	**4 796 000**	5 237 137	**441 137**	Below 10%
Employee benefit obligation	-	-	**-**	2 607 167	**2 607 167**	Narration 29
Provisions	627 000	1 918 000	**2 545 000**	23 878 287	**21 333 287**	Narration 30
	298 300 000	**432 358 000**	**730 658 000**	**831 597 020**	**100 939 020**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	55 414 726	**55 414 726**	Narration 29
Provisions	9 630 000	51 917 000	**61 547 000**	37 987 435	**(23 559 565)**	Narration 30
	9 630 000	**51 917 000**	**61 547 000**	**93 402 161**	**31 855 161**	
Total Liabilities	**307 930 000**	**484 275 000**	**792 205 000**	**924 999 181**	**132 794 181**	
Net Assets	**(9 115 000)**	**525 853 000**	**516 738 000**	**142 799 305**	**(373 938 695)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(9 115 000)	525 853 000	**516 738 000**	142 799 306	**(373 938 694)**	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and rendering of services	252 375 000	(2 000 000)	**250 375 000**	280 670 816	**30 295 816**	Narration 36
Grants and subsidies	299 593 000	18 338 000	**317 931 000**	150 446 193	**(167 484 807)**	Narration 31
Interest income	-	-	**-**	974 784	**974 784**	Narration 32
	551 968 000	**16 338 000**	**568 306 000**	**432 091 793**	**(136 214 207)**	
Payments						
Payments to suppliers and employee costs	(579 031 000)	(102 116 000)	**(681 147 000)**	(366 615 116)	**314 531 884**	Narration 33
Finance costs	(11 073 000)	(4 000 000)	**(15 073 000)**	-	**15 073 000**	Narration 34
	(590 104 000)	**(106 116 000)**	**(696 220 000)**	**(366 615 116)**	**329 604 884**	
Net cash flows from operating activities	**(38 136 000)**	**(89 778 000)**	**(127 914 000)**	**65 476 677**	**193 390 677**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(42 925 000)	(25 873 000)	**(68 798 000)**	(38 671 308)	**30 126 692**	Narration 35
Net increase/(decrease) in cash and cash equivalents	(81 061 000)	(115 651 000)	**(196 712 000)**	26 805 369	**223 517 369**	
Cash and cash equivalents at the beginning of the year	607 000	204 217 000	**204 824 000**	8 702 471	**(196 121 529)**	
Cash and cash equivalents at the end of the year	**(80 454 000)**	**88 566 000**	**8 112 000**	**35 507 840**	**27 395 840**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

The municipality considers variances between budget and actual above 10% to be material.

The adjustments from approved budget to final budget relates to mid-year adjustments, special adjustments to account for variations in electricity revenue and decrease in MIG grants.

1. Service charges - The municipality billed less than expected during the year mainly due to water interruptions and an increase in water losses due to leakages.

2. Rental of facilities- The municipality had less rental billing in than budgeted for in the current year due to less facilities rented out in the current year than expected.

3. Licences and permits- Less licences were issued during the year than expected.

4. Other Income - The municipality received less income than expected mainly due to decrease in skills development levy received in the current year.

5 Interest received exchange - The main reason for the significant varience is due to misalignment of the budget and the financial statements. On the budget interest is budgeted for as one line and on the financial statement interest is split between non exhange and exchange.

6. Interest received non exchange - The main reason for the significant varience is due to misalignment of the budget and the financial statements. On the budget interest is budgeted for as one line and on the financial statement interest is split between non exhange and exchange.

7. Government grants - The municipality received less equitable share than budgeted for mainly due to roll over denied that was set off agaiinst equitable share.

8. Donations- The municipality received donation from COGTA during the year that was not anticipated.

9. Fines and penalties- The municipality issued less fines than expected.

10. Gain on disporsal of assets. There is a misalignment between the budget and the financial statement. Per the financial statement the gain on disporsal is classified as gain or loss on the disporsal of assets hence the varience.

11. Remuneration of councillors- The munipality paid less than expected in the current year.

12. Depreciation, and Finance costs - The municipality had less depreciation in the current year than anticipated due to more project not finalised in the current year and also the decrease was as a result of change in estimate with resulted in decrease in depreciation.

Finance costs budget didn't cater for the unwinding of the Eskom debt relief liability.

13 Opereating lease - There is a misaalignment between the budget and the financial statements. The operating lease expenditure is budgeted for under operating costs and per the financial statement is seperately disclosed hence the significant varience.

14 Debt impairment- The main reason for the varience is due to the change in the impaimrnent methodolodgy which resulted in a significant varience between budget and actual.

15. Bulk purchases - The municipality incured less expenditure for electricity than expected.

16. Contracted services- The municipality incured less than budgeted due to cost containment..

17. Inventory consumed- The main reason for the varience is that the municiipalty incured less for water due to water outages during the year.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

18. General expenses- The municipality incured less than budgeted due to cost containment.

19 Loss on disporsal of assets- The municipality did not anticipate a loss on disporsal of assets.

20 Contribution to provisions- There was no budget provided for movement in provision for landfill site.

21 Acturial gains- There was no budget provided for movement in provision for landfill site.

22 Impairment loss and Inventory loss- There was no budget provided for impairment and/or inventory losses.

23. Cash and cash equivalent- The municipality had a sgnificant cash on hand at year end than anticipated mainly due to the donation received from COGTA that assisted with paying of other expenses during the year. In addition the municipality made payment arrangements with other suppliers which resulted in increase in cash available at year end than anticipated.

24. Inventories- The municipaity had less inventory than anticipated.

25- Receivables from non exchange- The reason for the varience is decrease in impairment provision in the current year as compared to last year which resulted in increase in debtors.

26 Receivables from exchange- The reason for the varience is decrease in impairment provision in the current year as compared to last year which resulted in increase in debtors.

27 Other receivables - The reason for the varience is due to reclassification of VAT to other receivables that resulted in misalignment of the budget and the financial statements.

28 Payables from exchange and non-exchange - The municipality had more creditors at year end than anticipated mainly due to payment arrangements made during the year.

The municipality didn't anticipate the rollover denied payable back to National Treasury to be offset in the 2025/26 financial year.

29 Employee benefits-There was no budget provided for employee benefits obligation.

30. Provisions- The main reason for the varience is due to change in estimate.

31. Grants- The municipality received less grants than anticipated due to roll over denied set off againist the the equitable share.

32. Interest received- There is a misallignment between the budget and the financial statements that has resulted in the significant varience between the budget and the actual.

33. Payments to suppliers and employees- The municipality anticipated to pay more to suppliers than actual. The reason for the significant varience is due to donation fro,m COGTA that paid other suppliers and in addition the municipality made payment arrangements with other suppliers.

34 Finance cost- Finance costs are non-cash hence NIL compared to the budget amounts.

35. Purchase of property plant and equipment. The municipality budgeted more to purchase plant and equipment however they received a donation from COGTA that assisted in paying some of the suppliers.

36. Sale of goods and services - the municipality collected more cash from sale of good and services than anticipated.

Accounting Policies

1. Significant accounting polices

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

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

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

Allowance for slow moving, damaged and obsolete stock

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives

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

Employee Benefit Obligation

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

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

Other key assumptions for employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 13.

Allowance for doubtful debts

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

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note .

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

1.5 Biological assets

The entity recognises biological assets or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

An unconditional government grant related to biological assets measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Infinite
Buildings	Straight-line	5 - 100 years
Infrastructure - Electricity	Straight-line	10 - 100 years
Infrastructure - Roads	Straight-line	5 - 100 years
Infrastructure - Water	Straight-line	5 - 100 years
Infrastructure - Stormwater	Straight-line	5 - 50 years
Infrastructure - Sewerage	Straight-line	15 - 100 years
Infrastructure - ICT	Straight-line	10 - 50 years
Infrastructure - Airports	Straight-line	20 years
Access control security measures	Straight-line	3 - 5 years
Recreation facilities	Straight-line	10 - 100 years
Furniture and Fittings	Straight-line	7 years
Motor Vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	5 - 7 years
Plant and Equipment	Straight-line	4 - 15 years

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

1.7 Financial instruments

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

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

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

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

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

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

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

1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.7 Financial instruments (continued)

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

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

Accounting Policies

1.7 Financial instruments (continued)

Classification

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

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

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

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

Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

Subsequent measurement of financial assets and financial liabilities

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality derecognises a financial asset only when:

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

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

1.7 Financial instruments (continued)

consideration received is recognised in surplus or deficit.

Financial liabilities

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

The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.

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

Presentation

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

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.

1.8 Statutory receivables

Identification

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Accounting Policies

1.8 Statutory receivables (continued)

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

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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.

Accounting Policies

1.9 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.10 Inventories

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

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

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

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

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

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

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

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

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

Accounting Policies

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

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

[Specify judgements made]

1.13 Employee benefits

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

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

1.13 Employee benefits (continued)

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

Short-term employee benefits

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

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

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

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

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

Employee benefit Obligation

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

1.14 Provisions and contingencies

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

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

Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

Accounting Policies

1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.12.

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

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost ; and
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

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

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

Taxes

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

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

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

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

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

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

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

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

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

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

1.17 Revenue from non-exchange transactions (continued)

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.18 Investment income

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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

Accounting Policies

1.23 Segment information

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

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

1.24 Budget information

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

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

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

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

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

1.25 Related parties

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

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

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

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

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

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

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

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

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

Accounting Policies

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.27 Principal-agent arrangements

The municipality is party to a principal-agent arrangement with PowerCom Metering Africa (PCMA), Home Grown Business Enterprise, and Landis+Gyr and the Department of Transport. In terms of the arrangement the municipality is the principal for PowerCom Metering Africa (PCMA), Home Grown Business Enterprise, and Landis+Gyr. The Municipality is the agent for the Department of Transport.

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).

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

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

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Future	Unlikely there will be a material impact because the municipality does not have heritage assets.
• Guideline: Guideline on the Application of Materiality to Financial Statements	Future	Unlikely there will be a material impact because there is no significant change between the old guideline and the new guideline.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Likely there will be a material impact

3. Biological assets

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets	826 800	-	826 800	826 800	-	826 800

Reconciliation of biological assets - June 2025

	Opening balance	Total
Biological assets	826 800	826 800

Reconciliation of biological assets - June 2024

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets	835 600	(8 800)	826 800

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 809 712	-	8 809 712	8 809 712	-	8 809 712
Buildings	116 506 148	(92 289 959)	24 216 189	116 554 879	(90 390 706)	26 164 173
Plant and machinery	1 560 768	(480 938)	1 079 830	2 196 884	(896 677)	1 300 207
Furniture and Fixtures	2 531 180	(2 175 529)	355 651	2 543 285	(2 087 018)	456 267
Motor vehicles	35 479 808	(11 274 901)	24 204 907	18 124 380	(7 935 077)	10 189 303
IT equipment	5 638 110	(4 258 792)	1 379 318	5 590 020	(3 585 321)	2 004 699
Infrastructure	1 498 157 072	(788 386 055)	709 771 017	1 491 062 729	(765 372 117)	725 690 612
Community	158 499 544	(107 411 684)	51 087 860	159 432 162	(102 519 380)	56 912 782
Total	**1 827 182 342**	**(1 006 277 858)**	**820 904 484**	**1 804 314 051**	**(972 786 296)**	**831 527 755**

Reconciliation of property, plant and equipment -June 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	8 809 712	-	-	-	-	-	8 809 712
Buildings	26 164 173	-	963	-	(1 948 947)	-	24 216 189
Plant and machinery	1 300 207	170 900	(2 839)	-	(379 427)	(9 011)	1 079 830
Furniture and fixtures	456 267	14 000	(2 537)	-	(111 074)	(1 005)	355 651
Motor vehicles	10 189 303	17 355 430	-	-	(2 654 245)	(685 581)	24 204 907
IT equipment	2 004 699	240 000	(29 722)	-	(835 120)	(539)	1 379 318
Infrastructure	725 690 612	22 317 121	(6 390 214)	(793 785)	(29 199 860)	(1 852 857)	709 771 017
Community	56 912 782	-	(39 463)	(632 358)	(5 153 101)	-	51 087 860
	831 527 755	**40 097 451**	**(6 463 812)**	**(1 426 143)**	**(40 281 774)**	**(2 548 993)**	**820 904 484**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	8 809 712	-	-	-	-	-	8 809 712
Buildings	25 082 730	2 581 900	(52 000)	-	(634 109)	(814 348)	26 164 173
Plant and machinery	1 189 460	388 010	-	-	(263 093)	(14 170)	1 300 207
Furniture and fixtures	528 884	-	(7 785)	-	(63 765)	(1 067)	456 267
Motor vehicles	12 854 265	-	(831 658)	-	(1 833 304)	-	10 189 303
IT equipment	2 628 742	237 550	(38 953)	-	(821 416)	(1 224)	2 004 699
Infrastructure	713 330 043	66 503 077	(7 760 279)	-	(25 888 013)	(20 494 216)	725 690 612
Community	61 294 939	188 160	(325 117)	-	(3 710 840)	(534 360)	56 912 782
Building WIP	-	129 700	-	(129 700)	-	-	-
	825 718 775	**70 028 397**	**(9 015 792)**	**(129 700)**	**(33 214 540)**	**(21 859 385)**	**831 527 755**

4. Property, plant and equipment (continued)

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

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected	2025	2024
UPGRADING OF REGOROGILE CEMETERY	-	116 024
HIGH MAST LIGHTS INSTALLATION AT SKIERLIK	1 185 447	1 185 447
CONSTRUCTION OF VIP TOILETS IN ROOIBERG, MERITING AND SKIERLIK (PHASE 1)	5 319 636	5 319 636
CONSTRUCTION OF NEW CEMENTRY AT REGOROGILE APPIESDOORING EXTENTION	-	516 334
SMASHBLOCK 20 MVA SUBSTATION	51 534 668	51 534 668
UPGRADING OF NORTHAM WATER RETICULATION (WARD 7 & 8)	7 768 765	7 768 765
	-	-
	65 808 516	**66 440 874**

The High Mast Light have been identified as taking significantly longer period to completed as expected, due to the delay in connection of energizing of the Eskom power grid.

Construction of VIP Toilets in Rooiberg, Meriting and Skierlik (Phase 1) – The project was badly affected by delay in payment invoices which was caused by regular changes of management based on political instability. The contractor lost trust and confidence in the municipality and decided to terminate the contract. The Municipality planned to advertise the contract as a turnkey project in order to complete the remaining scope of work.

Smashblock Project: The project is the multi financial year project funded by DEE, It entirely depends on the availability of funds from the funder(DEE). For the 2024/25 financial year the project was on hold due to funds not being allocated for the project.

Upgrading of Water Reticulation (Ward 7 & 8) – The project was also affected by political instability but when it was resuscitated, the contractor faced cash flow challenges and eventually terminated. The municipality requested Rhino mine to assist in completing the remaining scope and the project was accepted by the mine, currently the mine has advertised and is busy with the evaluation process for the appointment of the contractor.

Reconciliation of Work-in-Progress June 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	120 131 437	632 358	120 763 795
Additions/capital expenditure	19 805 882	-	19 805 882
Disposal	(793 785)	(632 358)	(1 426 143)
Transferred to completed assets	(28 919 429)	-	(28 919 429)
WIP impairment	(1 002 859)	-	(1 002 859)
	109 221 246	**-**	**109 221 246**

Reconciliation of Work-in-Progress June 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	73 689 359	10 296 431	83 985 790
Additions/capital expenditure	47 308 264	-	47 308 264
Transferred to completed assets	(866 185)	(9 664 072)	(10 530 257)
	120 131 438	**632 359**	**120 763 797**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	15 154 557	36 788 726

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

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.

The municipality followed the year-end process of identifying and assessing the disposals and write-off of inventory and assets during June-July 2025. The report was tabled in Council during August 2025 and it was resolved by Council to have an established committee reassess and provide physical oversight on the list of disposals. This process will take place during September 2025 and will serve in Councils September seating. The approved report regarding the disposal and write-off items will then be incorporated as proposed adjustments in final audited Annual Financial Statements.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	35 507 849	8 702 471

6. Inventories

Materials and consumable supplies	3 772 789	5 663 969
Water	231 188	250 816
	4 003 977	**5 914 785**

There is no inventory pledged as security.

Inventories recognised as an expense during the year	63 820 989	61 370 445

The inventory recognised as an expense includes both inventory consumed and inventory loss/write-downs. Refer to Note 32.

Inventory valuation

Inventory carried at cost	4 003 977	5 914 785

Water for distribution

Water in the reservoirs	231 188	250 816

7. Receivables from non exchange transactions

Gross balances		
Rates	287 585 315	195 879 518
Traffic fines	5 273 370	4 923 560
	292 858 685	**200 803 078**
Less: Allowance for impairment		
Rates	(239 123 565)	(169 804 234)
Traffic fines	(4 936 731)	(4 464 053)
	(244 060 296)	**(174 268 287)**
Net balance		
Rates	48 461 750	26 075 284
Traffic fines	336 639	459 507
	48 798 389	**26 534 791**
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Rates	48 461 750	26 075 284
Fines	336 639	459 507
	48 798 389	**26 534 791**
Financial asset receivables included in consumer debtors above	**-**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Receivables from non exchange transactions (continued)

Total receivables from non-exchange transactions	48 798 389	26 534 791

Rates		
Current (0 -30 days)	34 894 487	8 796 733
31 - 60 days	10 798 427	7 081 225
61 - 90 days	12 630 563	6 893 922
91 - 120 days	10 036 601	6 491 388
Above 121 days	219 225 237	166 616 250
Less: Allowance for impairment	(239 123 565)	(169 804 234)
	48 461 750	**26 075 284**

Traffic fines		
Current (0 -30 days)	19 850	2 500
31 - 60 days	106 800	1 800
61 - 90 days	86 150	2 600
91 - 120 days	36 600	27 250
Above 121 days	5 023 970	4 889 410
Less: Allowance for impairment	(4 936 731)	(4 464 053)
	336 639	**459 507**

Statutory receivables general information

Transaction(s) arising from statuteTransaction(s) arising from statute

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

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

Determination of transaction amount

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

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

Interest or other charges levied/charged

Fines - No interest or other charges are charged on outstanding fines.

Rates - Interest is charged on past due balances.

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

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

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

Discount rate applied to the estimated future cash flows

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from exchange transactions

	2025	2024
Gross balances		
Electricity	67 239 217	46 489 205
Water	267 004 342	222 256 594
Land sale	504 164	402 903
Sewerage	189 627 043	159 051 328
Refuse	115 467 202	103 590 996
Service charges	3 859 190	3 396 113
Merchandising jobbing and contracts	78 799 439	77 957 786
Property rentals	6 592 430	5 933 524
	729 093 027	**619 078 449**
Less: Allowance for impairment		
Electricity	(46 281 809)	(30 570 601)
Water	(248 518 029)	(211 738 539)
Land sale	(486 351)	(399 447)
Sewerage	(178 339 747)	(152 899 318)
Refuse	(109 753 051)	(99 892 509)
Service charges	(3 671 872)	(3 259 961)
Merchandising jobbing and contracts	(78 420 912)	(77 682 017)
Property rentals	(6 348 511)	(5 673 889)
	(671 820 282)	**(582 116 281)**
Net balance		
Electricity	20 957 408	15 918 604
Water	18 486 313	10 518 055
Land sale	17 813	3 456
Sewerage	11 287 296	6 152 010
Refuse	5 714 151	3 698 487
Service charges	187 318	136 152
Merchandising jobbing and contracts	378 527	275 769
Property rentals	243 919	259 635
	57 272 745	**36 962 168**
Electricity		
Current (0 -30 days)	9 776 909	4 094 506
31 - 60 days	5 851 323	5 284 386
61 - 90 days	3 229 429	1 683 987
91 - 120 days	2 377 383	1 862 961
Above 121 days	46 004 173	33 563 365
Allowance for impairment	(46 281 809)	(30 570 601)
	20 957 408	**15 918 604**
Water		
Current (0 -30 days)	11 185 410	5 693 923
31 - 60 days	11 887 641	3 420 764
61 - 90 days	4 242 831	3 464 573
91 - 120 days	2 998 457	2 792 281
Above 121	236 690 002	206 885 052
Allowance for impairment	(248 518 028)	(211 738 538)
	18 486 313	**10 518 055**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from exchange transactions (continued)

Land sale

Current (0 -30 days)	7 094	2 795
31 - 60 days	3 547	2 795
61 - 90 days	3 547	2 795
91 - 120 days	3 547	2 795
Above 121	486 429	391 723
Allowance for impairment	(486 351)	(399 447)
	17 813	**3 456**

Sewerage

Current (0 -30 days)	7 733 063	3 292 174
31 - 60 days	3 384 787	2 978 164
61 - 90 days	3 196 849	2 935 551
91 - 120 days	3 023 747	2 805 076
Above 121 days	172 288 324	147 040 363
Allowance for impairment	(178 339 474)	(152 899 318)
	11 287 296	**6 152 010**

Refuse

Current (0 -30 days)	4 022 065	2 120 231
31 - 60 days	1 760 710	1 966 985
61 - 90 days	1 597 188	1 927 079
91 - 120 days	1 573 596	1 873 834
Above 121 days	106 513 643	95 702 867
Allowance for impairment	(109 753 051)	(99 892 509)
	5 714 151	**3 698 487**

Service charges

Current (0 -30 days)	142 012	48 239
31 - 60 days	23 718	30 986
61 - 90 days	74 849	39 109
91 - 120 days	24 156	20 246
Above 121 days	3 594 456	3 257 533
Allowance for impairment	(3 671 872)	(3 259 961)
	187 319	**136 152**

Merchandising jobbing and contracts

Current (0 -30 days)	322 572	204 784
31 - 60 days	119 973	123 920
61 - 90 days	115 489	123 696
91 - 120 days	120 957	121 833
Above 121 days	78 120 448	77 383 553
Allowance for impairment	(78 420 912)	(77 682 017)
	378 527	**275 769**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from exchange transactions (continued)

Property rentals		
Current (0 -30 days)	153 377	78 270
31 - 60 days	75 197	77 359
61 - 90 days	74 758	75 978
91 - 120 days	74 164	75 179
121 - 365 days	6 214 934	5 626 738
Allowance for impairment	(6 348 511)	(5 673 889)
	243 919	**259 635**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(582 116 282)	(503 933 715)
Contributions to allowance	(89 704 000)	(78 182 567)
	(671 820 282)	**(582 116 282)**

Credit quality of consumer debtors

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

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

9. Other receivables from exchange transactions

VAT input accrual	94 973 735	83 190 049
Homegrown agency fees receivable	5 510 507	3 171 261
	100 484 242	**86 361 310**
Current assets	100 484 242	86 361 310

Notes to the Annual Financial Statements

9. Other receivables from exchange transactions (continued)

VAT Input accrual

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

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

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

Licencing fees under investigation

Licencing fees receivable relates to investigations and arrests by the Directorate for Priority Crime Investigation in connection with alleged irregularities in the issuance of driving and learner's licences.

Homegrown agency fees ageingHomegrown agency fees ageing

Figures in Rand	2025	2024
Current (0-30 days)	5 510 507	3 171 261
31 - 60 days	5 175 629	3 072 878
61 - 90 days	4 786 367	3 066 975
91 - 120 days	5 272 952	1 398 049
Above 121 days	28 752 461	-
Allowance for impairment	(43 987 809)	(7 537 901)
	5 510 107	**3 171 262**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Payables from exchange transactions

Trade payables	464 687 557	352 413 381
Payments received in advance	27 997 304	22 838 115
Agency fees payable	17 903 493	19 193 624
Accrued leave pay	15 022 648	14 047 196
Retentions	16 901 987	17 488 642
Other payables	5 734 019	4 280 596
Unallocated deposits	24 704 516	19 877 042
Accrued Bonus	3 058 773	3 748 423
Eskom debt relief liability	211 055 732	193 467 960
Vat Payable	259 126	3 019 143
Statutory payable due to SARS	549 273	359 709
	787 874 428	**650 733 831**

Refer to Note 39 for Eskom debt relief liability.

Vat Payable

Output Vat Accrual	62 099 410	52 697 279
Provision for doubtful debt impairment	(61 840 284)	(49 678 136)
	259 126	**3 019 143**

Statutory payables included in payables from exchange transactions

VAT payable to SARS	549 273	359 709

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

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

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

11. Payables from non-exchange transactions

National Treasury	12 000 000	3 529 000

The municipality owes an amount of R12 million for unspent conditional grants relating to the 2023/24 financial year. The roll-over was denied and will be offset against equitable share in July 2025.

In 2024, the municipality owed an amount of R3.5 million for unspent conditional grants relating to the 2022/23 financial year. The roll-over was denied and was offset against equitable share in July 2024.

12. Consumer deposits

Consumer deposits	5 237 137	5 069 435

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded - LSA	(16 610 388)	(11 580 000)
Present value of the defined benefit obligation-wholly unfunded - PEMA	(41 411 505)	(39 907 000)
	(58 021 893)	**(51 487 000)**

Non-current liabilities	(55 414 726)	(49 129 000)
Current liabilities	(2 607 167)	(2 358 000)
	(58 021 893)	**(51 487 000)**

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

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

Opening balance	51 487 000	45 679 000
Benefits paid	(718 052)	(1 738 000)
Net expense recognised in the statement of financial performance	7 252 944	7 546 000
	58 021 892	**51 487 000**

Net expense recognised in the statement of financial performance

Current service cost	2 575 000	2 052 000
Interest cost	6 644 000	5 451 000
Actuarial (gains) losses	(1 966 056)	43 000
	7 252 944	**7 546 000**

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,70 %	12,58 %
CPI inflation rate	3,80 %	6,31 %
General earnings inflation rate	4,89 %	6,20 %
Net effective discount rate	4,57 %	7,81 %

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

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

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

These yields were obtained by calculating the duration of the DBO and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the DBO). The duration of the LSA and the PEMA was estimated to be 7 years and 18 years respectively.

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

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

General Earnings Inflation Rate

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

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

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

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

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

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

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

Promotional earnings scale

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

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

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

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

Termination rates per annum

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Sensitivity Analysis
The accrued liability is a function of the valuation assumptions which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Thabazimbi.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Salary Increase rate - LSA
The valuation basis assumes that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 4.57% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation rates is as follows, a 1% increase in the salary increase rate results in a 7.7% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 7.0% decrease in the accrued liability.

Medical Inflation rate - PEMA
The valuation basis assumes that the inflation rate will be 4.20% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation rates is as follows: a 1% increase in the salary increase rate results in a 16.7% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 13.7% decrease in the accrued liability.

Discount rate - LSA
The effect of a one percent increase and decrease in the discount rates is as follows: a 1% increase in the discount rate results in a 6.0% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 6.7% increase in the accrued liability.

Discount rate - PEMA
The effect of a one percent increase and decrease in the discount rates is as follows: a 1% increase in the discount rate results in a 13.1% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 16.2% increase in the accrued liability.

Mortality decrement - LSA
The narration below shows an impact of a change in the mortality assumption from SA85-90 to SA85-90 with a 2-year adjustment. SA85-90 -2(with a 2-year adjustment) means that to each beneficiary, we assigned a mortality rate of an individual two years younger than the employee. The resulting mortality implies that the individual lives longer than expected in the base scenario. The results highlights the effects of a two-year adjustment to the mortality assumption as at 30 June 2025. The adjustment would result in a 5.5% increase in the accrued liability.

Mortality decrement - PEMA
The narration below shows the impact of a change in the mortality assumption from SA85-90 to SA85-90 with a 2-year adjustment. SA85-90 -2(with a 2-year adjustment) means that to each beneficiary, we assigned a mortality rate of an individual two years younger than the employee. The resulting mortality implies that the individual lives longer than expected in the base scenario. The results highlights the effects of a two-year adjustment to the mortality assumption as at 30 June 2025. The adjustment would result in a 5.9% increase in the accrued liability.

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure grant (MIG)	-	23 183 724
Integrated National Electrification Programme (INEP)	-	4 480 288
	-	**27 664 012**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	27 664 011	3 128 642
Additions during the year	32 730 203	25 052 156
Income recognition during the year	(32 730 203)	(52 716 810)
Roll over denied	(27 664 011)	(3 128 000)
	-	**(27 664 012)**

Notes to the Annual Financial Statements

Figures in Rand

15. Provisions

Reconciliation of provisions - June 2025

	Opening Balance	Change in discount factor	Interest charge	Total
Environmental rehabilitation	64 092 757	(8 997 449)	6 770 414	61 865 722

Reconciliation of provisions - June 2024

	Opening Balance	Additions	Total
Environmental rehabilitation	57 183 005	6 909 752	64 092 757

Non-current liabilities	37 987 435	61 547 284
Current liabilities	23 878 287	2 545 473
	61 865 722	**64 092 757**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Provisions (continued)

Environmental rehabilitation provision

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Discount Rate

In accordance with GRAP 19, the discount rates used in the valuation of landfill rehabilitation and closure liabilities are based on market yields of South African government bonds as at the balance sheet date, 30 June 2025. The selected discount rates reflect yields consistent in both currency and duration with the expected settlement timeline of the obligations.

The discount rate assumptions were derived from the Zero-Coupon Yield Curves (Nominal Bonds) published by the Bond Exchange of South Africa. These curves, obtained after market close on 30 June 2025, represent market-based forward rates across different maturity periods. Consumer price inflation (CPI) estimates were derived using the differential between the nominal and real yield curves.

To enhance accuracy and match the forecasted expenditure timeline, the duration of liabilities was grouped into logical intervals, with average discount rates, CPI, and net discount rates calculated for each band. These are summarised below:

The key financial assumptions used.

Duration (Years)	Discount Rate (p.a)	CPI (p.a)	Net Discount Rate (p.a)
0- 5	7.95%	3.04%	4.77%
6-10	9..95%	4.55%	5.17%
11-20	12.35%	6.77%	5.23%
21-30	12.77%	7.14%	5.25%
31-40	12.53%	7.01%	5.16%

16. Service charges

	2025	2024
Sale of electricity	124 840 476	94 500 458
Sale of water	46 758 420	34 794 591
Solid waste	15 947 813	19 062 267
Sewerage and sanitation charges	31 220 414	28 351 146
	218 767 123	**176 708 462**

17. Rental of facilities and equipment

	2025	2024
Rental income comprise of:		
Rental of property	36 828	29 746
Community assets	489 923	504 411
	526 751	**534 157**

18. Licences and permits

	2025	2024
Licences and permits	3 351 717	5 167 112

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Other income

Discounts and Early Settlements	300 000	-
Building Plan Approval	191 264	542 599
Commission	44 785	51 400
Town planning	82 157	219 958
Incidental Cash Surpluses	187	-
Tender Documents	9 784	31 470
Staff Recoveries	1 087 374	1 106 445
Request for Information	202 745	59
Cemetery and Burial	392 464	300 323
Skills development fund refunded	136 954	205 171
Membership Fees	27 006	5 064
	2 474 720	**2 462 489**

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

20. Interest Income - Exchange items

Interest revenue		
Bank	974 784	595 831
Interest charged on receivables	47 309 016	44 126 482
	48 283 800	**44 722 313**

21. Property rates

Rates received

Commercial	27 843 449	(4 156 972)
Residential: Developed	77 044 740	48 675 416
Agricultural properties	21 873 791	13 531 885
Mining	22 851 232	16 552 240
Industrial	2 108 451	1 668 183
Public Service Purposes Properties	704 215	3 341 215
	152 425 878	**79 611 967**

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

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

22. Public contributions and donations

Donations received	38 077 089	15 906 800

The municipality received an indirect grant/donation from GoGHSTA with a R50 million budget during the year, of which R38 million was utilised.

The municipality received donations for construction and maintenance of roads around the Thabazimbi area from Roads Agency Limpopo of amount R15 906 800 in the 2023/24 FY.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Interest from non-exchange transactions

Interest - Receivables	22 798 744	14 356 216

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Government grants & subsidies

Operating grants		
Equitable share	145 144 012	125 370 642
Expanded Public Works Programme Grant	952 000	1 370 000
Financial Management Grant	2 999 999	3 100 000
	149 096 011	**129 840 642**
Capital grants		
Municipal Infrustructure Grant	26 806 999	13 064 666
Water Service Infrustructure Grant	1 971 205	6 862 433
Intergrated National Electrcification Programe (INEP)	-	28 319 711
	28 778 204	**48 246 810**
	177 874 215	**178 087 452**

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	23 183 724	3 128 000
Current-year receipts	26 807 000	36 248 390
Conditions met - transferred to revenue	(26 807 000)	(13 064 666)
Roll over denied	(23 183 724)	(3 128 000)
	-	**23 183 724**

The grant was utilised to construct roads, streetlighting, water and sewerage infrustructure.
Conditions still to be met - remain liabilities (see note 14).

INEP

Balance unspent at beginning of year	4 480 288	-
Current-year receipts	-	32 800 000
Conditions met - transferred to revenue	-	(28 319 712)
Roll over denied	(4 480 288)	-
	-	**4 480 288**

Conditions still to be met - remain liabilities (see note 14).

Provide explanations of conditions still to be met and other relevant information.

Financial Management Grant (FMG)

Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 14).

Provide explanations of conditions still to be met and other relevant information.

Water Services Infrastructure Grant (WSIG)

Current-year receipts	1 971 205	6 862 433
Conditions met - transferred to revenue	(1 971 205)	(6 862 433)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 14).

Expanded Public Works Grant (EPWP)

Current-year receipts	922 000	1 370 000
Conditions met - transferred to revenue	(922 000)	(1 370 000)
	-	-

Conditions still to be met - remain liabilities (see note 14).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Employee related costs

Basic	91 228 369	90 712 735
Bonus	6 289 468	6 528 404
Medical aid - company contributions	7 788 278	7 282 367
UIF	690 119	843 039
SDL	1 272 454	804 889
Increase/(Decrease) in leave provision	2 296 270	5 781 095
Pension - company contributions	18 487 019	17 547 567
Overtime payments	9 331 575	10 874 823
Acting allowances	780 579	3 289 744
Travel llowance	15 655 934	16 705 583
Housing benefits and allowances	289 467	304 604
Post employment benefits	2 575 000	2 052 000
Standby allowances	3 022 943	3 437 359
Cellular and Telephone allowance	790 020	665 660
Bargaining Council	45 350	44 154
Other	300 210	123 513
Shift allowances	223 794	38 890
	161 066 849	**167 036 426**

Remuneration of Municipal Manager

Annual Remuneration	289 424	798 791
Car Allowance	-	187 658
Acting allowance	37 931	93 232
Contributions to UIF, SDL,Medical and Pension Funds	2 828	9 128
Cellphone	4 500	12 000
	334 683	**1 101 442**

Mr LG Tloubatla was the Municipal Manager from July 2023 to February 2024.

Miss LP Makaya was acting Municipal Manager from March 2024 to April 2024.

Ms R Tshiswaise was acting Municipal Manager from May 2024 to August 2024.

Mr GC Letsoalo is the Municipal Manager from April 2025 to date.

Remuneration of Acting CFO

Acting allowance	38 302	127 951

Mr KJ Matlou was the acting CFO from July 2023 to February 2024.

Mr RL Mogorosi was the acting CFOm from March 2024 to October 2024.

Mr T Chetty is the current acting CFO.

Remuneration of Director Community Services

Annual Remuneration	-	639 374
Car Allowance	-	80 000
Acting allowance	29 376	93 864
Contributions to UIF, Medical and Pension Funds	-	9 287
Cellphone	-	12 000
	-	**740 661**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Employee related costs (continued)

Mr SS Pilane was the Director: Community services from July 2023 to February 2024.

Mr SS Pilane however acted as the Director: Technical services from August 2023 to February 2024. During this time, Ms BM Matlhafuna was the acting Director: Community services.

Mr SD Moabelo was the acting Director: Community services from March 2024 to October 2024.

Ms BM Matlafuna was the acting Director: Community services from April 2025 to June 2025.

Remuneration of Director Technical Services

Acting allowance	29 376	33 826

Mrs LS Modisenyane was the acting Director: Technical services for the month of July 2023.

Mr SS Pilane was the acting Director: Technical services from August 2023 to February 2024.

Mr SE Tlhabadira was the acting Director: Technical services from March 2024 to October 2024.

Mr E Warambwa was the acting Director: Technical services from April 2025 to June 2025.

Remuneration of Director Planning and Development

Annual Remuneration	-	258 028
Car Allowance	-	40 000
Acting allowance	50 047	91 672
Contributions to UIF,SDL, Medical and Pension Funds	-	2 476
Cellphone	-	7 500
	50 047	**399 675**

Miss LP Makaya was the Director: PED from July 2023 to October 2023. She was however on suspension during this time.

Ms MM Masoga was the acting Director: PED from July 2023 to February 2024.

Ms R Tshiswaise was the acting Director: PED from March 2024 to April 2024.

Ms OLN Lithole was the acting Director: PED from May 2024 to October 2024.

Ms R Tshiswaise was the acting Director: PED from April 2025 to June 2025.

Remuneration of Director Corporate Services

Acting allowance	29 376	70 312

Mr TE Maheso was the acting Director: Corporate services from July 2023 to February 2024.

Miss E Ndhlovu was the acting Director: Corporate services from March 2024 to October 2024 and then from April 2025 to June 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Remuneration of councillors

Mayor	1 228 806	948 446
Chief Whip	451 903	271 494
Executive Committee	2 288 483	2 219 763
Speaker	1 101 898	716 255
Other Councillors	4 552 799	5 502 521
MPAC chair	612 517	436 391
	10 236 406	**10 094 870**

In-kind benefits

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

27. Depreciation and amortisation

Property, plant and equipment	40 281 765	33 213 549

28. Finance costs

Interest on late payment to suppliers	14 994 240	10 140 605
Landfill site interest	6 770 414	6 440 053
Interest cost on post-retirement benefits: Medical	4 873 000	4 278 000
Interest cost on post-retirement benefits: Long service awards	1 771 000	1 173 000
Interest cost on Eskom debt relief liability	17 587 772	12 410 013
	45 996 426	**34 441 671**

29. Debt impairment

Debt impairment	183 310 691	96 062 286

30. Bulk purchases

Electricity - Eskom	112 262 428	109 415 197

31. Contracted services

Outsourced Services		
Business and Advisory	3 650 004	12 192 310
Meter Management	111 229	-
Professional Staff	814 651	2 088 906
Consultants and Professional Services		
Business and Advisory	4 123 032	4 675 002
Legal Cost	27 389 999	14 946 657
Contractors		
Maintenance of building, facilities and equipment	15 154 557	36 788 726
Medical Services	-	110 405
Safeguard and Security	15 065 134	21 896 026
	66 308 606	**92 698 032**

Figures in Rand	2025	2024

31. Contracted services (continued)

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

32. Inventory consumed

Water	32 705 258	25 441 211

Water losses

Units purchased	4 422 912	4 571 473
Units sold	(1 650 341)	(992 864)
Total loss	**2 772 571**	**3 578 609**
Value of loss	31 115 731	35 929 234
Percentage Loss	63 %	78 %

33. Operational Cost

Advertising	822 919	658 090
External Audit Fees	5 058 450	5 832 272
Bank charges	258 157	370 038
Commission paid	7 767 295	6 661 746
Insurance	51 485	58 372
Registration fees	68 336	51 563
External Computer Service	6 130 972	1 530 038
Remuneration to Section 79 Committee Members	17 316	314 752
Printing Publications and Books	6 360	53 914
Protective clothing	2 165 467	175 739
Repairs and maintenance	-	-
Licences	41 144	1 402 145
Worken's compensation fund	2 125	3 149 531
Subscriptions and membership fees	43 574	1 934 875
Telephone Fax Telegraph and Telex	11 998	1 569 949
Travel and Subsistence	2 322 833	4 455 607
Municipal Services	(157 092)	15 228
Other expenses	-	38 515
Indigent Relief	4 116 987	1 037 981
	28 728 326	**29 310 355**

34. Gains or losses on biological assets

Gains or losses arising from a change in fair value less point of sale costs	-	(8 800)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Cash generated from operations

Deficit	(51 454 746)	(107 080 888)
Adjustments for:		
Depreciation and amortisation	40 281 765	33 213 549
Gain on sale of assets and liabilities	6 367 811	8 893 529
Finance costs - non cash	45 996 426	34 441 671
Actuarial gains/loss	(1 966 055)	(1 695 000)
Contributions to Landfill	(8 997 449)	2 064 333
Public donations received	(38 077 090)	(15 906 800)
Impairment loss	2 549 000	21 859 380
Debt impairment	183 310 691	96 062 286
Movements in retirement benefit assets and liabilities	6 534 893	5 808 000
Movement in accrued provisions	(2 227 035)	4 449 777
Changes in working capital:		
Inventories	1 910 808	(1 365 805)
Receivables from exchange transactions	(210 714 797)	19 566 124
Receivables from non-exchange transactions	(22 263 598)	(20 776 789)
Other receivables	(16 270 743)	(20 873 807)
Payables from exchange transactions	149 522 105	(10 263 586)
Unspent conditional grants and receipts	(27 664 011)	24 535 369
Consumer deposits	167 702	273 755
Payables from non-exchange transactions	8 471 000	(3 529 000)
	65 476 677	**69 676 098**

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	143 904 135	162 124 430
Total capital commitments		
Already contracted for but not provided for	143 904 135	162 124 430

Total commitments

Total commitments		
Authorised capital expenditure	143 904 135	162 124 430

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

Operating leases - as lessee (expense)

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
37. Contingencies		
Claims against the municipality		
H JBadenhorst	13 129 151	13 129 151
Mminele Compensation (Pty) Ltd	800 000	800 000
VUKA AFRICA	7 924 409	7 924 409
SISWEZONKE (PTY) LTD	222 300	222 300
MASENG VILJOEN INC	3 481 288	3 481 288
MAOPENG ELECTRICAL (PTY) LTD	2 186 294	2 186 294
TLM&OTHERS vs ABSA BANK	100 000	100 000
SUMMIT PROPERTY 8976/2021	17 428	17 428
SUMMIT PROPERTY 3501/2022	20 938	20 938
VOLTEX (PTY)LTD	840 788	840 788
POLOKWANE SURFACING	2 910 728	2 910 728
	31 633 324	**31 633 324**

Notes to the Annual Financial Statements

37. Contingencies (continued)

H JBadenhorst
This matter relates to a civil claim (personal injury) against the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 11 000 000.00 (and R 800 000 for costs and disbursements). Matter set down for trial date of 03 March 2021 in Pretoria High (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers

Mminele Compensation (Pty) Ltd
This matter relates to a civil claim by a service provider of the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 800 000 (and R 50 000 for costs and disbursements). Matter set down for trial on 15 March 2019 (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers.
Plaintiff did not take any further steps in finalizing the matter.

Other litigations and contingencies

VUKA AFRICA
Summons was issued against TLM and Notice to defend was served and filed. Notice of bar was served on TLM whereafter TLM served and filed plea and counter claim for R522 533.52. Plaintiff served replication and plea to our counterclaim. Awaiting a pre-trial date.

SISWEZONKE (PTY) LTD
Supply and transportation of jojo tanks and supply and installation of vee belts, pulleys, o-rings and seal kits. Summons was issued. TLM defended and Plaintiff applied for summary judgement. TLM opposed and leave to defend was granted. TLM served and filed plea. Littigation ongoing.

MASENG VILJOEN INC
Preperation and review of GRAP 17 compliant fixed asset register & expertise with regard to water & sanitation infrastructure. Summons was issued against TLM and Notice to defend was served and filed. TLM served and filed plea. Litigation ongoing.

MAOPENG ELECTRICAL (PTY) LTD
Electrification of 280 households at Meriting Village.Summons was served.Matter defended.Plaintiff did not comply with contractual obligations and the contract was terminated.

TLM&OTHERS vs ABSA BANK
Matter heard in July 2023.Awaiting judgement from Semenya DJP

SUMMIT PROPERTY 8976/2021
Summons was served upon TLM and also a notice in terms of Rule 41(A).the TLM served and filed a notice of intention to defend. A notice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 26th of April 2023. The matters is ongoing.

SUMMIT PROPERTY 3501/2022
Summons was served upon TLM and also a notice in terms of Rule 41(A). The TLM served and filed a notice of intention to defend. Anotice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 3rd of May 2023.The matter is ongoing.

VOLTEX (PTY)LTD
Electrification 280 households at Meriting Village.Summons was served on TLM.Matter defended.Cession agreement with Maopeng Electrical(Pty) Ltd to provided material as Maopeng failed to deliver.Plaintiff failed to deliver to TLM.

Contingent assets

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Contingencies (continued)

EVICTION RAPUTI
Unlawfull occupying of portion situated at the remaining extent of the farm Welkrans 539, Limpopo. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed. Awaiting outcome of the Regorogile matter to place the matter on the roll or not.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Related parties

Relationships

Heads of Departments	5
Municipal Manager	Mr. CG Letsoalo CA (SA)
Acting Chief Finance Officer (CFO)	Mr. T Chetty

Administration under section 139 of the MFMA

The municipality was placed under administration from October/November 2024 to March 2025. The administrators exercised full control for executive responsibilities of the municipality. The department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and the National Treasury were responsible for remuneration of the administration team.

Below were the respective directors during the administration period;

: M Chuma - Acting Municipal Manager;
: M Tshivhule - Acting Chief Financial Officer;
: K Manamela - Acting Director Technical Services; Acting Director Planning and Economic Development; and Acting Director Community Services;
: D Moshoana - Acting Director Corporate Services (November 2024 to January 2025);
: P Maseko - Acting Director Corporate Services (February 2025 to March 2025);

Remuneration of management

Notes to the Annual Financial Statements

38. Related parties (continued)

Management class: Councillors

June 2025

Name	Basic salary	Pension	SDL	UIF	Cellphone allowance	Travel allowance	Total
Mayor	1 026 690	154 004	9 507	-	38 606	-	1 228 806
Speaker	686 330	102 042	8 447	-	38 985	266 095	1 101 899
Whip	363 210	54 481	3 440	-	30 772	-	451 903
Executive committee	1 612 648	195 595	18 417	-	194 165	267 659	2 288 483
MPAC chair	385 357	56 971	4 680	-	12 130	153 380	612 517
Councillors	2 951 964	383 481	36 619	2 120	579 781	598 834	4 552 799
	7 026 199	**946 574**	**81 110**	**2 120**	**894 439**	**1 285 968**	**10 236 407**

June 2024

Name	Basic salary	Pension	SDL	Medical	Cellphone allowance	Travel allowance	Total
Mayor	778 041	116 706	7 176	455	46 068	-	948 446
Speaker	438 332	65 750	5 524	-	45 268	161 380	716 254
Whip	208 521	31 278	2 094	-	29 600	-	271 494
Executive committee	1 502 344	225 352	17 035	910	137 404	336 719	2 219 763
MPAC chair	263 079	39 462	3 372	-	29 600	100 879	436 392
Councillors	3 607 263	600 479	46 720	-	739 739	508 319	5 502 521
	6 797 580	**1 079 027**	**81 921**	**1 365**	**1 027 679**	**1 107 297**	**10 094 870**

Refer to note "Employee related costs for remuneration of key management".

39. Eskom debt relief

The municipality was approved for the municipal debt relief programme effective 01 December 2023.

The total arrear amount derecognised from the existing Eskom liability as of 1 April 2023 was R225 178 965.
Of the amount above, R181 057 947 was recognised as the Municipal debt relief liability and R44 121 018 was recognised as Off-market debt relief revenue from non-exchange transactions at effective date.

Finance costs of R17 587 772 for the period ended 30 June 2025 (2024: R12 410 013) were recognised on the municipal debt relief liability using the effective interest rate method.

Interest charged on the Municipal relief debt liability during the intervening period (1 April 2023 to the effective date - 1 December 2023) of R146 481 for the period ended 30 June 2024 (2023: R29 964) was reversed as this should have been suppressed by Eskom.

40. Risk management

Financial risk management

Liquidity risk

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

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

At 30 June 2025	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade and other payables from exchange transactions	710 807 895	-	-	710 807 895
Consumer deposits	-	-	5 237 137	5 237 137
	710 807 895	**-**	**5 237 137**	**716 045 032**

At 30 June 2024	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade and other payables from exchange transactions	585 582 750	-	-	585 582 750
Consumer deposits	-	-	5 069 435	5 069 435
	585 582 750	**-**	**5 069 435**	**590 652 185**

Credit risk

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

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

Financial instrument	**June 2025**	**June 2024**
Cash and Cash equivalents	35 507 849	8 702 471
Receivables from exchange transactions	57 272 745	36 962 168
Other receivables from exchange transactions	100 484 242	86 361 310

Market risk

40. Risk management (continued)

Interest rate risk

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

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

Price risk

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

41. Financial instruments disclosure

Categories of financial instruments

June 2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	57 272 745	57 272 745
Cash and cash equivalent	35 507 849	35 507 849
Other receivables from exchange transactions	100 484 242	100 484 242
	193 264 836	**193 264 836**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	710 807 895	710 807 895
Consumer deposits	5 237 137	5 237 137
	716 045 032	**716 045 032**

June 2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	36 962 168	36 962 168
Cash and cash equivalent	8 702 471	8 702 471
Other receivables from exchange transactions	86 361 310	86 361 310
	132 025 949	**132 025 949**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	585 582 750	585 582 750
Consumer deposits	5 069 435	5 069 435
	590 652 185	**590 652 185**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Prior-year adjustments

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

Statement of financial position

June 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Cash and cash equivalents		8 905 936	(203 465)	-	8 702 471
Inventory		11 877 466	(5 962 681)	-	5 914 785
Receivables from non-exchange		37 336 155	(10 801 364)	-	26 534 791
Receivables from exchange		82 075 149	(45 112 980)	-	36 962 169
Statutory receivables		359 709	-	(359 709)	-
Input Vat accrual		227 658 475	-	(227 658 475)	-
Other receivables from exchange transactions		-	(141 656 874)	228 018 184	86 361 310
Property plant and equipment		807 774 319	23 753 436	-	831 527 755
Biological assets		826 800	-	-	826 800
Output VAT payable		(130 162 165)	-	130 162 165	-
Provisions		(64 092 756)	-	-	(64 092 756)
Employee benefits		(51 487 000)	-	-	(51 487 000)
Consumer deposits		(5 069 435)	-	-	(5 069 435)
Payables from exchange transactions		(631 186 184)	110 614 518	(130 162 165)	(650 733 831)
Payables from non-exchange transactions		-	(3 529 000)	-	(3 529 000)
Unspent grants		(27 927 624)	263 613	-	(27 664 011)
Accumulated surplus		(266 888 845)	72 634 797	-	(194 254 048)
		-	-	-	-

Statement of financial performance

42. Prior-year adjustments (continued)

June 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Property rates		(79 611 967)	-	-	(79 611 967)
Fines		(475 800)	105 150	-	(370 650)
Licence and permits exchange		(11 843)	-	(5 155 269)	(5 167 112)
Government grants		(174 958 809)	(3 128 643)	-	(178 087 452)
Public contributions and donations		-	(15 906 800)	-	(15 906 800)
Interest income		(59 078 529)	-	-	(59 078 529)
Service charges		(160 693 206)	(16 015 256)	-	(176 708 462)
Rental of facilities		(534 157)	-	-	(534 157)
Licences and permits non exchange		(5 155 269)	-	5 155 269	-
Other operational revenue		(1 363 075)	-	1 363 075	-
Other Income		-	(1 099 413)	(1 363 075)	(2 462 488)
Off-market debt relief revenue		-	(44 121 018)	-	(44 121 018)
Employee costs		165 058 467	1 977 959	-	167 036 426
Remuneration of councillors		10 094 870	-	-	10 094 870
Debt impairment		78 138 279	17 924 008	-	96 062 287
Depreciation and amortisation		28 590 274	4 623 275	-	33 213 549
Finance costs		22 178 138	12 263 533	-	34 441 671
Bulk purchases		92 486 586	16 928 611	-	109 415 197
Contracted services		88 278 755	4 419 277	-	92 698 032
Operating costs		25 134 202	4 176 153	-	29 310 355
Inventory loss		35 929 234	-	-	35 929 234
Inventory consumed		25 473 846	(32 635)	-	25 441 211
Operating leases		4 058 290	297 361	-	4 355 651
Loss on disporsal assets		3 913 035	4 980 494	-	8 893 529
Fair value adjustemnts		8 800	-	-	8 800
Contribution to landfill		469 699	1 594 634	-	2 064 333
Actuarial gains		-	(1 695 000)	-	(1 695 000)
Impairment loss		-	21 859 380	-	21 859 380
Surplus for the year		**97 929 820**	**9 151 070**	**-**	**107 080 890**

Errors

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Prior-year adjustments (continued)

The following prior period errors adjustments occurred:

1. Cash and cash dislosed in the prior year didnt agree to supporting bank statements. Correction of the error resulted in decrease in cash and cash by R 203 465.

2. Inventory was overstated by R5 962 681 in the prior year as it was not reconciled to agree to inventory counts valations as of 30 June 2024.

3. Receivables from exchange transactions and non-exchange were understated as these didn't agree to the debtors ageing. Correction of the error resulted in increase in receivables from non-exchange by R22 108 326 and increase in receivables from exchange by R 248 631 326.

4. Receivables from exchange transactions and non-exchange were incorrect as the impairment methodology was not aligned to GRAP, this resulted in decrease in receivables from exchange by R283 035 144 (2023: R188 894 076) and receivables from non-exchange by R11 306 962 (2023: R40 262 370).

5. Statutory receivables and Input VAT were incorrectly disclosed seperately, reclassification of these resulted in decrease in statutory receivables by R359 709, decrease in Input VAT by R 227 658 475 and increase in other receivables by R 228 018 184. In addition other receivables were overstated by R140 324 755 due to incorrect classification of VAT and adjustments on Payables. Home grown receivables were understated by R3 171 261 in the prior year.

6. PPE was undertstated in the prior year as certain accruals were not capitalised and included in the FAR at year end. Correction of the error resulted in increase in property,plant and equipment by R23 753 436.. In addition correction of the adjustment of the Residual Values under Infrastructure resulted in an increase of Infrastructure Accumulated Depreciation with R 6 760 272,50 and increase of Depreciation with R 3 370 288,85 and Increase of Accumulated Surplus of R 3 387 362,56. The Community Assets Accummulated Depreciation increase with R 25 723 and Increase of Depreciation with R 25 723. Building Accumulated Depreciation Increase with R 45 747 and Depreciation Increase with R 45 747. The Accumulated Impairment of Infrastructure decrease with R 1 244 317,45 and Impairment Loss decrease with R 1 244 317,45 Community Assets Accumulated Depreciation Decrease with R 1 952 and Impairment loss decrease with R 1 952. Building Accumulated Impairment decrease with R 2 637 and Impairment loss decrease with R 2 637,08.

7. VAT payables was incorrectly disclosed seperately and not combined with payables from exchange transactions. Recallasification of VAT payables resulted in decrease in VAT payable and increase in payables from exchange by R 130 162 165.

8. Trade payables were understated in the prior year due to expenditure incured but not accrued, Licence and permits payable to the department of transport not recorded, and VAT output on sale of electricity not recorded. The payables balance for Eskom, Magalies Water, the AGSA and other long outstanding creditors didn't agree to supporting supplier statements and/or supporting documents. VAT output accrual was also not correct at it didn't agree to VAT on debtors ageing. Correction of the errors resulted in decrease in payables from exchange by R 77 743 863. See 16, 17, and 18 below for other corrections on Trade payables.

9. Payables from non-exchange were understated by R3 529 000 as an amount payable to National Treasury for rollover denied on unspent conditional grants for the 2022/23 financial year to be offset in the 2024/25 financial year was not recorded.

10. Unspent grants were overstated due to revenue not recorded for conditions met of R263 613.
.
11. Government grants were understated in the prior year as a declined roll over from 2022/23 FY was not recorded as revenue, amount of R3 128 000.

12. Service charges were understated as they were not agreed to billing reports.

13. Employee costs were understated as they were not reconciled to payroll 12 months reports. Empolyee costs also included actuarial gain which has been disclosed seperately in the current year.

14. Debt impairment was understated by R11 369 311 as it was not aligned to the policies, not consistent with GRAP and not calculated according to the system.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Prior-year adjustments (continued)

15. Classification between contracted services and operating cost was done reviewed properly in the prior year.

16. Landfill contributions was agreed to supporting valuation reports from the actuaries in the prior year.

17. Impairment loss was incorrectly included as part of debt impairment in the prior year. Impairment loss also changed due to incorrect calculations.

18. Off-market debt relief revenue was understated by R44 121 018 as the Eskom debt relief application was not accounted for. Trade payables was therefore overstated by the same amount.

19. Finance costs was understated by R12 410 013 as interest charges on the Eskom debt relief liability was not recorded. Trade payables was therefore understated by the same amount.

20. Finance costs was overstated by R146 481 for interest charges relating to the 2023/24 financial year which was charged on the Eskom debt relief liability during the intervening period. Eskom should have withheld any finance costs charges during this period. Accumulated surplus was understated by R29 964 for similar interest relating to the 2022/23 financial year. Trade payables was therefore overstated by a total of R176 445.

21. Contracted services, operating leases and operating costs were understated due to expenditure items which were not accrued/recorded in the prior year.

22. Contributions to Landfill site recorded in the prior year AFS was not correct as it was not agreeing to the trial balance.

23. Bulk purchases were understated due to invoices not recorded/accrued in the prior year.

24. Public donations were understated as they didn't include donations from Road Agency Limpopo.

25. Depreciation was understated as it didn't include correct calculations of depreciation and residual values.

26. Unauthorised, Irregular and Fruitless and wasteful expenditure recorded in the prior year was not correct - unauthorised expenditure was due to incorrect calculation betweeen budgets vs actuals per vote, Irregular and fruitless expenditure was not complete as additional expenditure relating to prior year was identified in the current year. See the respective notes.

Irregular expenditure

Opening balance	455 997 247	433 338 344
Adjustments made	82 097 500	-
Restated opening balance	**538 094 747**	**433 338 344**

In the current year we noted that irregular expenditure was understated due to expenditure that was incured in the prior year that should have been disclosed as irregular but was not disclosed. Correction of the error resulted in increase in irregular expenditure by R82 097 500.

Fruitless and wasteful expenditure

Opening balance	163 867 949	157 778 292
Adjustments made	4 197 428	(29 964)
Restated opening balance	**168 065 377**	**157 748 328**

In the current year we noted that fruitless and wasteful expenditure was understated by R 4 050 947,32 due to the amount disclosed in the financial statements did not agree to the register. In addition the prior year register was understated by R 627 144.06 due to interest incured in prior year but was not disclosed. We further noted that fruitless and wasteful expenditure was overstated due to eskom interest that was suspended due to debt relief. Correction of the error resulted in decrease in fruitless and wasteful expenditure by R 146 481 in the prior year and R 29 964 in 2022 2023 financial year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Prior-year adjustments (continued)

Unauthroised expenditure

Opening balance	688 026 794	628 041 665
Adjustments made	18 141 264	-
Restated opening balance	**706 168 058**	**628 041 665**

In the current year we noted that unathorised expenditure was understated in the prior year by R 18 141 264 due to calculation error.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 142 799 306 and that the municipality's total assets exceed its liabilities by 142 799 306.

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

The municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously.

The municipality has received a letter from National Treasury on non-compliance to Section 18 of MFMA and its intention to invoke section 216(2) of the constitution which entails stopping the transfer of funds to the municipality. This casts doubt on the ability of the municipality to continue as a going concern without this being resolved.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Unauthorised expenditure

Opening balance as previously reported	706 168 058	628 041 665
Add: Unauthorised expenditure - current	90 201 533	78 126 393
Closing balance	**796 369 591**	**706 168 058**

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

Non-cash	90 201 533	70 168 755
Cash	-	7 957 638
	90 201 533	**78 126 393**

Analysed as follows: non-cash

Impairment loss	2 549 000	21 448 097
Inventory loss	31 115 731	33 948 682
Depreciation	-	2 925 935
Debt impairment	50 168 991	-
Loss on disposal of assets and liabilities	6 367 811	-
	90 201 533	**58 322 714**

Analysed as follows: cash

Employee related costs	-	19 803 680

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Manager	-	2 074 453
Budget and Treasury	90 201 533	33 948 682
Community services	-	42 103 259
	90 201 533	**78 126 394**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Fruitless and wasteful expenditure

Opening balance as previously reported	168 065 377	157 778 292
Add: Fruitless and wasteful expenditure identified - current	13 518 388	10 287 085
Add: Fruitless and wasteful expenditure - prior year identified in the current year	1 664 146	-
Closing balance	**183 247 911**	**168 065 377**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Penalties and Interest	13 518 388	11 951 231

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Irregular expenditure

Opening balance as previously reported	455 997 247	433 338 344
Add: Irregular expenditure - current	92 810 170	22 658 903
Add: Irregular expenditure - prior year identified in the current year	82 097 500	-
Closing balance	**630 904 917**	**455 997 247**

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

Bid process was not fair and transparent	47 646 186	22 736 271
Non-compliance with Contract Management processes	1 201 484	1 233 193
Non-compliance with procurement process requirements	6 826 327	46 365 859
Procurement without a competitive bidding or quotation process	24 646 830	19 757 789
Suppliers with no signed SLAs	6 798 742	8 550 639
Suppliers in the service of the state	5 418 408	5 540 001
Suppliers who did not declare interests	272 192	572 650
	92 810 169	**104 756 402**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Deviation from supply chain management regulations

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

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

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

Description		
Deviation as per section 36 of the SCM regulations	1 554 932	1 741 578

Supplier		
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER (WORKSHOP ELECTRONICS) FOR REPAIRING OF AXLE MASS METER LOAD SENSORS	-	13 960
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – MAKE APPOINTMENT OF A SERVICE PROVIDER(DELAGEN) FOR REPLACING BROKEN GENERATOR, SCM REGULATION 36 (i).	-	324 185
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – MAKE APPOINTMENT OF A SERVICE PROVIDER FOR CALIBRATION-PROLASER AT TRUVELO LIDAR, SCM REGULATION 36.	-	12 310
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER (LEXIS NEXIS) FOR PURCHASING OF NEW AMENDED NATIONAL ROAD TRAFFIC ACT NO.23 OF 1996.	-	2 220
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCALLY)	-	120 114
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER IN REPAIRING THE SCUFF GAUGE HEAD, SCM REGULATION 36,	-	38 546
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT OF A SERVICE PROVIDER(NGAKO TECHNOLOGY) FOR REPLACING BURNED TRANSFORMER, SCM REGULATION 36 (i).	-	669 899
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCALLY)	-	127 641
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – MAKE APPOINTMENT OF A SERVICE PROVIDER FOR PROVIDING A WATER TRUCK TO DELIVER WATER AT REGOROGILE, SCM REGULATION 36 (i).	-	158 780
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCALLY)	-	5 687
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS 492 L, SCM REGULATION 36	-	125 155

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Deviation from supply chain management regulations (continued)

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR REPAIRING HYDRAULICS CYCLINDER FOR REFUSE TRUCK CWF 360 L , REGULATION 36: (a)(1)(i)(v).	-	81 645
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS 492 L, SCM REGULATION 36	-	32 710
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER (WORKSHOP ELECTRONICS) FOR SERVICE AND CALIBRATION FOR A-GRADE LANE AND QM ON A FLASH DRIVE.	-	28 726
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE WATER TRUCK HS 5 WV GP, SCM REGULATION 36.	92 292	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CWF 360 L, SCM REGULATION 36(ii).	11 140	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT OF A SERVICE PROVIDER FOR REPLACING OF WATER PUMP AND MOTOR (LEEUPOORT), SCM REGULATION 36 (i).	140 386	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT FOR A SERVICE PROVIDER (GOVERNMENT PRINTING WORKS) FOR RENDERING ADVERTISING SERVICES. SOLE PROVIDER, SCM	6 052	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT FOR A SERVICE PROVIDER FOR SUPPLY ADELIVERY OF TLB, JET TRUCK AND 5-TON CHAIN BLOCK (SC REGULATION 36 (1).	64 400	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLY AND DELIVERY OF 100 KVA 11/415 POLE MOUNTING TRANSFORMER, SCM REGULATION 36(i).	108 675	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY 110 METERS OF 35mm2 x 3 CORE XLPE COPPER CABLE AND 4 TERMINATION KIDS, SCM REGULATION 36(i).	250 700	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FORHIRING OF JET TRUCK (CLEANING OF SEWERLINES IN THABAZIMBI - REGOROGILE AND NORTHAM, SCM REGULATION 36(i).	39 278	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FORHIRING OF JET TRUCK (CLEANING OF SEWERLINES IN THABAZIMBI - THABAZIMBI TOWN REGOROGILE AND NORTHAM FOR 14 DAYS, SCM REGULATION 36(i).	268 065	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLYING 3KW AND 11KW SEWER PUMPS FOR NORTHAM, SCM REGULATION 36(ii).	65 250	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDERIN REPAIRING MAIN WATER BULK PIPELINE TO THABAZIMBI TOWN AND REGOROGILE, SCM REGULATION 36(ii).	101 225	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR CALIBRATION OF SPEED MACHINE, SCM REGULATION 36(ii).	13 309	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Deviation from supply chain management regulations (continued)

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER FOR INSPECTION AND REPAIR OF MAYOR'S VEHICLE, SCM REGULATION 36(ii).	80 986	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT OF A SERVICE PROVIDER IN SERVICE AND CALIBRATION FOR AQ-GRADE LANE, SCM REGULATION 36.	18 794	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCALLY)	125 743	-
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - APPOINTMENT TO A SERVICE PROVIDER FOR ADVERTISING ON THE LOCAL NEWSPAPER, SCM REGULATION 36.SOLE PROVIDER (LOCALLY)	169 636	-
	1 555 931	**1 741 578**

48. Additional disclosure in terms of Municipal Finance Management Act

PAYE and UIF

Current year subscription / fee	24 758 420	25 831 588
Amount paid - current year	(24 758 420)	(25 831 588)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	39 211 052	37 462 625
Amount paid - current year	(39 211 052)	(37 462 625)
	-	-

VAT

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

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

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

Councillors' arrear consumer accounts

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

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
M MOFOKENG	-	41 217	41 217
MK MAGETSE	-	35 524	35 524
JM MOGAPI	-	152 779	152 779
E FOURIE	-	700	700
ML NDIWENI	-	106 946	106 946
KA SESOMA	-	168 565	168 565
DJ SEBATA	-	16 929	16 929
FJ ERASMUS	-	1 890	1 890
T HEARNE	-	680	680
BB KHABAKOPHE	-	2 323	2 323
CS SIKWANE	-	40 003	40 003
RA TSHUKUDU	-	109 812	109 812
	-	**677 368**	**677 368**

During the year the following Councillors’ had arrear accounts outstanding for more than 90 days.

49. Service in-kind

The nature and type of major classes of services in-kind received, are as follows

	2025	2024
Services in-kind that are significant to the entities operations and/or service delivery objectives		
Roads infrastucture services in kind - Road Agency Limpopo	-	15 906 800
Various services in kind - CoGHSTA	38 077 089	-
	38 077 089	**15 906 800**

. **Service in-kind (continued)**

The below service-in kind were earned in the year under review - 2024/25 financial year

CoGHSTA - Various Services in Kind

The CoGHSTA has granted the municipality indirect grant through payments to various service providers for the following services; provision of water infrastructure, roads and stormwater, electricity, fleet management, specialised vehicles and other corporate services. There are no cash flows between the municipality and CoGHSTA. This indirect grant has characteristics of meeting the defination of the service in Kind in terms of GRAP 23.

The municiaplity recognise services in-kind that are significant to its operation and/or service delivery objectives as assets and recognise related revenue when it is probable that the future economic benefits or services potential will flow to the entity and the fair value of the assets can be measured reliably. Where service in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy criteria for recognition, the municipality disclose the nature and type of service in kind.

Some of the services received meet the definition of an asset and satisfy the criteria for recognition and as a result the transaction meet the definition of a service in kind.

The service in kind was recognised as non-exchange revenue and the corresponding recognition of an asset or expense at fair value of the services received.

The below service-in kind were earned in the 2023/24 financial year

Road Agency Limpopo

A formal agreement was entered into between the municipality and Road Agency Limpopo to refurbish streets within the boundries around the Thabazimbi area.

Road Agency Limpopo will, on behalf of the municipality, implement construction and/or maintenance and/or rehabilitation of road infrastructure projects relating to deteriorated and hazardous roads falling within the ambit of the municipality, as may be identified to from time to time between the parties.

The infrastructure refurbished, meet the definition of an asset and satisfy the criteria for recognition and as a result the transaction meet the definition of a service in kind.

The service in kind was recognised as non exchange revenue and the corresponding recognition of infrastructure asses the at fair value of the improvements done.

50. Change in estimates

	2025	2024
Infrastructure assets	-	(703 324)
Community assets	-	(2 122 826)
Buildings	-	(2 895 355)
Furniture and Office equipment	(150 213)	(143 500)
IT Equipement	(314 079)	(216 142)
Machinery and Equipement	(199 048)	(191 971)
Transport assets	(731 149)	(797 355)
	(1 394 489)	**(7 070 473)**

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

50. Change in estimates (continued)

In addition the municipality corrected the residual values under Infrastructure assets which resulted in increase of Infrastructure Accumulated Depreciation with R 6 760 272,50 and increase of Depreciation with R 3 370 288,85 and Increase of Accumulated Surplus of R 3 387 362,56. The Community Assets Accummulated Depreciation increase with R 25 723 and Increase of Depreciation with R 25 723. Building Accumulated Depreciation Increase with R 45 747 and Depreciation Increase with R 45 747. The Accumulated Impairment of Infrastructure decrease with R 1 244 317,45 and Impairment Loss decrease with R 1 244 317,45 Community Assets Accumulated Depreciation Decrease with R 1 952 and Impairment loss decrease with R 1 952. Building Accumulated Impairment decrease with R 2 637 and Impairment loss decrease with R 2 637,08.

51. Statutory Receivables/Payables

Statutory receivables/(payables) consists of:

Rates	48 461 750	26 075 284
Traffic fines	336 639	459 507
VAT payable to SARS	(549 273)	(359 709)

The above amounts have been disclosed on a net basis, refer to the respective disclosure notes for the gross and allowance for impairments components.

52. Principal-agent arrangements

52.1 Municipality acting as the principal

Commision paid		
Landis + Gyr	210 864	187 592
PCMA	2 468 113	385 476
Home Grown	3 982 770	7 215 844
	6 661 747	**7 788 912**

Landis + Gyr

The municipality is a party to a principal-agent arrangement with Landis + Gyr, wherein the municipality acts as the principal.

In this arrangement the Thabazimbi Local Municipality acts as the principal and determines the tariffs and bears the related revenue risks and rewards. Landis + Gyr acts as an agent responsible for facilitating the sale of prepaid electricity to consumers, collecting payments and remitting the proceeds (net of commission) to the municipality.

Landis + Gyr is entitled to 6.5% of the service fee.

PowerCom Metering Africa (PCMA)

The municipality is a party to a principal-agent arrangement with PCMA, wherein the municipality acts as the principal.

In this arrangement the Thabazimbi Local Municipality acts as the principal and determines the tariffs and bears the related revenue risks and rewards. PCMA acts as an agent responsible for facilitating the sale of prepaid electricity to consumers, collecting payments and remitting the proceeds (net of commission) to the municipality.

PCMA is entitled to 12% of the service fee.

In the 2024/25 financial year, PowerCom Metering Africa (PCMA) acted as an agent of the municipality from July 2024 to November 2024 however between December 2024 and June 2025 PCMA was no longer an agent.

Home Grown

The municipality is a party to a principal-agent arrangement with Home Grown, wherein the municipality acts as the principal.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

. Principal-agent arrangements (continued)

In this arrangement the Thabazimbi Local Municipality acts as the principal and determines the tariffs and bears the related revenue risks and rewards. Home Grown act as an agent responsible for facilitating the sale of prepaid electricity to consumers, collecting payments and remitting the proceeds (net of commission) to the municipality.

Home Grown is entitled to 9.40% of the service fee.

Home Grown owes the municipality the following from the prepaid electricity sales, **R39 286 593 (2024: R17 514 235)**.

52.2 Municipality acting as the agent

Revenue collected on behalf of the Department of Transport and Community Safety

Department of Transport and Community safety	11 061 463	17 233 140

Agency fees earned by the municipality

Department of Transport and Community safety	2 212 293	3 446 628

The municipality is the agent to the provincial Department of Transport and Community Services.

To make the payment and administration of motor vehicle licenses easier, the Limpopo Department of Transport and Community Safety entered into a contractual arrangement with the Thabazimbi Local Municipality to undertake this activity on its behalf. In terms of the arrangement:

- The provincial department of transport issues motor vehicle licence renewal forms to vehicle owners, indicating the amount due for the year.

- The municipality provides facilities for owners of motor vehicles to pay their licence fees.

- The provincial department provides the municipality with access to the NaTIS IT system so that payments can be captured and licences issued on its behalf. The system automatically generates the licence once payment is recorded.

- The municipality collects the fees due from motor vehicle owners and simultaneously issues the new licences on behalf of the provincial government.

- The municipality must pay over 80% of the revenue collected to the provincial department while retaining 20% as an agency fee.

- The municipality is responsible for monthly reconciliations and reporting to the Department, as well as safeguarding departmental equipment and face-value documents.

Agency Fees as per contract that the Department of Transport and Community safety withheld to reduce the amount owed by the agent

The municipality owes the following to the Department of Transport and Community safety, **R17 903 493 (2024: R19 193 624)**.

Notes to the Annual Financial Statements

53. Segment information

General information

Identification of segments

.The municipality is organised and reports to management on the basis of three major functional areas: Community and Public Safety, Economic and Environmental Services, and Trading Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in Limpopo Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

Aggregated segments

The municipality operates throughout the limpopo Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout lThabazimbi were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
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 within the municipality and have aligned objectives.
Economic and Environmental Services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments within the municipality and have aligned objectives.
Trading services	Distributing electricity to residential, commercial and industrial customers in Thabazimbi and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumer needs. Treating of waste water and safely disposing of it back into the environment. Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of Thabazimbi's streets, public spaces and rivers
Governance and administration	All aspects of governance and the centralised financial administration of the municipality. Including management of levies on property rates

53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and Public Safety	Economic and Environmental services	Trading Services	Governance and administration	Total
Revenue					
Service charges	-	-	218 767 123	-	218 767 123
Rental of facilities and equipment	36 828	-	-	489 923	526 751
Licences and permits	-	-	-	3 351 717	3 351 717
Other income	392 464	525 821	-	1 556 435	2 474 720
Interest from exchange transactions	-	-	-	48 283 800	48 283 800
Property rates	-	-	-	152 425 876	152 425 876
Interest from non exchange etransactions	-	-	-	22 798 744	22 798 744
Government grants and subsidies	-	27 758 999	-	150 115 216	177 874 215
Public contributions and donations	-	-	-	38 077 089	38 077 089
Fines and Penalties	758 300	-	-	-	758 300
Total segment revenue	**1 187 592**	**28 284 820**	**218 767 123**	**417 098 800**	**665 338 335**
Entity's revenue					**665 338 335**

53. Segment information (continued)

	Community and Public Safety	Economic and Environmental services	Trading Services	Governance and administration	Total
Expenditure					
Employee related costs	8 083 622	27 324 327	46 299 699	79 359 201	161 066 849
Remuneration of councillors	-	-	-	10 236 408	10 236 408
Depreciation and amortisation	-	25 311 989	10 468 856	4 500 920	40 281 765
Finance costs	-	-	37 582 190	8 414 236	45 996 426
Lease rentals	-	-	-	2 340 234	2 340 234
Debt impairment	-	-	-	183 310 691	183 310 691
Bulk purchases	-	-	116 749 481	-	116 749 481
Contracted services	11 648 118	-	116 401	54 544 087	66 308 606
Inventory consumed	1 297	-	27 823 352	4 880 609	32 705 258
Operating cost	157 133	973 734	7 619 140	19 978 319	28 728 326
Loss on disposal of assets	-	-	-	6 367 811	6 367 811
Contribution to provisions	-	-	-	(8 997 449)	(8 997 449)
Acturial gains	-	-	-	(1 966 056)	(1 966 056)
Impairment loss	-	-	2 549 000	-	2 549 000
Inventory losses	-	-	31 115 731	-	31 115 731
Total segment expenditure	**19 890 170**	**53 610 050**	**280 323 850**	**362 969 011**	**716 793 081**
Total segmental surplus/(deficit)	**(18 702 578)**	**(25 325 230)**	**(61 556 727)**	**54 129 789**	**(51 454 746)**
Assets					
Cash and cash equivalents	-	-	-	35 507 850	35 507 850
Inventories	-	-	4 003 975	-	4 003 975
Receivables from non exchange	-	-	-	48 798 388	48 798 388
Receivables from exhange	-	-	-	57 272 746	57 272 746
Other receivables from exchange	-	-	-	100 484 242	100 484 242
Biological assets	-	-	-	826 800	826 800
Property plant and equipment	32 659 961	-	240 795 155	547 449 369	820 904 485
Total segment assets	**32 659 961**	**-**	**244 799 130**	**790 339 395**	**1 067 798 486**
Total assets as per Statement of financial Position					**1 067 798 486**

Figures in Rand

53. Segment information (continued)

	Community and Public Safety	Economic and Environmental services	Trading Services	Governance and administration	Total
Liabilities					
Payables from exchange	4 754 235	2 398 032	512 412 327	268 309 833	787 874 427
Payables from non exchange	-	-	-	12 000 000	12 000 000
Consumer deposits	-	-	-	5 237 138	5 237 138
Employee benefits	-	-	-	58 021 893	58 021 893
Provisions	-	-	61 865 722	-	61 865 722
Total segment liabilities	**4 754 235**	**2 398 032**	**574 278 049**	**343 568 864**	**924 999 180**
Total liabilities as per Statement of financial Position					**924 999 180**

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

2024

	Community and Public Safety	Economic and Environmental services	Trading Services	Governance and administration	Total
Revenue					
Service charges	-	-	176 708 462	-	176 708 462
Rental of facilities	29 746	-	-	504 411	534 157
Licences and permits	-	-	-	5 167 111	5 167 111
Other income	300 323	798 206	-	1 363 961	2 462 490
Interest from exchange	-	-	-	44 722 313	44 722 313
Interest from non revenue	-	-	-	14 356 216	14 356 216
Property rates	-	-	-	79 611 967	79 611 967
Government grants	-	14 434 666	-	163 652 786	178 087 452
Public contributions	-	-	-	15 906 800	15 906 800
Fines and Penalties	370 650	-	-	-	370 650
Off market debt relief	-	-	44 121 018	-	44 121 018
Total segment revenue	**700 719**	**15 232 872**	**220 829 480**	**325 285 565**	**562 048 636**

53. Segment information (continued)

Entity's revenue					**562 048 636**
Expenditure					
Employee related costs	9 573 375	25 422 778	49 740 997	82 299 276	167 036 426
Remuneration of councillors	-	-	-	10 094 870	10 094 870
Depreciation and amortisation	-	14 428 777	11 458 245	7 326 527	33 213 549
Finance costs	-	1 047 725	17 920 799	15 473 147	34 441 671
Lease rentals	-	-	-	4 355 651	4 355 651
Debt impairment	-	-	26 370 838	69 691 449	96 062 287
Bulk purchases	-	-	109 415 197	-	109 415 197
Contracted services	2 331 440	577 951	2 686 083	87 102 558	92 698 032
Inventory consumed	-	-	25 441 211	-	25 441 211
Operating costs	1 903 828	2 310 571	6 661 746	18 434 210	29 310 355
Loss on disposal of assets	-	5 102 756	-	3 790 773	8 893 529
Contribution to provisions	-	-	-	2 064 332	2 064 332
Actuarial gains	-	-	-	(1 695 000)	(1 695 000)
Loss of fair valuation of biological assets	-	-	-	8 800	8 800
Impairment loss	-	-	21 859 381	-	21 859 381
Inventories losses	-	-	-	35 929 234	35 929 234
Total segment expenditure	**13 808 643**	**48 890 558**	**271 554 497**	**334 875 827**	**669 129 525**
Total segmental surplus/(deficit)	**(13 107 924)**	**(33 657 686)**	**(50 725 017)**	**(9 590 262)**	**(107 080 889)**
Assets					
Cash and cash equivalents	-	-	-	8 702 471	8 702 471
Inventories	-	-	5 914 785	-	5 914 785
Receivables from non exchange	-	-	-	26 534 791	26 534 791
Receivables from exchange	-	-	-	36 962 168	36 962 168
Other receivables from exchnage	-	-	-	86 361 310	86 361 310
Biological assets	-	-	-	826 800	826 800
Property, Plant and Equipment	30 609 027	31 010 031	240 795 155	529 113 542	831 527 755
Total segment assets	**30 609 027**	**31 010 031**	**246 709 940**	**688 501 082**	**996 830 080**
Total assets as per Statement of financial Position					**996 830 080**

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

	Community and Public Safety	Economic and Environmental services	Trading Services	Governance and administration	Total
Liabilities					
Payables from exchange	-	-	367 770 166	282 963 664	650 733 830
Payables from non exchange	-	-	-	3 529 000	3 529 000
Consumer debtors	-	-	-	5 069 435	5 069 435
Employee benefits obligation	-	-	-	51 674 472	51 674 472
Unspent conditional grants	-	-	-	27 664 012	27 664 012
Provisions	-	-	-	63 905 284	63 905 284
Total segment liabilities	**-**	**-**	**367 770 166**	**434 805 867**	**802 576 033**
Total liabilities as per Statement of financial Position					**802 576 033**