



MARULENG LOCAL MUNICIPALITY
(Registration number LIM 335)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

Nature of business and principal activities

The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Mayor

Cllr TC Musolwa

Chief whip

Cllr HM Thobejane

Speaker

Cllr B Raganya

Councillors

Cllr MT Tshetlha (EXCO Member)

Cllr MA Mathaba (EXCO Member)

Cllr MM Komane (EXCO Member)

Cllr TA Mathaba (EXCO Member)

Cllr SB Raganya (MPAC Chairperson)

Cllr MR Maakamela (Chairperson Ethics Committee)

Cllr BT Mabilo

Cllr KJ Sekgobela

Cllr MJ Rakgoale

Cllr MS Ntemana

Cllr MF Madike

Cllr LP Moropane

Cllr EC Du Preez

Cllr D Mokgotho

Cllr MS Monashane

Cllr BE Masete

Cllr SP Letebele

Cllr PW Gerber

Cllr JT Morema

Cllr PS Malepe

Cllr MMS Rammala

Cllr DI Mathole

Cllr TJ Mokgahla

Cllr TI Shai

Accounting Officer

Dr Sebashe SS (20 March 2024 to 20 September 2024)

Muroa ML (21 September 2024 to 20 March 2025)

Dr Sebashe SS (21 March 2025 to date)

Chief Financial Officer (CFO)

Sebelebele TH

Registered office

Maruleng Municipal Offices

65 Springbok Street

Hoedspruit, 1380

Business address

65 Springbok Street

Hoedspruit, 1380

1380

Postal address

PO Box 627

Hoedspruit

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

General Information

Auditors

Auditor-General of South Africa (AGSA)

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

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Abbreviations used:

MPAC	Municipal Public Accounts Committee
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practice
INEP	Integrated National Electrification Programme
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
PAYE	Pay As You Earn
VAT	Value Added Tax
MIG	Municipal Infrastructure Grant

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

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. AGSA is engaged to express an independent opinion on the annual financial statement 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 can 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, they are supported by the municipality's internal auditors.

AGSA is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements will be submitted to AGSA for review.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Dr SS Sebashe
Acting Municipal Manager

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 12 meetings were held, 8 ordinary meetings and 4 special meetings.

Name of member	Number of meetings attended
TC Modipane CA(SA) (Chairperson)	12
JM Mabuza	12
MP Ramutsheli	11
FJ Mudau	11
MJ Rabalao	12

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

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

Net surplus of the municipality is 73,669,732 (2024: surplus 81,641,850).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of 1,071,504,472 and that the municipality's total assets exceed its liabilities by 1,071,504,472.

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.

3. Subsequent events

The accounting officer is not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Accounting Officers' interest in contracts

The accounting officer declares not to have any interest in contracts of the municipality.

5. Accounting policies

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

6. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct laid out in the King Report on Corporate Governance for South Africa 2016. The accounting officer discusses the responsibilities of management in this respect, at management meetings and monitors the municipality's compliance with the code on a three monthly basis.

Councillors

The council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
 - Mayor
 - Speaker
 - Executive committee
 - Ordinary councillors.

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Annual Financial Statements for the year ended 30 June 2025

6. Corporate governance (continued)

Mayor and municipal manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The mayor and council perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

Mr TC Modipane was the Chairperson of the audit committee. The audit committee met during the period under review to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors onto the audit committee.

7. Bankers

The municipality banks with Standard Bank of South Africa and Investec Bank.

8. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

Dr SS Sebashe
Acting Municipal Manager

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	12	154,233	145,205
Statutory VAT receivable (SARS)	16	2,282,114	6,658,376
Receivables from exchange transactions	13	1,646,064	1,638,163
Receivables from non-exchange transactions	14	47,973,446	48,452,234
VAT receivable	16	16,527,446	21,564,139
Prepayments	10	1,083,729	783,350
Other receivables	11	2,808,260	2,473,568
Cash and cash equivalents	17	169,002,718	170,638,389
		241,478,010	252,353,424
Non-Current Assets			
Investment property	3	8,573,923	11,180,687
Property, plant and equipment	4	945,849,739	847,453,050
Intangible assets	5	871,697	66,862
Heritage assets	6	372,500	372,500
		955,667,859	859,073,099
Total Assets		1,197,145,869	1,111,426,523
Liabilities			
Current Liabilities			
Finance lease obligation	18	2,153,714	440,009
Payables from exchange transactions	7	72,279,828	68,113,732
Trade and other payables from non-exchange transactions	8	7,151,584	7,976,514
VAT payable	16	116,853	90,484
Employee benefit obligation	9	1,319,000	707,000
Unspent conditional grants and receipts	19	15,296,260	16,144,864
Provisions	20	1,397,392	1,111,213
		99,714,631	94,583,816
Non-Current Liabilities			
Finance lease obligation	18	4,370,809	-
Employee benefit obligation	9	17,001,000	14,927,000
Provisions	20	4,554,957	4,080,959
		25,926,766	19,007,959
Total Liabilities		125,641,397	113,591,775
Net Assets		1,071,504,472	997,834,748
Accumulated surplus		1,071,504,472	997,834,748
Total Net Assets		1,071,504,472	997,834,748

* See Note 45

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	5,706,552	5,385,733
Government grants & subsidies - INEP	30	9,129,309	-
Rental of facilities and equipment		296,211	410,484
Interest received (trading)		360,774	470,185
Agency services	23	3,236,741	3,000,479
Licences and permits	24	2,567,327	3,896,919
Other revenue	27	5,774,293	4,704,684
Interest received - investment	28	12,257,112	11,054,983
Total revenue from exchange transactions		39,328,319	28,923,467
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	186,026,301	172,692,071
Fines, penalties and forfeits	25	432,700	869,800
Interest on receivables	26	19,440,554	17,701,824
Transfer revenue			
Government grants & subsidies	30	244,760,305	247,867,920
Total revenue from non-exchange transactions		450,659,860	439,131,615
Total revenue	21	489,988,179	468,055,082
Expenditure			
Employee related costs	31	(101,776,932)	(93,966,585)
Employee costs - Remuneration of councillors	32	(12,517,552)	(11,976,798)
Depreciation and amortisation	33	(30,742,032)	(27,421,168)
Finance costs	34	(2,436,487)	(1,918,767)
Debt Impairment	36	(57,432,880)	(38,440,721)
Contracted Services	38	(58,615,174)	(41,874,414)
General Expenses	37	(150,293,568)	(173,293,978)
Total expenditure		(413,814,625)	(388,892,431)
Operating surplus		76,173,554	79,162,651
Loss on disposal of assets and liabilities		(174,320)	(277,255)
Fair value adjustments	40	422,322	699,849
Actuarial gains/losses	9	(101,065)	(135,026)
Impairment loss		(2,650,759)	(26,121)
		(2,503,822)	261,447
Surplus for the year		73,669,732	79,424,098

* See Note 45

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,093,154,402	1,093,154,402
Adjustments		
Prior year adjustments	(174,743,752)	(174,743,752)
Balance at 01 July 2023 as restated*	918,410,650	918,410,650
Changes in net assets		
Surplus for the year	79,424,098	79,424,098
Total changes	79,424,098	79,424,098
Restated* Balance at 01 July 2024	997,834,740	997,834,740
Changes in net assets		
Surplus for the year	73,669,732	73,669,732
Total changes	73,669,732	73,669,732
Balance at 30 June 2025	1,071,504,472	1,071,504,472
Note(s)		

* See Note 45

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Annual Financial Statements for the year ended 30 June 2025

Surplus reconciliation:

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		153,575,921	148,833,963
Grants		253,041,010	262,406,999
Interest income		18,147,588	19,662,981
Other receipts		5,100,800	5,951,892
		<u>429,865,319</u>	<u>436,855,835</u>
Payments			
Employee costs		(111,814,272)	(102,881,550)
Suppliers		(136,083,618)	(112,050,890)
		<u>(247,897,890)</u>	<u>(214,932,440)</u>
Net cash flows from operating activities	39	<u>181,967,429</u>	<u>221,923,395</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(182,047,522)	(200,812,299)
Proceeds from sale of property, plant and equipment	4	435,844	-
Purchase of other intangible assets	5	(854,009)	-
		<u>(182,465,687)</u>	<u>(200,812,299)</u>
Net cash flows from investing activities		<u>(182,465,687)</u>	<u>(200,812,299)</u>
Cash flows from financing activities			
Finance lease payments		(1,137,408)	(896,667)
		<u>(1,137,408)</u>	<u>(896,667)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,635,666)</u>	<u>20,214,429</u>
Cash and cash equivalents at the beginning of the year		170,638,389	150,423,957
Cash and cash equivalents at the end of the year	17	<u>169,002,723</u>	<u>170,638,386</u>

The accounting policies on pages 21 to 46 and the notes on pages 47 to 118 form an integral part of the annual financial statements.

* See Note 45

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	5,550,000	300,000	5,850,000	5,706,552	(143,448)	A
Government grants & subsidies - INEP	5,848,000	4,000,000	9,848,000	9,129,309	(718,691)	B
Rental of facilities and equipment	491,000	(71,500)	419,500	296,211	(123,289)	C
Interest received (trading)	4,500,000	(2,773,000)	1,727,000	360,774	(1,366,226)	D
Agency services	4,196,000	(1,196,000)	3,000,000	3,236,741	236,741	E
Licences and permits	2,831,500	3,823,500	6,655,000	2,567,327	(4,087,673)	F
Other income - (rollup)	4,212,500	(481,000)	3,731,500	5,774,293	2,042,793	G
Interest received - investment	8,917,000	3,383,000	12,300,000	12,257,112	(42,888)	H
Total revenue from exchange transactions	36,546,000	6,985,000	43,531,000	39,328,319	(4,202,681)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	173,650,000	17,616,000	191,266,000	186,026,301	(5,239,699)	I
Traffic fines	1,373,000	(372,000)	1,001,000	432,700	(568,300)	J
Interest - outstanding debtors	15,050,000	3,950,000	19,000,000	19,440,554	440,554	K
Transfer revenue						
Government grants & subsidies	218,193,000	41,145,000	259,338,000	244,760,305	(14,577,695)	L
Total revenue from non-exchange transactions	408,266,000	62,339,000	470,605,000	450,659,860	(19,945,140)	
Total revenue	444,812,000	69,324,000	514,136,000	489,988,179	(24,147,821)	
Expenditure						
Personnel	(108,892,000)	(310,000)	(109,202,000)	(101,776,932)	7,425,068	M
Employee costs - Remuneration of councillors	(13,332,000)	60,000	(13,272,000)	(12,517,552)	754,448	N
Depreciation and amortisation	(33,000,000)	(3,000,000)	(36,000,000)	(30,742,032)	5,257,968	O
Impairment loss/ Reversal of impairments	-	-	-	(2,650,759)	(2,650,759)	P
Finance costs	(2,100,000)	-	(2,100,000)	(2,436,487)	(336,487)	Q
Debt Impairment	(29,500,000)	(10,515,000)	(40,015,000)	(57,432,880)	(17,417,880)	R
Contracted Services	(47,070,000)	(13,624,000)	(60,694,000)	(58,615,174)	2,078,826	S
General expenses	(88,111,000)	(20,664,000)	(108,775,000)	(150,293,568)	(41,518,568)	T
Total expenditure	(322,005,000)	(48,053,000)	(370,058,000)	(416,465,384)	(46,407,384)	
Operating surplus	122,807,000	21,271,000	144,078,000	73,522,795	(70,555,205)	
Loss on disposal of assets and liabilities	(1,500,000)	750,000	(750,000)	(174,320)	575,680	U
Fair value adjustments	-	-	-	422,322	422,322	V
Actuarial gains/losses	-	(15,000)	(15,000)	(101,065)	(86,065)	W
	(1,500,000)	735,000	(765,000)	146,937	911,937	
Surplus before taxation	121,307,000	22,006,000	143,313,000	73,669,732	(69,643,268)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	121,307,000	22,006,000	143,313,000	73,669,732	(69,643,268)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1,748,000	4,441,000	6,189,000	154,233	(6,034,767)	X
Statutory VAT receivable (SARS)	-	-	-	2,282,114	2,282,114	
Receivables from exchange transactions	22,346,000	9,285,500	31,631,500	1,646,064	(29,985,436)	Y
Receivables from non-exchange transactions	104,308,000	(44,784,500)	59,523,500	47,973,446	(11,550,054)	Z
VAT receivable	15,789,000	12,350,000	28,139,000	19,733,164	(8,405,836)	AA
Prepayments	-	-	-	1,083,729	1,083,729	AB
Other receivables	21,000	2,068,000	2,089,000	2,808,260	719,260	AC
Cash and cash equivalents	135,444,000	(8,286,000)	127,158,000	169,002,718	41,844,718	AD
	279,656,000	(24,926,000)	254,730,000	244,683,728	(10,046,272)	
Non-Current Assets						
Investment property	10,481,000	700,000	11,181,000	8,573,923	(2,607,077)	AE
Property, plant and equipment	1,244,178,000	48,299,000	1,292,477,000	945,849,739	(346,627,261)	AF
Intangible assets	2,091,000	(124,000)	1,967,000	871,697	(1,095,303)	AG
Heritage assets	373,000	-	373,000	372,500	(500)	AH
	1,257,123,000	48,875,000	1,305,998,000	955,667,859	(350,330,141)	
Total Assets	1,536,779,000	23,949,000	1,560,728,000	1,200,351,587	(360,376,413)	
Liabilities						
Current Liabilities						
Finance lease obligation	3,208,000	-	3,208,000	2,153,714	(1,054,286)	AI
Payables from exchange transactions	88,430,000	12,771,000	101,201,000	72,279,828	(28,921,172)	AJ
Trade and other payables from non-exchange transactions	-	16,442,000	16,442,000	7,151,584	(9,290,416)	AK
Consumer deposits	1,833,000	766,000	2,599,000	-	(2,599,000)	AL
Employee benefit obligation	-	-	-	1,319,000	1,319,000	AM
Unspent conditional grants and receipts	-	-	-	15,296,260	15,296,260	AN
Provisions	19,631,000	3,337,000	22,968,000	1,397,392	(21,570,608)	AO
	113,102,000	33,316,000	146,418,000	99,597,778	(46,820,222)	
Non-Current Liabilities						
Finance lease obligation	-	(1,768,000)	(1,768,000)	4,370,809	6,138,809	AP
Employee benefit obligation	503,000	-	503,000	17,001,000	16,498,000	AQ
Provisions	5,228,000	2,550,000	7,778,000	4,554,957	(3,223,043)	AR
	5,731,000	782,000	6,513,000	25,926,766	19,413,766	
Total Liabilities	118,833,000	34,098,000	152,931,000	125,524,544	(27,406,456)	
Net Assets	1,417,946,000	(10,149,000)	1,407,797,000	1,074,827,043	(332,969,957)	

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<hr/>						
Figures in Rand						
<hr/>						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,417,946,000	(10,149,000)	1,407,797,000	1,071,504,472	(336,292,528)	.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates and service charge	155,987,000	11,598,000	167,585,000	153,575,921	(14,009,079)	AS
Other revenue	11,741,000	2,066,000	13,807,000	5,100,800	(8,706,200)	AT
Interest income	8,917,000	3,383,000	12,300,000	18,147,583	5,847,583	AU
Transfers and subsidies	175,480,000	9,848,000	185,328,000	253,041,010	67,713,010	AV
Transfers and subsidies - capital	46,761,000	35,594,000	82,355,000	-	(82,355,000)	AW
	398,886,000	62,489,000	461,375,000	429,865,314	(31,509,686)	
Payments						
Suppliers and employee costs	(263,652,000)	(26,927,000)	(290,579,000)	(247,897,890)	42,681,110	AX
Net cash flows from operating activities	135,234,000	35,562,000	170,796,000	181,967,424	11,171,424	
Cash flows from investing activities						
Purchase of property, plant and equipment	(189,560,000)	(23,967,000)	(213,527,000)	(182,047,522)	31,479,478	AY
Proceeds from sale of property, plant and equipment	(1,500,000)	750,000	(750,000)	435,844	1,185,844	AZ
Purchase of other intangible assets	-	-	-	(854,009)	(854,009)	
Net cash flows from investing activities	(191,060,000)	(23,217,000)	(214,277,000)	(182,465,687)	31,811,313	
Cash flows from financing activities						
Finance lease payments	-	-	-	(1,137,408)	(1,137,408)	
Net increase/(decrease) in cash and cash equivalents	(55,826,000)	12,345,000	(43,481,000)	(1,635,671)	41,845,329	
Cash and cash equivalents at the beginning of the year	191,270,000	(20,632,000)	170,638,000	170,638,389	389	
Cash and cash equivalents at the end of the year	135,444,000	(8,287,000)	127,157,000	169,002,718	41,845,718	

Reconciliation

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Material differences between budget and actual amount

Statement of financial performance

A - Service Charges

Billing was in line with the approved tariff structure. Variance is minor and within acceptable norms.

B – Government grants and subsidies-INEP

The municipality received additional allocations of R4m for INEP in March 2025. However, funds were not fully utilised by year-end; the balance will be rolled over subject to Treasury approval

C - Rental of Facilities and Equipment

Revenue declined because some tenants (e.g., Anova) did not renew their service-level agreements, reducing rental income.

D - Interest Received (Trading)

Variance arose because the budget originally included interest from both exchange and non-exchange receivables. Actual collections were lower due to historical debts, particularly from farmers who are not settling their accounts.

E - Agency Services

Actuals exceeded budget because the municipality continued providing licensing and related services to neighbouring municipalities (Bushbuckridge, Ba-Phalaborwa, Fetakgomo-Tubatse) due to shared borders.

F - Licences and Permits

Applicants increasingly prefer manual licensing systems. Since Maruleng uses a computerized system, most community members opted to apply in neighbouring municipalities, reducing revenue.

G - Other Income

Increase recorded mainly from Spatial Planning and Development applications, reflecting growth in new developments within the municipal jurisdiction.

H - Interest Received -Investment

Interest income was aligned to CPIX assumptions; however, actual performance was slightly below expectations due to market fluctuations.

I - Property Rates

Higher billing achieved through monthly supplementary valuations, which included rezoning of properties, adjustments of undervalued properties, new township establishments, improved properties, and illegal land uses. Implementation of the new valuation roll effective 1 July 2023 also contributed.

J - Traffic Fines

Decreased revenue due to stricter law -enforcement schedules, joint operations with SAPS, and intensified traffic compliance campaigns which resulted in improved driver behaviour consequently traffic fines issued were decreased as compared to the approved budget.

K - Interest -outstanding debtors

Increase due to interest charged on historical debts, especially arrears from farmers.

L - Government Grants and Subsidies

The municipality received additional allocations of R25m from MIG in April 2025. However, funds were not fully utilised by year-end; the balance will be rolled over subject to Treasury approval.

M - Employee Related Costs

Savings due to delays in filling vacant funded positions.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

N - Remuneration of Councillors

Variance resulted because the budget was based on anticipated upper limits; however, SALGA's 2025 directive for councillor increases was not yet implemented.

O - Depreciation and Amortisation

The variance is mainly due to the transfer of roads infrastructure to Road Agency Limpopo. The derecognition of the affected roads from the municipal asset register resulted in lower depreciation charges than initially budgeted.

P- Impairment loss/ reversal of impairment

Impairment of community assets.

Q - Finance Costs

Increased due to expiry of previous lease contracts in March 2025 and appointment of new contractors with a broader scope of work. The amount also includes the interests on actuarial reports for long services and medical aid.

R- Debt Impairment

Variance reflects higher provision for doubtful debts due to weak adherence to the revenue enhancement strategy and an increase in debtors in arrears for over 120 days.

S - Contracted Services

Savings achieved by implementing National Treasury's cost-containment measures across several operational votes.

T - General Expenses

Expenses arise from the transfer of road infrastructure assets to Road Agency Limpopo.

U - Loss on Disposal of Assets

Variance arose because fewer assets were disposed than budgeted.

V - Fair Value Adjustments

Increase reflects valuation gains on investment property in the current year.

W - Actuarial Losses

Variance attributed to unexpected increases in subsidies, changes in membership profiles, and differences between actual vs expected benefit payments.

Statement of financial position

X - Inventories

Decrease due to consumption of municipal stock during the 2024/25 financial year, and reduced purchases following cost-containment measures.

Y -Receivables from Exchange transactions

Increase due to weaker than anticipated collections, leading to higher arrears by consumers.

Z - Receivables from Non-Exchange transactions

Same as above — higher balances caused by non-payment of property rates and fines.

AA - VAT Receivable

Improvement due to higher refunds received from SARS compared to prior years.

AB - Prepayments

Reflects annual upfront payments for Microsoft licences and insurance premiums, not aligned to municipal year-end.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
AC - Other Receivables						
Variance due to uncleared balances in suspense accounts, including salary clearing accounts.						
AD - Cash and Cash Equivalents						
Higher balance due to unspent conditional grants and higher interest earned on investments during the year.						
AE - Investment Property						
The municipality donated ERF 800 and ERF 801 to Mopani TVET college which led to a decline in the actual Investment Property as compared to the budget.						
AF - Property, Plant and Equipment						
Variance reflects the transfer of municipal roads to Road Agency Limpopo, offset by additional capital assets acquired.						
AG - Intangible Assets						
Increase due to acquisition of additional software in 2025.						
AH - Heritage Assets						
No additions or disposals occurred during the financial year.						
AI - Finance Lease Obligations (Current & Non-Current)						
Variance reflects delays in securing new lease agreements, which were finalised late in the year.						
AJ - Payables from Exchange Transactions						
Decrease reflects additional invoices for projects funded through conditional grants. Includes R5.9m in unknown deposits and consumer deposits.						
AK - Payables from Non-Exchange Transactions						
The budget for non-exchange transaction includes unspent conditional grants and payment received in advance thus results in under budgeting. The municipality received additional funding of R29 million for MIG and INEP. The amount was not fully spent at year end.						
AL - Consumer Deposits						
The municipality does not hold consumer deposits; balances are for Mopani District Municipality (water and sanitation transactions) and are reflected under the Mopani Loan Account.						
AM – Employee benefit obligations						
Increase due to higher post-retirement medical aid liability as more members are expected to continue contributions at and after retirement.						
AN - Unspent Conditional Grants						
Variance due to additional conditional grants of R29m received late in the year, not yet spent.						
AO - Provisions (Current & Non-Current)						
Variance reflects timing of actuarial valuations of employee benefit obligations, which are recognised at year-end.						
AP – Finance lease obligations						
Variance reflects delays in securing new lease agreements, which were finalised late in the year.						
AQ - Employee Benefit Obligations						
Increase due to higher post-retirement medical aid liability as more members are expected to continue contributions at and after retirement.						
AR - Provisions (Current & Non-Current)						
Variance reflects timing of actuarial valuations of employee benefit obligations, which are recognised at year-end.						
Cash flow statements						

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

AS - Property Rates and Service Charges

Slight decline due to reduced payments from ratepayers. However, variance remains within acceptable norms.

AT - Other Revenue

Decrease as fewer rezoning, land-use change, and building plan applications were processed.

AU- Interest income

Higher than anticipated due to favourable interest rate movements and the municipality not withdrawing invested funds.

AV - Transfers and Subsidies - Operational

Amount received as per DoRA allocations.

AW - Transfers and Subsidies- Capital

Increase in receipts due to additional MIG allocation of R25m.

AX - Suppliers and Employees

Payments decreased as a result of cost-containment measures.

AY - Purchase of Property, Plant and Equipment

Increase due to acquisition of additional assets during 2024/25.

AZ - Proceeds from Sale of property plant and equipment

Variance as fewer disposals were finalised than projected.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant account policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

MARULENG LOCAL MUNICIPALITY

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Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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 nominal interest rate, computed at initial recognition.

1.6 Investment property

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

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

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

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

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

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

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

Subsequent measurement - fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Community Assets	Straight-line	5 - 100 years
Stormwater	Straight-line	10 - 60 years
Roads	Straight-line	5 - 100 years
LV Network	Straight-line	10 - 60 years
Solid Waste	Straight-line	5 - 25 years
Plant and Machinery	Straight-line	3 - 15 years
IT Infrastructure	Straight-line	5 - 15 years
Computer Equipment	Straight-line	5 - 10 years
Transport Assets	Straight-line	5 - 15 years
Furniture and Office Equipment	Straight-line	5 - 50 years

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

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

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Significant Accounting Policies

1.7 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 surplus reconciliation.

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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Significant Accounting Policies

1.8 Intangible assets (continued)

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Licenses and franchises	Straight-line	2 - 5 years
Computer software, other	Straight-line	5 - 10 years

Intangible assets are derecognised:

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

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

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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1.9 Heritage assets (continued)

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.10 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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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:

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1.10 Financial instruments (continued)

- 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.

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

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1.10 Financial instruments (continued)

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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.

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

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

1.11 Statutory receivables

Identification

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

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

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

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.

Traffic fines are governed by Administrative Adjudication of Road Traffic Offences Act, No. 46 of 1998 (AARTO) and National Road Traffic Act, No. 93 of 1996 of South Africa, hence this is therefore recognised as a statutory receivable.

Traffic fines charges for each offence are prescribed in the AARTO Act, this is the amount recorded on the financial system as per the issues offence ticket. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law.

Recognition

The municipality recognises statutory receivables as follows:

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1.11 Statutory receivables (continued)

- 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.

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 uses collection rate method. This method involves calculating average collection rate per customer which is determined by taking collection rate for current and prior periods and divide by number of periods being considered. The estimated default rate (impairment rate) is equal to 100% less average collection rate. Provision for credit losses is potential losses that the municipality might experience due to credit risk. An estimated amount to be lost is calculated and is treated as an expense on the municipality's financial statements. Non-payment of debt would lead to an outflow of resources embodying economic benefits or service potential in settlement regardless of the future actions of the municipality. The amount of the losses is recognised in surplus or deficit.

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

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

Derecognition

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

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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1.11 Statutory receivables (continued)

- 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.

1.12 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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 municipality's incremental borrowing rate.

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

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

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1.13 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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.14 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.

1.15 Impairment of cash-generating assets

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

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

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

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1.15 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

1.16 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.

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Significant Accounting Policies

1.17 Employee benefits

Identification

Employee benefits

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

of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide postemployment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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.

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Significant Accounting Policies

1.17 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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..

Post-employment benefits: Defined contribution plans

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

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

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

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1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

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

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and

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1.17 Employee benefits (continued)

- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

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

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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1.17 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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1.18 Provisions and contingencies (continued)

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.

A contingent asset is a potential economic benefit that is dependent on some future event(s) largely out of the municipality's control.

A contingent liability is a potential liability that may occur in the future, such as pending lawsuits or honoring product warranties.

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

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.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

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Significant Accounting Policies

1.18 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.19 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.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services, multi-year construction contracts and engineering and consultancy services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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1.20 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 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 when the services have been actually rendered 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; 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.

Interest

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

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

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

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Significant Accounting Policies

1.21 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.

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.

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Significant Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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.

Government grants and receipts

- Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

- Conditional grants and receipts

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent where the obligations have not been met, a liability is recognised.

Fines

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

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

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

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.

1.22 Investment income

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

1.23 Borrowing costs

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

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Significant Accounting Policies

1.23 Borrowing costs (continued)

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

1.24 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

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 it 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.

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Significant Accounting Policies

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure means:

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

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

All write offs and amount recoverable will be as per the council resolutions.

1.27 Fruitless and wasteful expenditure

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

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

All amount recoverable will be as per the council resolutions.

1.28 Irregular expenditure

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

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

All write offs and amount recoverable will be as per the council resolutions.

1.29 Segment information

A segment is an activity of an entity:

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

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

1.30 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 cash 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.

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Significant Accounting Policies

1.30 Budget information (continued)

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

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

1.31 Related parties

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

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

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

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

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

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

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

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

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

1.32 Events after reporting date

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

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

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

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

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Figures in Rand

2025

2024

2. New standards and interpretations

2.1 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:

GRAP 103 (amended): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 107 (as revised) Mergers

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

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2. New standards and interpretations (continued)

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not "label" the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

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2. New standards and interpretations (continued)

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Mergers issued in 2010.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter “the local Standards”) were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard’s scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

- (a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and
- (b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Accounting for an acquisition versus a transfer of functions not under common control

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 106 does not have an application guidance section as all the principles are included in the Standard itself.

Assessing control - GRAP 106 is not explicit that the principles in GRAP 35 should be applied in assessing control.

Identifying acquisition date, assets, and liabilities - GRAP 106 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer and the acquisition date. GRAP 106 also includes guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement. IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity. GRAP 106 requires that the terms and conditions in the binding arrangement should be considered to determine the acquisition date, and the assets and liabilities to be transferred. IPSAS 40 is not as specific that a binding arrangement needs to be in place to determine the acquisition date. To identify the assets and liabilities to be transferred or assumed, IPSAS 40 merely refers to "must be what the acquirer and acquiree has exchanged".

Non-controlling interests - Additional guidance is included in GRAP 106 on the measurement of a noncontrolling interest in an acquiree.

Subsequent measurement - For the subsequent measurement of a reacquired right, IPSAS 40 distinguishes between a right with a finite and indefinite period. A similar distinction is not made in GRAP 106.

Calculation of the excess in the acquisition - GRAP 106 requires that the excess in transfer of functions be recognised in surplus and deficit. IPSAS 40 requires that the excess be recognised as goodwill. As a result, IPSAS 40 includes additional guidance on the recognition and measurement of goodwill, which is not included in GRAP 106.

Acquisition achieved in stages - Both Standards include similar guidance on the accounting for an acquisition achieved in stages, except for the treatment of the resulting gain or loss. IPSAS 40 requires that the gain or loss be recognised in surplus or deficit or in net assets/equity, whereas GRAP 106 requires it to be recognised in surplus or deficit only.

Measurement period - Both IPSAS 40 and GRAP 106 allow for a measurement period if the initial accounting for the acquisition is incomplete by the end of the reporting period, in which the acquisition occurs. In IPSAS 40 the measurement period should not exceed one year from the acquisition date. GRAP 106 allows two years. The increase or decrease in the provisional amount is recognised in goodwill in IPSAS 40, while the provisional amount is adjusted against surplus or deficit in GRAP 106.

Pre-existing relationship - Both Standards include similar guidance on determining what is part of the acquisition transaction if there was a pre-existing relationship between the acquirer and the acquiree. However, IPSAS 40 includes an additional principle to explain that a transaction entered into before the acquisition, by or on behalf of the acquirer or primarily for the benefit of the acquirer, is likely to be a separate transaction. IPSAS 40 also includes additional guidance of factors to be considered to determine if a transaction is part of the exchange of the acquired operation.

There are certain guidance included in IPSAS40 but not in GRAP106, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 105 Transfer of Functions Between Entities Under Common Control

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter “the local Standards”) were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard’s scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

- (a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and
- (b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not "label" the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	8,573,923	-	8,573,923	11,180,687	-	11,180,687

Reconciliation of investment property - 2025

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	11,180,687	(3,029,086)	422,322	8,573,923

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	10,480,838	699,849	11,180,687

Pledged as security

During the financial period ended 30 June 2025, no components of investment property were pledged as security for borrowings or banking facilities.

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.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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2024

3. Investment property

(continued) Details of valuation

The valuation was conducted by Mr MM Mbangatha, who hold a National Diploma in Real Estate Property Valuation, he is a registered professional valuer with the South African Council for the Property Valuers.

The Maruleng Local Municipality Property Investment portfolio comprises of 12 vacant land portions, and 1 improved property erf 801 and 800 Hoedspruit which was transferred last year to Mopani TVET College (T3356/2024). The valuation techniques and key assumptions applied in the valuation of these properties are as follows:

a) Vacant Land (Undeveloped Land)

The comparable sales approach will be used to determine the value of the vacant land properties. This method is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring an acceptable substitute property. In applying the Comparable Sales Approach it is necessary to investigate the sales of similar type properties that have been sold as well as comparable properties which are on the market.

Assumptions used under the comparable sales.

The valuers had worked on an average selling rate per square meter on the most recent sales within the area where the subject property is located at;

- The desirable number depends on how comparable the sales are. If sales are very similar, located close to the subject property, occurred fairly recently then three to four sales are usually adequate for most valuation assignments.
- Where sales are less similar or you have less confidence in the reliability of the information obtained about the sales, a larger number of comparable properties is usually necessary.
- The overall provincial property growth cited from lightsome is 4% from 2024 to 6% in 2025, considering that Polokwane is much bigger with better growth rate an adjusted growth rate of 5% per year was used for Hoedspruit.

b) Buildings (Improved properties)

Management had adopted the Replacement Cost Model on the Valuation of buildings.

The Replacement Cost Approach is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring a similar site, combined with building an acceptable substitute structure. The maximum value of a property can be measured by the total expenditure necessary to reproduce the building, plus the value of an equivalent site. The total expenditure is then reduced to reflect the applicable accrued depreciation and obsolescence of buildings and improvements.

Assumptions used under the comparable sales

- The building erected on Erf 801 Hoedspruit is an industrial type of a structure therefore Property & Construction guide 2024/25 on page 54 of 114 under industrial provides a lower range of R4 600 and an upper range of - R6 800. Lower range was applied on the basis that the building is not a fully fleshed industrial structure and the finishes do not fully qualify as industrial.
- There are further improvement on the property which includes bricks paving, a common guide used by financial institutions for insurance valuations was sited and used as basis to derive the rate applied.
- The Palisade Panel Gates and Palisade Fence, three online sources were used to extract the quotes. The necessary adjustments were then made, and an average was applied our calculation.
- The main source of the rates applied on the improvements is AECOM Property and Construction Handbook 2024/2025.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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2025

2024

3. Investment property (continued)

- These Construction Handbooks are used as a guide nationally they are not supplied per province, therefore a valuer uses professional judgement based on further consultation from companies in construction, then after that careful analyses and necessary adjustments for differences in condition, an informed value of an immovable asset is derived.

Maintenance of investment property

No significant operating expenditure was incurred on investment property during the 2025 and 2024 financial year.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from Investment property	295,583	265,182
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MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2025

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	55,548,529	-	55,548,529	55,548,529	-	55,548,529
Plant and machinery	19,919,396	(5,363,170)	14,556,226	12,650,907	(4,438,962)	8,211,945
Furniture and office equipment	7,083,691	(4,191,911)	2,891,780	6,648,141	(4,445,960)	2,202,181
Motor vehicles	18,529,540	(8,864,552)	9,664,988	17,757,749	(6,636,912)	11,120,837
IT equipment	12,491,856	(2,596,312)	9,895,544	6,236,684	(3,881,452)	2,355,232
Infrastructure - roads	451,207,854	(67,591,387)	383,616,467	396,103,849	(55,921,606)	340,182,243
Community assets	296,755,411	(159,795,604)	136,959,807	291,685,290	(145,988,085)	145,697,205
Work in progress	251,606,866	-	251,606,866	244,048,255	-	244,048,255
Infrastructure - electrical	9,704,212	(7,644,047)	2,060,165	9,814,914	(7,574,331)	2,240,583
Other assets	103,625	(99,344)	4,281	103,625	(98,618)	5,007
Infrastructure - solid waste	11,249,862	(2,342,199)	8,907,663	11,211,319	(1,459,740)	9,751,579
Infrastructure - storm water	73,829,565	(3,692,142)	70,137,423	28,382,645	(2,293,191)	26,089,454
Total	1,208,030,407	(262,180,668)	945,849,739	1,080,191,907	(232,738,857)	847,453,050

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	55,548,529	-	-	-	-	-	-	55,548,529
Plant and machinery	8,211,945	7,410,271	(17,279)	-	-	(1,048,711)	-	14,556,226
Furniture and office equipment	2,202,181	1,351,200	(131,442)	-	-	(530,159)	-	2,891,780
Motor vehicles	11,120,837	771,790	-	-	-	(2,227,639)	-	9,664,988
IT equipment	2,355,232	9,111,464	(130,812)	-	-	(1,440,340)	-	9,895,544
Infrastructure - roads	340,182,243	-	(276,214)	55,533,853	-	(11,823,415)	-	383,616,467
Community assets	145,697,205	29,500	(48,931)	5,098,319	-	(11,165,527)	(2,650,759)	136,959,807
Work in progress	244,048,255	170,362,645	-	(106,079,092)	(56,724,942)	-	-	251,606,866
Infrastructure - electrical	2,240,583	-	(5,486)	-	-	(174,932)	-	2,060,165
Other assets	5,007	-	-	-	-	(726)	-	4,281
Infrastructure - solid waste	9,751,579	38,542	-	-	-	(882,458)	-	8,907,663
Infrastructure - storm water	26,089,454	-	-	45,446,920	-	(1,398,951)	-	70,137,423
	847,453,050	189,075,412	(610,164)	-	(56,724,942)	(30,692,858)	(2,650,759)	945,849,739

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	55,548,529	-	-	-	-	-	-	55,548,529
Plant and machinery	9,027,163	23,174	(31,847)	-	-	(806,545)	-	8,211,945
Furniture and office equipment	1,624,435	1,037,507	(31,986)	-	-	(427,775)	-	2,202,181
Motor vehicles	7,085,305	5,650,994	(68,015)	-	-	(1,547,447)	-	11,120,837
IT equipment	2,611,608	1,185,000	(128,751)	-	-	(1,312,625)	-	2,355,232
Infrastructure - roads	325,781,123	51,317	(2,171)	72,598,357	(48,413,888)	(9,817,749)	(14,746)	340,182,243
Community assets	153,222,328	-	-	4,410,392	-	(11,935,515)	-	145,697,205
Work in progress	192,739,725	192,864,307	-	(114,799,787)	(26,755,990)	-	-	244,048,255
Infrastructure - electrical	2,446,674	-	(14,485)	-	-	(180,231)	(11,375)	2,240,583
Other assets	5,756	-	-	-	-	(749)	-	5,007
Infrastructure - solid waste	10,871,067	-	-	-	(212,552)	(906,936)	-	9,751,579
Infrastructure - storm water	8,243,953	-	-	37,791,038	(19,483,690)	(461,847)	-	26,089,454
	769,207,666	200,812,299	(277,255)	-	(94,866,120)	(27,397,419)	(26,121)	847,453,050

Pledged as security

During the financial period ended 30 June 2025, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

Projects which are taking significantly longer periods to complete

Included in Work In Progress (WIP) total carrying value are projects which are taking longer to complete

Indoor sports field	64,986,982	57,333,607
Animal Pounding Facilities	998,706	998,706
Scortia internal street	17,698,246	996,533
	83,683,934	59,328,846

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4. Property, plant and equipment

(continued) Reasons for project delays:

- a) Indoor sports field: The project was stopped as a result of legal dispute between the municipality and the contractor. The matter has since been settled through arbitration. The contractors is on site continuing with the works.
- b) Animal Pounding Facilities: The project was stopped as a result of legal dispute between the municipality and the contractor. The matter has since been settled through arbitration. The Municipality has made budgetary allocations for the 2025/26 financial year. As a result the project will resume in the next financial year.
- c) Scortia internal street: The Municipality appointed a contractor on the 16th of April 2024 for construction of the project. The project is currently at construction stage.

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.

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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,938,098	(1,066,401)	871,697	1,084,089	(1,017,227)	66,862

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	66,862	854,009	(49,174)	871,697

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	90,611	(23,749)	66,862

Pledged as security

During the financial period ended 30 June 2025, no components of intangible assets were pledged as security for borrowings or banking facilities.

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6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Lion Sculpture	75,000	-	75,000	75,000	-	75,000
Mayoral chain	297,500	-	297,500	297,500	-	297,500
Total	372,500	-	372,500	372,500	-	372,500

Reconciliation of heritage assets 2025

	Opening balance	Total
Lion Sculpture	75,000	75,000
Mayoral chain	297,500	297,500
	372,500	372,500

Reconciliation of heritage assets 2024

	Opening balance	Total
Lion Sculpture	75,000	75,000
Mayoral chain	297,500	297,500
	372,500	372,500

Expenditure incurred to repair and maintain heritage assets

No expenditure was incurred on the repair or maintenance of heritage assets as at 30 June 2025 (2024: R0)

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7. Payables from exchange transactions		
Trade payables	8,206,951	15,689,747
Retentions	39,974,886	32,124,652
Accruals	6,262,888	2,769,553
Unknown deposits	4,950,628	6,103,274
Operating lease - deferred liability	26,844	26,844
Other creditors - Dept Roads & Transport	1,120,137	1,078,271
Leave accrued	8,730,657	7,801,421
Bonus accrued	2,766,545	2,279,678
Trade and other payables	240,292	240,292
	72,279,828	68,113,732

8. Trade and other payables from non-exchange transactions

Amounts received in advance - consumer debtors	7,151,584	7,976,514
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Payments received in advance are non-interest bearing.

9. Employee benefit

obligations Defined benefit plans

The plan is a post-employment medical benefit plan and long service awards.

Post retirement medical aid plan

The employer's post-employment benefit health care liability consists of a commitment to pay a portion of the pensioners' postemployment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Long service awards

Long service awards relate to the legal obligation to provide long service leave awards.

Actuarial benefits has been performed on all 186 employees as at 30 June 2025 that are entitled to long services awards. The long service awards liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability.

Maruleng offers bonuses every 5 years of completed services from 5 years to 45 years.

The Municipality's long service award policy is in accordance with the Collective Agreement on Conditions of Service for the Limpopo Division, effective from 1 September 2023, which offers employees LSA for every 5 years of service completed, from 5 years of service to 45 years of service, inclusive.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(8,554,000)	(7,561,000)
Present value of the defined benefit obligation-partly or wholly funded	(9,766,000)	(8,073,000)
	(18,320,000)	(15,634,000)
Non-current liabilities	(17,001,000)	(14,927,000)
Current liabilities	(1,319,000)	(707,000)
	(18,320,000)	(15,634,000)

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9. Employee benefit obligations (continued)

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

Opening balance	7,561,000	5,115,000
Benefits paid	(473,516)	(858,715)
Net expense recognised in the statement of financial performance	1,466,516	3,304,715
	8,554,000	7,561,000

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

Service cost	718,000	2,560,000
- Current service cost	718,000	461,000
- Past service cost	-	2,099,000
- Plan amendment	-	2,099,000
Net interest on the net defined benefit liability (asset)	817,000	539,000
Remeasurements of the net defined benefit liability (asset)	(68,484)	205,715
- Return on plan assets, excluding amounts included in net interest	(68,484)	205,715
	1,466,516	3,304,715

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.80 %	11.21 %
Expected rate of return on reimbursement rights	4.80 %	6.35 %
Actual return on reimbursement rights	4.80 %	4.57 %

An employee with five or more years' service with the Municipality, who leaves the service of the Municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

Other assumptions

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

	2025	2024	2023	2022	2021
	R	R	R	R	R
Defined benefit obligation	8,554,000	7,561,000	5,115,000	4,919,050	4,571,000

An actuarial valuation has been performed in respect of post-employment medical benefits which employees may become entitled to after retirement.

The employee post employment health care liability consists of the commitment to pay a portion of the Pensioners Medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes after the death of the pensioner.

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9. Employee benefit obligations (continued)

Post-Employment Medical Aid Obligation

The medical aid contribution is an actuarial calculation which was performed by ARCH Actuarial Consulting, an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment.

The municipality is under no obligation to cover any unfunded benefits.

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

Opening balance	8,073,000	6,819,000
Benefits paid	(83,549)	(72,311)
Net expense recognised in the statement of financial performance	1,776,549	1,326,311
	9,766,000	8,073,000

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

Service cost	617,000	542,000
- Current service cost	617,000	542,000
Net interest on the net defined benefit liability (asset)	990,000	855,000
Remeasurements of the net defined benefit liability (asset)	169,549	(70,689)
- Return on plan assets, excluding amounts included in net interest	169,549	(70,689)
	1,776,549	1,326,311

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.40 %	12.32 %
Expected rate of return on reimbursement rights	4.57 %	4.20 %
Actual return on reimbursement rights	7.20 %	7.79 %

Other assumptions

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

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	9,766,000	8,073,000	6,819,000	6,457,000	4,523,000

10. Prepayments

Microsoft annual licencing	246,336	178,059
Insurance	837,393	605,291
	1,083,729	783,350

Prepayments relates to microsoft annual licencing fees and insurance premiums which are paid once a year for a period of 12 month. The prepayment is for months paid which are after year end.

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11. Other receivables		
Salary clearing account	409,578	344,685
Deposits	1,057,800	1,444,438
Accrued interest	-	684,445
Over payment of Contractors	1,340,882	
	2,808,260	2,473,568
Inter-municipal receivables		
Gross debtors	46,820,901	41,189,586
Provision for impairment	(46,820,901)	(41,189,586)
Closing balance	-	-
Reconciliation of provision for debt impairment		
Opening balance	41,189,586	35,867,331
Provision for impairment	5,631,315	5,322,255
	46,820,901	41,189,586

Inter municipal receivable (Mopani loan account)

Key assumptions

The intermunicipal debt, hereinafter referred to as Mopani Debt, arose from a formal service delivery agreement concluded between Maruleng Local Municipality and Mopani District Municipality. In terms of the agreement, Maruleng Local Municipality assumed the role of Water Services Provider, while Mopani District Municipality retained its statutory position as the Water Services Authority.

The credit period for the Mopani debt is 30 days, in terms of the agreement. No interest is charged on invoices which are overdue.

The impairment provision was calculated after debtor and by estimating the probability of future payments, legal considerations, intergovernmental relations, etc

In determining the recoverability of a receivable, the municipality considers history of payment, legal implications, etc. Consequently, management deem the mopani loan account debt impaired in full.

Inter municipal debt pledged as security and/or used as collateral

No inter municipal receivables were pledged as security and/or used as collateral.

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12. Inventories

Consumables and materials	154,233	145,205
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Consumable stores inventory has been maintained throughout the financial year comprising of electrical cables, cleaning materials, materials for water function and stationery.

Inventory pledged as security

No inventory is pledged as security.

Inventory write-downs

It is the municipality's policy to make inventory write-downs for obsolete and expired stock. No inventory was written down during the current year R0 (2024:R0.)

Inventory expensed

Opening balance	145,205	120,956
Purchases	11,688,403	5,390,187
Issues/expensed for the year	(11,679,375)	(5,365,938)
Closing balance	154,233	145,205

Reconciliation of inventory issued/expensed for the year

Issues(Materials used for Water Function)	10,453,369	4,891,368
Issues(Consumables)	1,226,006	474,570
	11,679,375	5,365,938

Inventory issues for the year consists of R1 226 006 (2024: R474 570) for consumables expensed during the year and water related inventory items amounting to R10 453 369(2024: R4 891 368). The water related inventory issues were subsequently transferred to the Mopani Water Account.

13. Receivables from exchange transactions

Other debtors - sundry debtors	2,658,435	3,122,912
Trade debtors - Refuse / waste management	5,697,875	4,714,457
Less: Provision for doubtful debts	(6,710,246)	(6,199,206)
	1,646,064	1,638,163

Aged receivables from exchange transactions

Current (0 - 30 days)	590,745	571,932
31 -60 days	378,738	373,154
61 - 90 days	367,436	142,811
91 - 120 days	307,568	119,407
121 days +	6,711,823	6,630,066
	8,356,310	7,837,370

Financial asset receivables included in receivables from exchange transactions above	(6,710,246)	(6,199,207)
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Total receivables from exchange transactions	1,646,064	1,638,163
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Key assumptions

Trade receivables from service and other sundry charges levied on municipal consumers in accordance with the approved tariffs.

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13. Receivables from exchange transactions (continued)

The average credit period for receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of exchange receivables. The management of the municipality is of the opinion that the carrying value of receivables approximate their fair values.

The impairment provision was calculated after individually assessing receivables from exchange transactions and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in addition to the debt impairment.

Trade receivables from exchange transactions pledged as security and/or used as collateral

No trade receivables from exchange transactions were pledged as security and/or used as collateral.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	6,199,209	5,390,049
Provision for impairment	511,037	809,160
	6,710,246	6,199,209

14. Receivables from non-exchange transactions

Fines	2,932,076	2,541,376
Other debtors	63,082,182	49,760,619
Consumer debtors - Rates	234,600,316	197,500,840
Provision for impairment	(252,641,128)	(201,350,601)
	47,973,446	48,452,234

Receivables from non-exchange: Traffic fines

Traffic fines	2,934,976	2,541,376
Provision for impairment	(2,250,572)	(1,948,755)
	684,404	592,621

Reconciliation of provision for impairment of receivables from non-exchange transactions: Traffic fines

Opening balance	1,948,755	1,259,493
Provision for impairment	301,817	689,262
	2,250,572	1,948,755

Receivables from non-exchange transactions: Rates and other

Rates	234,600,316	197,500,840
Provision for impairment	(194,720,206)	(156,766,064)
	39,880,110	40,734,776
Other debtors	63,082,182	49,760,619
Provision for impairment	(55,670,350)	(42,635,782)
	7,411,832	7,124,837

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14. Receivables from non-exchange transactions (continued)		
Debtors ageing rates & other debtors		
Current (0 - 30 days)	17,727,563	19,844,284
31 -60 days	11,518,227	10,362,660
61 -90 days	10,380,909	8,192,960
91 - 120 days	8,577,866	7,851,121
121 days +	249,477,933	201,010,434
	297,682,498	247,261,459

The other debtors comprise of interest from non-exchange receivables.

Reconciliation of provision for impairment of receivables from non-exchange transactions: rates

Opening balance	156,766,064	132,757,548
Provision for impairment	37,954,142	24,008,516
	194,720,206	156,766,064

Reconciliation of provision for impairment of receivables from non-exchange transactions: other debtors

Opening balance	42,635,782	35,024,250
Provision for impairment	13,034,568	7,611,532
	55,670,350	42,635,782

Key assumptions

Property Rates

Property Rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Maruleng Local Municipality's Property Rates Policy. A general valuation is performed every 5 years, with supplementary valuations in between.

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables. The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in addition to the debt impairment.

Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements committed and traffic fines issued as a result, in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996, as well as the Criminal Procedure Act, No 501 of 1977. The traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged. The management of the municipality is of the opinion that the carrying value of traffic fines receivables approximate their fair values.

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14. Receivables from non-exchange transactions (continued)

The impairment provision was calculated after collectively assessing traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios. The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

Trade receivables from non-exchange transactions pledged as security and/or used as collateral

No trade receivables from non-exchange transactions were pledged as security and/or used as collateral

15. Other statutory receivables [Framework related]

16. VAT

VAT control	16,527,446	21,564,139
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VAT Receivable (payable) is attributed to

VAT Input accrual	16,527,446	21,564,139
VAT output accrual	(594,955)	(480,663)
VAT output included from impairment	478,102	390,179
Statutory VAT receivable (SARS)	2,282,114	6,658,376
	18,692,707	28,132,031

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

During the year, the municipality did not make any payments to SARS.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	710	710
Bank balances	13,032,311	27,609,229
Short-term deposits	155,969,697	143,028,450
	169,002,718	170,638,389

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487 Standard Bank Account: Call deposit Account - Account number: 038579111-02 Investec Bank Account: 32 days notice account - Account number 1100464721500	13,223,296	27,591,889	17,599,088	13,032,311	27,609,229	18,060,016
	109,155,987	99,491,251	92,365,868	109,155,987	99,491,251	92,365,868
	46,814,020	43,537,199	40,292,045	46,814,020	43,537,199	40,292,045
Total	169,193,303	170,620,339	150,257,001	169,002,318	170,637,679	150,717,929

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18. Finance lease obligation		
Minimum lease payments due		
- within one year	2,751,035	449,649
- in second to fifth year inclusive	4,870,857	-
	<u>7,621,892</u>	<u>449,649</u>
less: future finance charges	(1,040,824)	(9,640)
Present value of minimum lease payments	<u>6,581,068</u>	<u>440,009</u>
Present value of minimum lease payments due		
- within one year	2,153,714	440,009
- in second to fifth year inclusive	4,427,354	-
	<u>6,581,068</u>	<u>440,009</u>
Non-current liabilities	4,370,809	-
Current liabilities	2,153,714	440,009
	<u>6,524,523</u>	<u>440,009</u>

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

The average lease term was 3 years and the average effective borrowing rate was 10% (2024: 10%).

19. Unspent conditional grants and receipts Unspent

conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	14,577,559	16,144,864
Integrated National Electrification Programme	718,701	-
	<u>15,296,260</u>	<u>16,144,864</u>

Movement during the year

Balance at the beginning of the year	16,144,864	1,605,785
Surrendered to National Treasury during the year	-	(2,098,000)
Income recognition during the year	(253,889,604)	(79,734,921)
	(237,744,740)	(80,227,136)

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4,080,959	-	38,543	435,455	4,554,957
Provision for performance bonus	1,111,213	286,179	-	-	1,397,392
	5,192,172	286,179	38,543	435,455	5,952,349

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	3,853,391	(212,551)	-	440,119	4,080,959
Provision for performance bonus	928,281	-	182,932	-	1,111,213
	4,781,672	(212,551)	182,932	440,119	5,192,172

Non-current liabilities	4,554,957	4,080,959
Current liabilities	1,397,392	1,111,213
	5,952,349	5,192,172

The provision for performance bonuses relates to the anticipated payments to senior managers, including Section 56 and 57 employees, based on their individual performance during the financial year.

In terms of the municipal performance management system and individual employment contracts, eligible employees may receive a performance bonus not exceeding 14% of their annual remuneration, subject to the outcome of formal performance assessments.

The assessments are conducted after the end of the financial year by the Municipal Performance Evaluation Panel, in accordance with the Municipal Systems Act and related regulations. At the reporting date, the performance assessment process for the 2024/25 financial year had not been finalised. The final amount payable is therefore uncertain and may vary depending on the performance scores assigned.

The provision recognised represents management's best estimate of the obligation at year-end, based on prior-year trends and performance expectations. The provision is expected to be settled within 12 months of the reporting date and is accordingly classified as a current liability.

Environmental rehabilitation provision

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year -end to reflect the best estimate at reporting date. The sites under consideration is the Maruleng landfill situated on portion of farm 194 KT Hoedspruitl.

The valuation for the landfill site was performed by Mr Seakle Godschalk Pr Sci Nat, GIMFO from Environmental & Sustainability Solutions(ESS). Mr Godscchalk is a registered professional environmental scientist with the South African Council for Natural Scientific Professions (SACNASP) as well as the Southern African Institute of Ecologists and Environmental Scientists (SAIE&ES). He holds a Master's degree in Science as well as Master's Degree in Accounting. He is also a member of Chartered Institute of Government Finance, Audit and Risk Officers (CICFARO).

ESS has developed a General Landfill Closure Costing Model (GLCCM) to estimate the final rehabilitation and closure costs for general landfills. The GLCCM is being updated in cooperation with Jones and Wagener Consulting Civil Engineers (Pty) Ltd, a company that is actively involved in rehabilitation and closure of landfill sites. The GLCCM is based on the minimum requirements for Waste Disposal by Landfill of the Department of Water Affairs (1998), as amended by more recent regulations. The GLCCM provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19.

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20. Provisions (continued)

Key assumptions used

Unit costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation.

Consumer Price Index (CPI)

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

Discount rate

GRAP 19 states that where the effect of the time value for money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date was used. For this landfill the rate associated with the maximum period of 10 years was used, i.e. 5.75% above CPI. The discount rate of 8.6378% was used

21. Revenue

Service charges	5,706,552	5,385,733
Government grants & subsidies - INEP	9,129,309	-
Rental of facilities and equipment	296,211	410,484
Interest received (trading)	360,774	470,185
Agency services	3,236,741	3,000,479
Licences and permits	2,567,327	3,896,919
Other revenue	5,774,293	4,704,684
Interest received - investment	12,257,112	11,054,983
Property rates	186,026,301	172,692,071
Fines, penalties and forfeits	432,700	869,800
Interest on receivables	19,440,554	17,701,824
Government grants & subsidies	244,760,305	247,867,920
	489,988,179	468,055,082

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	5,706,552	5,385,733
Government grants & subsidies - INEP	9,129,309	-
Rental of facilities and equipment	296,211	410,484
Interest received (trading)	360,774	470,185
Agency services	3,236,741	3,000,479
Licences and permits	2,567,327	3,896,919
Other revenue	5,774,293	4,704,684
Interest received - investment	12,257,112	11,054,983
	39,328,319	28,923,467

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21. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	186,026,301	172,692,071
Fines, penalties and forfeits	432,700	869,800
Interest on receivables	19,440,554	17,701,824
Transfer revenue		
Government grants & subsidies	244,760,305	247,867,920
	450,659,860	439,131,615
22. Service charges		
Refuse removal	5,706,552	5,385,733
23. Agency services		
Agency fee - Roads and transport	2,946,308	2,820,334
Agency fee - Water and sanitation - Mopani district	290,433	180,145
	3,236,741	3,000,479
24. Licences and permits		
Traffic learners and drivers' licences	2,567,327	3,896,919
25. Fines, penalties and forfeits		
Traffic fines	432,700	869,800
26. Interest from receivables		
Non exchange Interest - Receivables	19,440,554	17,701,824
27. Other revenue		
Clearance certificates	596,455	263,576
Valuation certificates	3,124	22,066
Library fines/fees	5,052	2,434
Building plans	2,762,520	2,998,512
Signboards and adverts	406,529	304,152
Certificate of occupancy	166,604	277,473
Trading licence fees	153,316	19,906
Building inspection fee	376,861	427,700
Swimming pool application fees	107,703	79,767
Library membership fees	2,646	970
Tender documents	293,068	308,128
Handling fees	900,415	-
	5,774,293	4,704,684
28. Investment revenue		
Interest revenue		
Bank	12,257,112	11,054,983

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29. Property rates

Rates received

Gross revenue	231,763,708	256,078,105
Rebates	(45,737,407)	(83,386,034)
	186,026,301	172,692,071

Valuations

Residential	8,064,713,956	6,219,166,000
Commercial	3,902,898,735	2,549,354,007
State	3,454,484,500	3,275,528,000
Municipal	6,290,295,888	6,229,519,000
Small holdings and farms	2,423,559,502	3,762,683,000
	24,135,952,581	22,036,250,007

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30. Government grants & subsidies

Operating grants

Expanded Public Works Programme	1,616,000	1,295,000
Financial Management Grant	1,800,000	1,850,000
Equitable Share	173,864,000	164,988,000
	177,280,000	168,133,000

Capital grants

Municipal Infrastructure Grant	67,480,305	79,734,920
Integrated National Electrification Programme	9,129,309	-
	76,609,614	79,734,920
	253,889,614	247,867,920

Financial Management Grant

Current-year receipts	1,800,000	1,850,001
Conditions met - transferred to revenue	(1,800,000)	(1,850,001)
	-	-

Equitable Share

Current-year receipts	173,864,000
Conditions met - transferred to revenue	164,988,000
	(173,864,000)
	(164,988,000)

Expanded Public Works Programme

Current-year receipts		
Conditions met - transferred to revenue	1,616,000	1,295,000
	(1,616,000)	(1,295,000)

Conditions still to be met - remain liabilities (see note 19).

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

Municipal Infrastructure Grant

Balance unspent at beginning of year		
Current-year receipts		
Conditions met - transferred to revenue	16,144,864	1,605,785
Other	65,913,000	96,372,000
	(67,480,305)	(79,734,921)
	-	(2,098,000)

Conditions still to be met - remain liabilities (see note 19).

14,577,559 **16,144,864**

Integrated National Electrification Programme

Current-year receipts		
Conditions met - transferred to revenue	9,848,000	-
	(9,129,299)	-
	718,701	-

Conditions still to be met - remain liabilities (see note 19).

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30. Government grants & subsidies (continued)

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

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31. Employee related costs		
Basic	59,523,634	56,507,395
Bonus	5,610,416	5,371,543
Company contributions (medical, pension, UIF, SDL)	17,915,477	14,383,144
Travel, motor car allowances	9,292,986	8,090,763
Overtime payments	4,405,092	4,792,790
Long-service awards	362,075	804,176
Acting allowances	514,384	527,497
Other allowances	4,152,868	3,489,277
	101,776,932	93,966,585
Remuneration of municipal manager		
Annual Remuneration	1,113,168	1,113,168
Travel and cellphone Allowance	40,827	39,069
Performance Bonuses	55,658	85,900
Contributions to UIF, Medical and Pension Funds	14,924	14,589
Other	-	20,340
Settlement amount	1,650,215	-
Acting Allowance	-	46,229
	2,874,792	1,319,295
<p>Ms NS Hoaeane was suspended as the Municipal Manager from 22 March 2024. The municipality and the Municipal Manager reached a settlement to mutually separate on 30 June 2025.</p>		
<p>Dr Sebashe SS acted from 20 March 2024 to 20 September 2024</p>		
<p>Muroa ML acted from 21 September 2024 to 20 March 2025</p>		
<p>Dr Sebashe SS acted from 21 March 2025 to date</p>		
Remuneration of chief finance officer		
Annual Remuneration	588,024	563,855
Travel and cellphone Allowance	146,029	136,616
Performance Bonuses	67,024	-
Contributions to UIF, Medical and Pension Funds	203,833	161,152
Other	-	18,645
	1,004,910	880,268
Remuneration of Technical Services Directors		
Annual Remuneration	680,574	-
Travel and cellphone Allowance	108,831	-
Contributions to UIF, Medical and Pension Funds	159,663	-
Acting Allowances	89,633	-
	1,038,701	-
Remuneration of Community Services Directors		
Annual Remuneration	731,080	748,295
Travel and cellphone Allowance	14,029	17,036
Performance Bonuses	164,514	60,130
Contributions to UIF, Medical and Pension Funds	194,289	175,549
Other	-	20,340

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31. Employee related costs (continued)	1,103,912	1,021,350
Remuneration of Spatial Development and Planning Director		
Annual Remuneration	704,503	722,473
Travel and cellphone Allowance	158,029	161,036
Performance Bonuses	82,257	-
Contributions to UIF, Medical and Pension Funds	77,452	58,187
Other	-	20,340
	1,022,241	962,036
Remuneration of Corporate Services Director		
Annual Remuneration	702,397	702,397
Travel and cellphone Allowance	236,661	233,890
Performance Bonuses	201,073	-
Contributions to UIF, Medical and Pension Funds	14,786	11,936
Other	-	20,340
Acting Allowance	97,807	-
	1,252,724	968,563
32. Remuneration of councillors		
Mayor	1,018,832	967,383
Mayoral Committee Members	2,779,146	2,641,272
Speaker	823,713	783,308
Councillors part time	7,144,368	6,852,673
Councillors full time	751,493	732,162
	12,517,552	11,976,798

In-kind benefits

Councillors are classified based on their respective positions as at 30 June 2025 or the last day of service, as the case may be.

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

The Mayor and speaker have access to a municipal vehicle for official duties and the mayor is allocated a municipal house that can be used to entertain official guests.

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32. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

30 June 2025

Councillors Name	Position	Basic Salary	Travel Allowance	Cellphone Allowance	Contributions and benefits	Total
Mr TC MUSOLWA	Mayor	738,086	-	43,231	234,628	1,015,944
Miss B RAGANYA	Speaker	598,616	-	43,231	175,828	817,675
Ms HM THOBEJANE	Chief whip	216,913	105,064	43,231	86,782	451,990
Mr SB RAGANYA	Mpac Chairperson	440,957	179,251	43,231	98,094	761,533
Mr MR MAAKAMELA	Ethics EXCO	231,541	77,181	43,231	-	351,953
Ms MM KOMANE	members EXCO	466,461	182,926	43,231	81,983	774,601
Mrs MA MATHABA	members EXCO	548,778	182,926	43,231	-	774,935
Mr MT TSHETLHA	members EXCO	466,461	182,926	43,231	79,210	771,828
Mr TA MATHABA	members Councillor	280,516	66,108	43,231	61,965	451,820
Mr MS MONASHANE	Councillor	190,224	77,181	43,231	41,685	352,320
Mr TJ MOKGAHLA	Councillor	190,224	77,181	43,231	41,685	352,320
Miss MMS RAMMALA	Councillor	190,224	77,181	43,231	41,685	352,320
Mr SP LETEBELE	Councillor	196,810	77,181	43,231	35,947	353,169
Mr BT MABILO	Councillor	190,224	77,181	43,231	41,685	352,320
Mr KJ SEKGOBELA	Councillor	231,541	77,181	43,231	-	351,953
Mrs MJ RAKGOALE	Councillor	231,541	77,181	43,231	-	351,953
Mr MS NTEMANA	Councillor	190,224	77,181	43,231	41,685	352,320
Mr DI MATHOLE	Councillor	196,810	77,181	43,231	35,947	353,169
Ms MF MADIKE	Councillor	196,810	77,181	43,231	35,947	353,169
Miss LP MOROPANE	Councillor	190,224	77,181	43,231	41,685	352,320
Mrs EC DU PREEZ	Councillor	196,810	77,181	43,231	35,947	353,169
Mr PS MALEPE	Councillor	190,224	77,181	43,231	41,685	352,320
Mr D MOKGOTHO	Councillor	190,224	77,181	43,231	41,685	352,320

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32. Remuneration of councillors (continued)

Mrs BE	Councillor					
MASETE		190,224	77,181	43,231	41,685	352,320
Mr TI SHAI	Councillor					
		190,224	77,181	43,231	41,685	352,320
Mr PW	Councillor					
GERBER		196,810	77,181	43,231	35,947	353,169
Mr JT MOREMA	Councillor					
		190,224	77,181	43,231	41,685	352,320
Total		7,527,926	2,365,631	1,167,237	1,456,758	12,517,552

30 June 2024

Councillors name	Position	Basic Salary	Travel Allowance	Cellphone Allowance	Contributions and Benefits	TOTAL
Mr TC	Mayor					
MUSOLWA		661,395	57,661	45,744	203,522	968,322
Miss B	Speaker					
RAGANYA		577,103	-	45,744	160,959	783,807
Ms HM	Chief whip					
THOBEJANE		208,934	96,504	45,744	80,578	431,760
Mr SB	Mpac					
RAGANYA	Chairperson	427,053	165,844	45,744	93,743	732,385
Mr MR	Chairperson					
MAAKAMELA	Ethics	221,088	70,865	45,744	-	337,696
Ms MM	EXCO					
KOMANE	members	441,109	172,984	45,744	77,843	737,680
Mrs MA	EXCO					
MATHABA	members	518,952	172,984	45,744	-	737,680
Mr MT	EXCO					
TSHETLHA	members	441,109	172,984	45,744	77,843	737,680
Mr TA MATHABA	EXCO					
	members	302,074	17,167	45,241	66,775	431,257
Mr MS	Councillor					
MONASHANE		179,551	72,988	45,744	39,414	337,696
Mr TJ	Councillor					
MOKGAHLA		179,551	72,988	45,744	39,414	337,696
Miss MMS	Councillor					
RAMMALA		179,551	72,988	45,744	39,414	337,696
Mr SP	Councillor					
LETEBELE		186,120	72,988	45,744	32,845	337,696
Mr BT MABILO	Councillor					
		179,551	72,988	45,744	39,414	337,696
Mr KJ	Councillor					
SEKGOBELA		218,964	72,988	45,744	-	337,696
Mrs MJ	Councillor					
RAKGOALE		218,964	72,988	45,744	-	337,696
Mr MS	Councillor					
NTEMANA		179,551	72,988	45,744	39,414	337,696
Mr DI MATHOLE	Councillor					
		186,120	72,988	45,744	32,845	337,696
Ms MF MADIKE	Councillor					
		186,120	72,988	45,744	32,845	337,696
Miss LP	Councillor					
MOROPANE		179,551	72,988	45,744	39,414	337,696
Mrs EC DU	Councillor					
PREEZ		186,120	72,988	45,744	32,845	337,696

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32. Remuneration of councillors (continued)						
Mr PS MALEPE	Councillor					
		179,551	72,988	45,744	39,414	337,696
Mr D MOKGOTHO	Councillor	179,551	72,988	45,744	39,414	337,696
Mrs BE MASETE	Councillor	179,551	72,988	45,744	39,414	337,696
Mr TI SHAI	Councillor	179,551	72,988	45,744	39,414	337,696
Mr PW GERBER	Councillor	186,120	72,988	45,744	32,845	337,696
Mr JT MOREMA	Councillor	179,550	72,988	45,744	39,414	337,696
TOTAL		7,142,400	2,240,779	1,234,585	1,359,035	11,976,798
33. Depreciation and amortisation						
Property, plant and equipment					30,692,858	27,397,419
Intangible assets					49,174	23,749
					30,742,032	27,421,168
34. Finance costs						
Finance leases					194,032	84,648
Landfill site provision					435,455	440,119
Employee benefit obligation					1,807,000	1,394,000
					2,436,487	1,918,767
35. Auditors' remuneration						
Fees					6,412,163	6,262,043
36. Debt impairment						
Debt impairment					57,432,880	38,440,721

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37. General expenses		
Compensation commissioner	-	1,241,396
Advertising	529,795	460,708
Auditors remuneration	6,412,163	6,262,043
Bank charges	357,300	335,363
Computer expenses	270,222	216,023
Free basic electricity	611,387	564,623
Donations	59,754,028	102,197,817
Entertainment	167,981	96,618
Insurance	3,490,582	1,985,521
Functions and events	1,435,201	1,111,018
Fuel and oil	3,906,775	3,963,488
Printing and stationery	2,872,406	3,007,642
Protective clothing	1,221,301	653,540
Repairs and maintenance	8,846,158	2,767,375
Subsistence, travel & accommodation	11,519,375	10,218,214
Telephone and fax	1,256,955	-
Training	2,694,208	1,581,624
Traffic fines	-	1,086,751
Electricity	4,471,593	3,417,268
Membership fees	1,207,906	1,137,933
Stores and material	955,820	361,336
Ward committees	3,907,879	3,509,513
Professional fees	31,226,209	24,866,957
Bursary Fund	2,060,123	1,690,805
Other expenses	1,118,201	560,402
	150,293,568	173,293,978
38. Contracted services		
Outsourced Services		
Administrative and Support Staff	151,538	172,500
Internal Auditors	1,261,321	1,460,261
Refuse Removal	9,242,246	8,546,413
Security Services	26,087,556	21,461,875
Consultants and Professional Services		
Business and Advisory	1,763,396	1,577,150
Legal Cost	7,984,586	4,679,591
Contractors		
Electrical - INEP	7,949,895	-
Maintenance of Equipment	4,174,636	3,976,624
	58,615,174	41,874,414

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39. Cash generated from operations		
Surplus	73,669,732	79,424,098
Adjustments for:		
Depreciation and amortisation	30,742,032	27,421,168
Gain on sale of assets and liabilities	174,320	277,255
Fair value adjustments	(422,322)	(699,849)
Finance costs - Finance leases	194,032	84,648
Impairment of assets	2,650,759	26,121
Interest debtors	(13,910,857)	(9,564,007)
Debt impairment	57,432,880	38,440,721
Donations - Road Agency Limpopo	59,754,028	102,197,817
Finance cost - landfill provision	435,455	440,119
Finance cost - employee benefit obligation	1,807,000	1,394,000
Actuarial gains/(losses)	101,065	135,026
Movemenet in employee benefit liability	777,935	2,170,975
Changes in working capital:		
Inventories	(9,028)	(24,249)
Receivables from exchange transactions	(5,278,442)	(5,902,470)
Other receivables from non-exchange transactions	(37,772,694)	(33,634,777)
Prepayments	(300,379)	(406,385)
Other receivables	(334,692)	(1,036,220)
Payables from exchange transactions	4,490,815	7,024,288
VAT	9,439,324	(3,946,390)
Trade and other payables from non-exchange transactions	(824,930)	3,562,427
Unspent conditional grants and receipts	(848,604)	14,539,079
	181,967,429	221,923,395
40. Fair value adjustments		
Investment property (Fair value model)	422,322	699,849
41. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Receivable from exchange transactions	1,646,064	1,646,064
Receivable from non-exchange transactions	47,976,346	47,976,346
Other receivables	2,808,260	2,808,260
Cash and cash equivalent	169,002,718	169,002,718
VAT input accrual	16,527,445	16,527,445
	237,960,833	237,960,833
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	60,782,626	60,782,626
Trade and other payables from non-exchange transactions	7,151,584	7,151,584
Finance lease	6,524,523	6,524,523
VAT output accrual	594,955	594,955
VAT output included from impairment	(478,102)	(478,102)

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41. Financial instruments disclosure (continued)

74,575,586 **74,575,586**

2024

Financial assets

	At amortised cost	Total
Receivable from exchange transactions	1,638,163	1,638,163
Receivable from non-exchange transactions	48,452,234	48,452,234
Other receivables	2,473,568	2,473,568
Cash and cash equivalent	170,638,389	170,638,389
VAT input accrual	21,564,139	21,564,139
	244,766,493	244,766,493

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	580,326,273	580,326,273
Trade and other payables from non-exchange transactions	7,976,514	7,976,514
Finance lease	440,009	440,009
VAT output accrual	480,663	480,663
VAT output included from impairment	(390,179)	(390,179)
	588,833,280	588,833,280

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42. Commitments Authorised

capital expenditure

Already contracted for but not provided for

- Property, plant and equipment

392,370,295 393,588,790

Total capital commitments

Already contracted for but not provided for

392,370,295 393,588,790

Authorised operational expenditure

Already contracted for but not provided for

- Professional fees

71,832,691 85,295,920

Not yet contracted for and authorised by accounting officer

- Government grants
- internal sources

80,703,246 71,660,209

383,499,740 407,224,502

464,202,986 478,884,711

Total operational commitments

Operational

71,832,691 85,295,920

Capital

392,370,295 393,588,790

464,202,986 478,884,710

Commitments relates to property, plant and equipment as well as other operational costs. These commitments will be financed by available retained surplus, internally generated funds and government grants. Commitments are disclosed inclusive of VAT.

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43. Contingencies		
Contingent liabilities		
1. Mpumelelo Business enterprise	-	6,050,984
Contract for construction of an indoor sport centre was terminated due to breach of contract and they have since instituted a legal claim for an amount of work performed to the value of R1 519 281, loss of income of R144 589.44 and retention to the amount of R4 387 113.10. The legal cost are estimated at R 600 000.00. The matter has been settled and the contractor has returned to site.		
2. Tainama Civils	10,328,058	10,328,058
Tainama civils has claimed an amount of R2 137 370,49 for alleged work done, retention in an amount of R1 190 687.10 and damages in the amount of R7 000 000.00. The municipality has disputed the said amount and an engineer issued a revised payment certificate which is now disputed by Tainama Civils. Tainama has instituted legal claim for the amount of work alleged to have been performed. The plaintiff is unresponsive. The legal cost are estimated at R 1 000 000.00.		
3. Hlimbyi Trading Enterprise CC	10,270,431	10,270,431
The municipality received an urgent application interdicting the municipality for advertising the security services tender around October 2020. The urgent application was dismissed with costs. The applicant has now filed for review of the appointment of the new service provider claiming unlawful termination of the agreement and as such claiming to have suffered an amount of R10 270 430,50. The legal cost are estimated at R 1 000 000.00		
4. MAPCO Projects and Developments (Pty) Ltd	-	1,925,649
On or around October 2021 appointed the service provider as consultant of Animal Impounding to perform the services of planning, design and administer the executive of the project. The municipality has since terminated the services of the service provider due to budget constraints. The Municipality was served with the summons by the service provider claiming an amount of R1 925,649,06 for work done. An arbitration hearing was held between 29 October and 01 November 2024. The matter was finalised during the year under review.		
5. KOTH Property Consultants	3,228,000	3,228,000
The Municipality was served with the summons by the service provider claiming R3 228 000.00 for damages suffered as a result of the termination of the contract due to fraudulent misrepresentation. The legal cost are estimated at R 3 000 000.00. The matter is awaiting trial.		
6. Matjekosa Mackson Kgotsoka & 6 Others	1,272,000	1,272,000
The Municipality was served with default judgment notice which was set down on the 25 April 2024. The plaintiff claim damages suffered in an amount of R127 2000.00, the damages is as a result of livestock cattle consumed waste which was disposed of at the municipal landfill site (Worcester landfill site). That led to death of 106 cattle. The estimated legal costs are R1 000 000.00.		
7. The Hoedspruit Concerned Ratepayers Association	-	-
The municipality was served with an application which is set down on the 11th March 2025 for eviction of illegal plastic view occupiers, removing any building materials from the property and demolishing any unoccupied structures on the property. The amount of contingent liability is unquantifiable at this stage. The estimated legal costs are R500 000.00.		
8. JTZ Family Trading Enterprise & 2 Other	2,000,000	-

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43. Contingencies (continued)

Notice of motion was served at the municipality for an urgent application for an application to interdict the municipality from implementing the termination agreement. The municipality has terminated the contract since the contractor has abandoned the site since December 2024, after several communications between the contractor and the municipality, still they refused to return to site alleging non-payment of invoice. The urgent application was set down in court on the 08th April 2025 and the application was struck from the roll with costs.

9. Nsukay Trading & Projects (Pty) Ltd

785,546

785,546

The plaintiff claim damages suffered in an amount of R653 546.00 for the purchase and supply of protective clothing, plus R132 000 00 for storage costs. The estimated legal costs are R500 000.00

10. Enducon Ubuntu (Pty) Ltd

738,894

738,894

The plaintiff claim an amount of R738 894 for professional fees rendered for Bismark access road. The matter is being defended by the Municipality. The estimated legal costs are R500 000.00

44. Related parties

Relationships

S54 and S56 Employees/Employees remuneration

Refer to note 31

Remuneration of Councilors

Refer to note 32

During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction.

45. Prior period errors

1. Property, plant and equipment - Donation of roads assets as a result of erroneous capitalisation of expenditure incurred on RAL road infrastructure in the prior year.
2. VAT receivable - correction invoices incorrectly accrued in the prior year
3. Payables from exchange transactions - reversal of invoice incorrectly accrued in the prior year.
4. Payables from Exchange transaction - correction of legal settlement refund incorrectly recorded as unknow deposit.
5. Accumulated surplus or deficit - Correction of errors emanating from property, plant and equipment, payables from
6. exchange transactions and VAT receivable
7. Employee related cost - Correction of employee related costs resulting from legal settlement in the prior year. The amount was omitted in the prior year
8. General expenses - Donation of roads assets as a result of erroneous capitalisation of expenditure incurred on RAL road infrastructure in the prior year.
9. Contracted Services - correction invoices not incorrectly accrued in the prior year
10. Depreciation and amortisation - Reversal of depreciation on road assets donated to Road Agency Limpopo not accounted for in the prior year.

The correction of the error(s) results in adjustments as follows:

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45. Prior period errors (continued)

Statement of Financial Position

Property, plant and equipment	- (269,397,319)
VAT receivable	- (6,958)
Payables from exchange transactions	- (328,894)
Accumulated Surplus or Deficit	- 269,733,171

Statement of financial performance

Employee related costs	- (600,000)
Depreciation and amortisation	- 6,022,506
General expense donations	- (102,397,491)
Contracted Services	- 12,522
Surplus for year - comparative restated	- 96,962,463

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45. Prior period errors (continued)

Surplus reconciliation:

Originally reported surplus (2024)	-	176,386,562
Total prior period error adjustments	-	(102,716,830)
		<hr/>
		- 73,669,732

Nature of the change in surplus:

The decrease of R103,306,022 in the comparative surplus is mainly attributable to:

- Recognition of the donation of D roads to Road Agency Limpopo as an expense (Donations), which reduced surplus by R102,397,491.
- Correction legal settlement deposit incorrectly expensed as salaries in the prior prior year which reduced surplus by R600 000.
- Reversal of depreciation on donation of D roads to Road Agency Limpopo which increased surplus by R6 022 506.
- Correction of prior year contracted services invoices that were incorrectly accrued, which increased surplus by R12,522.

Additional prior period error - Contingent liabilities:

Certain legal matters that existed at 30 June 2024 were omitted from the disclosure in the Contingent Liabilities note. The comparative information has been restated to include the following cases:

- Matjekosa Mackson Kgotsoka & 6 Others - Civil damages claim
- Nsukay Trading & Projects (Pty) Ltd - Contractual claim.
- Enducon Ubuntu (Pty) Ltd - Contractual claim.

These omissions did not impact amounts recognised in the Statement of Financial Position or Statement of Financial Performance but affected the completeness of disclosures as required by GRAP 19. The comparatives have been corrected accordingly.

Additional prior period error - Segment Reporting:

Correction of segment reporting disclosure by including Local Economic Development and Planning as a reportable segment.

VAT receivable:

Correction of the VAT disclosure to align with GRAP 104.

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46. Risk management

Financial risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

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

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	60,782,626	-	-	-
Trade and other payables from non-exchange transactions	7,151,584	-	-	-
Unspent conditional grants and receipts	15,296,260	-	-	-
Finance lease obligation	2,153,714	2,396,994	1,973,815	-
VAT payable	116,853	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	58,032,627	-	-	-
Trade and other payables from non-exchange transactions	7,976,514	-	-	-
Unspent conditional grants and receipts	16,144,864	-	-	-
Finance lease obligation	440,009	-	-	-
VAT payable	90,484	-	-	-

The balance of unspent conditional grants at year -end is subject to rollover approval by National Treasury. Should the application not be approved, the municipality will be required to refund these funds, hence their inclusion in the liquidity risk analysis.

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46. Risk management (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial asset will default on their contractual obligations, resulting in a financial loss to the municipality. The municipality is exposed to credit risk from its financial assets, which comprise receivables from exchange and non-exchange transactions, other receivables, and cash and cash equivalents.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 13 and 14 to the annual financial statements.

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

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

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

Financial instrument	2025	2024
Receivables from exchange transactions	1,646,064	1,638,163
Receivables from non-exchange transactions	47,976,346	48,452,234
Other receivables	2,808,260	2,473,568
Cash and cash equivalents	169,002,718	170,638,389
VAT receivable	16,527,446	21,564,139

The municipality does not hold any collateral as security for these financial assets. Impairment losses, where applicable, are accounted for in accordance with GRAP 104 – Financial Instruments.

Market risk

Interest rate risk

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

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

Municipality is exposed to interest rate risk on its investments. The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

A sensitivity analysis is done by the Municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact a change in interest will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates.

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47. 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.

48. Unauthorised expenditure

Opening balance as previously reported	14,100,502	39,508,408
Add: Unauthorised expenditure - current	59,359,000	14,100,502
Less: written off	(14,100,502)	
Closing balance	59,359,000	14,100,502

The unauthorised expenditure has been tabled to council and was investigated by a committee of council. An amount of R14 100 502 was written off by council. There was R59 359 000 of unauthorised expenditure incurred in the current year.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure. The investigation resulted in unauthorised expenditure tabled to council be condoned and written off.

MFMA Section 125(2)(d) disclosure:

The municipality did not incur any material losses in relation to irregular expenditure incurred in the current year. The unauthorised expenditure identified relates to non-cash transactions emanating from derecognition of RAL roads.

Management has instituted investigation in order to implement consequent management measures. These includes disciplinary measures, recovery processes and also possible criminal charges.

The council write of an amount of R14 100 502.

49. Fruitless and wasteful expenditure

Opening balance as previously reported	3,578,510	3,858,922
Add: Fruitless and wasteful expenditure identified - current	-	20,246
Less: Amount written off - prior period	(404,637)	(300,658)
Closing balance	3,173,873	3,578,510

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of council. An amount of R404 637 was written off by council.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

MFMA Section 125(2)(d) disclosure:

There was no fruitless and wasteful expenditure incurred in the current year.

The Accounting Officer in the process of implementing consequence management on the part of responsible officials.

The municipality has a write off an amount of R404 637 that is immaterial.

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50. Irregular expenditure

Opening balance as previously reported	38,381,862	165,526,317
Add: Irregular expenditure - current	-	144,041
Add: Irregular expenditure - prior period	159,24513	140,236
Less: Amount written off - prior period	(36,705,810)	(140,428,732)
Closing balance	1,835,297	38,381,862

The expenditures disclosed are inclusive of VAT.

Amount written-off

Following an investigation of irregular expenditure incurred in the previous financial years, Council wrote off an amount of R36 705 810 in the 2024/25 financial year. Council has also resolved to continue investigations on the remainder of the amount and also institute consequence management on the part of officials responsible.

MFMA Section 125(2)(d) disclosure:

There are no material losses incurred as a result of irregular expenditure for the current financial year. The municipality did not incur any material losses as a result of irregular expenditure incurred in the current financial year. The irregular expenditure identified relates to non-compliance with SCM policy and related regulations.

The Accounting Officer has instituted consequence management on the part of responsible officials. These measures include disciplinary , recovery processes and also possible criminal charges.

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	1,200,567	1,123,070
Amount paid - current year	(1,200,567)	(1,123,070)
	<u>-</u>	<u>-</u>

Audit fees

Current year subscription / fee	7,373,987	7,217,315
Amount paid - current year	(7,373,987)	(7,217,315)
	<u>-</u>	<u>-</u>

PAYE, SDL and UIF

Current year subscription / fee	18,379,261	16,546,581
Amount paid - current year	(18,379,261)	(16,546,581)
	<u>-</u>	<u>-</u>

Pension and Medical Aid Deductions

Current year subscription / fee	25,252,072	23,348,641
Amount paid - current year	(25,252,072)	(23,348,641)
	<u>-</u>	<u>-</u>

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

VAT

VAT receivable

18,692,70728,138,989

VAT output payables and VAT input receivables are shown in note 16.

Councillors' arrear consumer accounts

Councillors do not have services and rates accounts with the municipality.

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52. Deviation from supply chain management regulations

In terms of Regulation 36 of the Municipal Supply Chain Management Regulations, the Accounting Officer must sign-off all the deviations and minor breaches of the procurement processes. A register of such breaches must also be kept. The deviation report includes the limited bidding procurement, emergency procurement, urgent procurement and the unavoidable / gross deviations. The following expectations were recorded for the period under review:

Date	Service Provider	Description	Amount	Reason for Deviation
01/07/2024	Cloupas Travel Agency	Accommodation, Flight and Shuttle for Kgatle and Sekgoka attending SASA annual Conference	R 33,643.75	Emergency – advertising the request for seven days would delay the procurement process and check in would lapse.
01/07/2024	Tzaneen country Lodge	Accommodation for officials	R 80,085.00	Emergency – advertising the request for seven days would delay the procurement process and check in would lapse.
01/07/2024	Tzaneen country Lodge	Accommodation for councillors	R 77,490.00	Emergency – advertising the request for seven days would delay the procurement process and check in would lapse.
05/07/2024	CIGFARO	Registration for Finance Officials	R 19,250.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
09/07/2024	Legacy Auto	Procurement of service and repair speaker's car FKS 048 L	R 31,489.98	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
09/07/2024	Barloworld Equipment	Service and repairs for DFF 841L	R 830,993.69	Impractical – Repairs and maintenance service of municipal vehicles are done at dealership of that particular car make
09/07/2024	Truvelo Africa	Calibration of speed	R 6,154.80	Single provider-truvelo is the sole provider for the speed measuring machine service
12/07/2024	Karibu Leisure Resorts	Accommodation for MFMP Training	R 321,793.18	Emergency – advertising the request for seven days would delay the procurement process and check in would lapse.
16/07/2024	NTT Toyota Hoedspruit	Procurement of service FFY 805L	R 6,564.45	Impractical – Repairs and maintenance service of municipal vehicles are done at dealership of that particular car make
16/07/2024	NTT Toyota Hoedspruit	Service and repairs for FFK 207 L	R 5,625.82	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
16/07/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 812 L	R 9,536.40	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
16/07/2024	Bell Equipment	Service and repairs for FHS 832L	R 19,579.35	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
16/07/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 813 L	R 25,581.60	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

16/07/2024	CIGFARO	Registration fee for Mohlala, Sekgobela, Malepe, Mogale and Mathipa	R 31,610.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
17/07/2024	Peermont Hotels casino	Accommodation for Mohlala, Sekgobela, Malepe, Mogale and Mathipa	R 34,000.00	Emergency- advertising the request for seven days would delay the procurement process and check in would lapse
19/07/2024	CIGFARO	Registration for Maakamela R	R 6,322.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
19/07/2024	Legacy Auto	Service and Repairs for FKS 046L	R 8,689.71	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/07/2024	BB UD Tzaneen	Service and Repairs for BZZ 584L	R 154,401.23	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
25/07/2024	Hoedspruit panel beaters	Service and Repairs for FFG 808L	R 34,000.00	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
25/07/2024	Maruleng Auto	Service and Repairs for FRL 354L	R 10,450.44	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
26/07/2024	Ntt Toyota Phalaborwa	Service and Repairs for FFG 776L	R 22,416.10	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/07/2024	NTT Toyota Hoedspruit	Service and Repairs for FFY 814L	R 49,866.88	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/07/2024	NTT Toyota Hoedspruit	Service and Repairs for FFY 803L	R 23,961.88	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/07/2024	SAGE VIP	Corporate Services	R 13,200.00	Impossible/Impractical: Payment for Sage VIP financial system utilized by payroll department
31/07/2024	NTT Toyota Hoedspruit	Service and Repairs for FKK 205L	R 12,774.22	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
02/08/2024	SAGE VIP	Registration for Mahlo M and Ngoma J	R 15,433.00	Impossible/Impractical: Payment of training for Sage VIP financial system
02/08/2024	MUNSOFT	Registration for Mokgahla, pilusa and Raganya and Maimela	R 37,720.00	Impractical: Payment for training fee for Munsoft financial system
07/08/2024	Cloupas Travel Agency Services	Registration fees for Mukhethoni, Mashumu, Phalane, Sithole	R 47,452.80	Emergency- Advertising the request for seven days would delay the procurement process and check in would lapse
08/08/2024	Maruleng Auto	Service and repairs for FSL 653L	R 20,717.14	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

08/08/2024	Karibu Leisure Resorts	Accommodation for MFMP Training	R 273,570.33	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
14/08/2024	BB UD Tzaneen	Service and repairs for FWW 072L	R 32,518.95	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/08/2024	NTT Toyota Hoedspruit	Service and repairs for FFK 209L	R 28,907.21	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/08/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 808L	R 32,403.83	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/08/2024	NTT Toyota Hoedspruit	Service and repairs for FFK 208L	R 18,504.09	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27/08/2024	Kokariba guest lodge	Accommodation for the newly appointed employee Diketane MS	R 37,700.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
28/08/2024	SAGE VIP	Registration for Seoke T and Anita G	R 15,433.00	Impossible/Impractical: Payment of training for Sage VIP financial system
28/08/2024	Bell Equipment	Service and repairs for FHS 832L	R 76,729.65	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28/08/2024	Le Lux Travel	Accommodation, Shuttle and flights for Makgato, Ramohlola, Sebashe and Mathaba.	R 79,269.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
29/08/2024	CIGFARO	Registration fee for Mashilane, Maponya, Phasha, Sekgobela and Malomane.	R 47,515.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
30/08/2024	BB UD Tzaneen	Engine service for BVP 255L	R 295,690.27	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/08/2024	Garden Court Polokwane	Accommodation for Finance Officials	R 32,200.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
30/08/2024	SAGE VIP	Registration fee for Gouws and Seoke.	R 8,245.50	Impossible/Impractical: Payment of training for Sage VIP financial system
30/08/2024	MITECH	Registration fee for Moeng, Moripa, Mashinye and Mohlabe.	R 39,996.00	Impractical – Payment of registration fee for MITECH workshop
03/09/2024	Institute of waste management	Registration fee for Kapa M	R 13,350.00	Impractical – Payment of registration fee for a workshop
03/09/2024	BB UD Tzaneen	Service and repairs for BVP 257L	R 49,233.82	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

03/09/2024	Cloupas Travel Agency	Accommodation for Kapa M	R 35,862.90	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
06/09/2024	Karibu Leisure Resorts	Conference and workshop for officials attending MFMP.	R 278,470.96	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
06/09/2024	ITC-SA	Registration fee for Mametja and Morema.	R 13,915.00	Impractical – Payment of registration fee for a workshop.
07/09/2024	Chartered Institute for Business Accounts	Professional fee for Moagi.	R 5,375.01	Impractical – Payment of a professional body.
10/09/2024	NTT Toyota Hoedspruit	Service and repairs for FFY 774L	R 9,875.40	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
12/09/2024	DMISA	Registration for Ntloana MB	R 5,000.00	Impractical – Payment of registration fee for a workshop.
13/09/2024	IMESA	Registration for Nyonyane, Maloka and Maloka	R 29,400.00	Impractical – Payment of registration fee for a workshop
16/09/2024	Vutivi Agency	Accommodation for Thobejane and Rakgoale	R 50,485.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
19/09/2024	Barloworld Equipment	Service and repairs for TLB FSB 053L	R 196,978.54	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/09/2024	SACPLAN	Registration fee for Marule, Mukhethoni, Mailula and Matjiya	R 4,732.00	Impractical – Membership registration fee
26/09/2024	ESRI South Africa	Registration fee for Marule, Mukhethoni, Mailula and Matjiya	R 57,040.00	Impractical – Payment of registration fee for a workshop
26/09/2024	Premier Hotel Midrand	Registration fee for Marule, Mukhethoni, Mailula and Matjiya	R 40,800.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
27/09/2024	South African Institute of taxation.	Professional fee for Moagi.	R 3,525.00	Impractical – Payment of a professional body.
30/09/2024	Institute of Internal Audit	Registration fee for Lephhalala	R 10,327.20	Impractical – Membership registration fee
01/10/2024	Legacy Auto	Service and repairs for FKS 048L	R 13,443.89	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
01/10/2024	SALGA	Membership fee	R 1,200,566.60	Impractical – Payment for membership fees.
02/10/2024	Dent Doctor Nelspruit	Excess fees	R 19,379.20	Impractical- The company recommended by the insurance company.
14/10/2024	Karibu Leisure resorts	Accommodation for MFMP Training	R 303,346.60	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.

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52. Deviation from supply chain management regulations (continued)

16/10/2024	Nefhere Logistics	Diesel for Bell grader FHS 832L	R 4,936.00	Impractical – The speed point at which the grader had filled up the fuel did not recognise our fuel card, it declined.
17/10/2024	NTT Motor Investment	Service and repairs for FFY 776L	R 8,272.16	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
17/10/2024	SALGA	Registration fee for Musolwa, Thobejane, Raganya and Moroa	R 25,000.00	Impractical – Payment of registration fee for a workshop
17/10/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 814L	R 9,632.87	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
18/10/2024	NTT TOYOTA INVESTMENT	Service and repairs for FFY 778L	R 23,631.20	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
18/10/2024	BB UD Tzaneen	Service and repairs for BVP 255L water tanker	R 31,776.23	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
21/10/2024	Cloupas Travel	Accommodation and flight for Maloka, Serite and Nonyane	R 78,639.96	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
22/10/2024	SAGE	Registration fee for Seoke and Sekgobela	R 15,433.00	Impossible/Impractical: Payment of training for Sage VIP financial system
25/10/2024	NTT Toyota Hoedspruit	Service and repairs for FFY 776L	R 8,813.79	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
25/10/2024	NTT Toyota Hoedspruit	Service and repairs for FFK205L	R 3,352.14	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
25/10/2024	NTT Toyota Hoedspruit	Service and repairs for FFY 776L	R 26,456.95	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
02/11/2024	Anew Hotel Centurion	Accommodation and meals for Sekgobela, Moeng, Jamela, Mahlonand Rasakanya.	R 34,000.00	Emergency- Advertising the request for seven days would delay the supply chain processes and check in would lapse.
03/11/2024	CIGFARO	Registration fees for Maila and Ramohlola.	R 8,600.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
05/11/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 809L	R 12,369.01	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
07/11/2024	PG Glass	Replacement of windscreen	R 16,971.10	Impractical – payment for excess fee
08/11/2024	DMISA	Membership fee for Phasha	R 5,500.00	Impractical – Payment of registration fee for a workshop
11/11/2024	Sage VIP	Excess fees	R 7,728.00	Impossible/Impractical: Payment fee for Sage VIP financial system
14/11/2024	South African Council of Property Valuers	Registration fees for Sithole and Phahlane	R 8,440.00	Impractical – Membership registration fee

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52. Deviation from supply chain management regulations (continued)

18/11/2024	Prospen Group	Registration fees for Kgatle, Malesa, Sekgoka and Mafogo	R 55,195.40	Impractical – Payment of registration fee for a workshop
22/11/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 803	R 11,787.50	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
22/11/2024	NTT Toyota Hoedspruit	Service and repairs for FFK 204LS	R 5,642.00	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
22/11/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 808	R 21,218.73	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
23/11/2024	MUNSOFT	Munsoft Annual General Meeting for Sebelebele, Mohlabe, Sekgobela, Phasha and Modiba	R 65,550.00	Impractical – Payment fee Munsoft Annual General Meeting.
26/11/2024	Barloworld Equipment	Service and repairs for DFF 841 L	R 48,091.94	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28/11/2024	NTT Toyota Hoedspruit	Service and repairs for FFK 205L	R 6,882.97	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
03/12/2024	Truvelo Manufactures	Calibration of Prolaser speed measuring machine	R 6,154.80	Single Provider- Service for Calibration of prolaser speed measuring is available from a single provider.
04/12/2024	CIGFARO	Registration fees for Diketane.	R 4,300.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
04/12/2024	CIAGOL (SA)	Registration fees for Somo, Magoro and Lephalal.	R 14,250.00	Impractical – Registration fees for workshop.
04/12/2024	BB Motors Tzaneen	Service and repairs for BVP 257L Water tanker.	R 85,177.74	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
05/12/2024	CIGFARO	Registration fees for Maakamela.	R 4,300.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
05/12/2024	CIGFARO	Registration fees for Malepe EN and Ramaboea FM.	R 8,600.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
12/12/2024	BMW South Africa	Service and repairs for FKS 048L BMW	R 4,709.11	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
12/12/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 805L Toyota Corolla.	R 11,780.26	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
17/12/2024	Maruleng Auto	Service and repairs for FSL 653L Mahindra	R 12,539.53	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

17/12/2024	NTT Toyota Hoedspruit	Service and repairs for FFG 812L Toyota Hilux.	R 10,117.88	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
07/01/2025	NTT Toyota Hoedspruit	Service and repairs for FFG 805L	R 11,780.26	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
08/01/2025	NTT Toyota Phalaborwa	Service and repairs for FFY 778L	R 9,834.40	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
09/01/2025	SAGE SA	Registration fees for Mangona SA	R 11,592.00	Impossible/Impractical: Payment of training for Sage VIP financial system
10/01/2025	BB UD TZANEEN	Service and repairs for FWW 072L	R 16,450.24	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28/01/2025	NTT Toyota Phalaborwa	Service and repairs for FFG 808L	R 24,685.80	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28/01/2025	NTT Toyota Phalaborwa	Service and repairs for FFG 803L	R 12,083.16	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
28/01/2025	NTT Toyota Hoedspruit	Service and repairs for FFG 813L	R 12,078.16	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/01/2025	NTT Toyota Phalaborwa	Service and repairs for FFK 208L	R 17,248.90	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/01/2025	NTT Toyota Phalaborwa	Service and repairs for FFY 774L	R 16,463.00	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
30/01/2025	NTT Toyota Investment	Service and repairs for FFG 814L	R 17,128.90	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
11/02/2025	BB UD TZANEEN	Service and repairs for FWW 072L	R 31,282.07	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/02/2025	Barloworld Equipment	Service and repairs for FKF 638L	R 51,013.15	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/02/2025	Bell Equipment Sales SA	Service and repairs for FHS 832L	R 59,119.80	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/02/2025	BB UD TZANEEN	Service and repairs for HFH 254L	R 6,368.98	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

14/02/2025	NTT Toyota Phalaborwa	Service and repairs for FFG 808L	R 11,123.10	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/02/2025	Legacy Auto	Service and repairs for FKS 048L	R 23,122.51	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
03/03/2025	Bell Equipment Sales SA	Service and repairs for FHS 832L	R 36,287.89	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
05/03/2025	SAGE VIP	Registration for J Gouws, Seoke T and Sekgobela V	R 9,297.75	Impossible/Impractical: Payment of training for Sage VIP financial system
03/11/2025	NTT Toyota	Budget & Treasury	R 5,533.86	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
03/11/2025	NTT Toyota Hoedspruit	Service and repairs for FFY 803L	R 19,438.11	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/03/2025	NTT Toyota Investment	Service and repairs for FFK 207L	R 11,123.10	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/03/2025	Institute of traffic Licensing and Metro Police Officers of Southern Africa	Registration for MP Mathole, PC Maile and SC Mmthethwa	R 18,450.00	Impractical – Registration of a professional body.
18/03/2025	TWK Agri	Service and repairs for brush cutting machines	R 11,408.90	Impractical - Repairs and maintenance service of municipal Machines are done at supplier of that particular make.
19/03/2025	SASA	Registration for Kgatla J	R 4,500.00	Impractical – Registration fee for SASA Workshop .
27/03/2025	BB UD Tzaneen	Service and repairs for BVP 255L	R 145,294.45	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27/03/2025	BB UD Tzaneen	Service and repairs for FFG 646L	R 30,035.29	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27/03/2025	Barloworld Equipment	Service and repairs for DFF 841L	R 75,229.32	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
27/03/2025	Barloworld Equipment	Service and repairs for FFG 809L	R 88,789.76	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
02/04/2025	NTT Toyota Phalaborwa	Service and repairs for FFY 776L Hino Truck	R 17,785.47	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

02/04/2025	BB UD Tzaneen	Service and repairs for HFM 217L Tipper Truck	R 13,224.26	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
02/04/2025	Barloworld Equipment	Service and repairs for FSB 053L TLB Machine	R 44,157.41	Impractical - Repairs and maintenance service of municipal Vehicles are done at a dealership of that particular car make.
04/04/2025	MUNSOFT	Registration for Mathipa, Kgohloane, Maenetja, Phasha, Mohlala, Raphela and Mafogo	R 67,620.00	Impractical: Payment for training fee for Munsoft financial system
08/04/2025	Wolters Kluwer Tax and Accounts	Re-Installation of Audit Software	R 64,400.00	Impractical – Team mate is Audit Software currently used by the municipality.
15/04/2025	Legacy Auto	service and repairs for FKS 046L	R 39,531.92	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/04/2025	Chartered Institute of Government Finance Audit	Registration for Somo L, Magoro M, Lephala P and Shabangu A	R 31,600.00	Impractical – Payment of conference fees.
14/04/2025	Barloworld Equipment	Service and repairs for DFF 841L Grader Machine	R 175,652.28	Impractical - Repairs and maintenance service of municipal Machines are done at supplier of that particular car make.
24/04/2025	NTT Toyota Hoedspruit	Service and repairs for FFG 814L Hilux	R 14,384.25	Impractical - Repairs and maintenance service of municipal Machines are done at supplier of that particular car make.
24/04/2025	NTT Toyota Hoedspruit	Service and repairs for FFG 808L Hilux	R 19,988.95	Impractical - Repairs and maintenance service of municipal Machines are done at supplier of that particular car make.
24/04/2025	BB UD Tzaneen	Service and repairs for BVP 257L	R 142,103.88	Impractical - Repairs and maintenance service of municipal Machines are done at supplier of that particular car make.
08/05/2025	NTT TOYOTA INVESTMENT	Service and repair for FFY 778 L Hino truck	R 14,680.67	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
13/05/2025	THE INSTITUTE OF INTERNAL AUDITORS-SOUTH AFRICA	Registration for public sector conference	R 22,011.00	Impractical – Registration fee for conference.
13/05/2025	CIGFARO	Registration for Raganya, Makike, Letebele and Masete	R 20,250.00	Impossible/Impractical: Payment of registration fee for CIGFARO workshop
13/05/2025	GOVERNMENT PRINTING WORKS	Provincial gazette for supplementary valuation roll	R 3,026.32	Impractical – Is the only service provider responsible for publishing on government gazette.
14/05/2025	NTT TOYOTA HOEDSPRUIT	Service and repair for FFG 813L Toyota Hilux	R 12,354.62	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.

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52. Deviation from supply chain management regulations (continued)

14/05/2025	BARLOWORLD EQUIPMENT	Damaged for bearings of DFF 841L grader machine	R 77,336.64	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/05/2025	NTT TOYOTA HOEDSPRUIT	Service and repair of FFG 812L	R 22,321.98	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
14/05/2025	BB UD TZANEEN PTY LTD	Service repairs of FWW 072L UD truck	R 14,496.16	Impractical - Repairs and maintenance service of municipal vehicle are done at dealership of that particular car make.
19/05/2025	TWK AGRI	Service and repairs for brush cutting	R 3,124.90	Impractical - Repairs and maintenance service of municipal vehicle are done at dealership of that particular car make.
19/05/2025	NTT TOYOTA HOEDSPRUIT	Procurement of 2 batteries of truck FFY776L	R 5,849.48	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/05/2025	MARULENG AUTO (PTY)LTD	Repairs of Mahindra FRL 354L	R 42,115.96	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
19/05/2025	MUNSOFT	Munsoft training registration	R 14,375.00	Impractical: Payment for training fee for Munsoft financial system
27/05/2025	PROSPEN GROUP	Registration for Mphela, Mulemba, Thobejane and Mongadi	R 55,195.40	Impractical – Payment of registration fee for a workshop
05/06/2025	NTT Toyota Investment	Service And Repair For FFY 778L Hino Truck	R 13,007.00	Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make.
09/06/2025	NTT Toyota Phalaborwa	Service And Repair For FFG 813L	R 7,295.93	Impractical - Repairs and maintenance of municipal vehicles are done at a dealership of that particular car make.
09/06/2025	Ducharme Asset Management	Subsistence and Traveling	R 23,920.00	Impractical - Durchame Facilitator appointed to facilitate GRAP training in Hoedspruit.
12/06/2025	South African Institute of Valuers	Membership fees for Sithole and Phahlane.	R 3,445.01	Impractical – Payment of registration fee for a workshop
12/06/2025	Truvelo Manufactures (Pty) Ltd	Calibration of speed machine	R 6,154.80	Impractical – Calibration of speed machine available from single provider.
27/06/2025	SASA	Registration fees for Kgatle, Sekgoka, Malesa and Mafogo.	R 15,400.00	Impractical – Payment of registration fee of SASA conference for Archiving and Records management.
27/06/2025	Wolters Kluwer Tax and Accounts	TeamMate Audit Software Annual Maintenance.	R 28,080.77	Impractical – The company owns the audit software used by Maruleng Municipality.
	TOTAL		R 7,878,096.56	

53. Segment information

General information

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53. Segment information (continued)

Identification of segments

The municipality is organised and reports to management and council on the basis of six (06) major functional areas:

- Executive Support, which includes the office of the municipal manager and Council support (mayor, speaker, chief whip, MPAC, etc.). This functional area is mainly involved in providing strategic management service and direction as well as oversight on other functional areas of the municipality. The area is primarily a support and oversight function.
- Corporate Services include Human Resources, Information Systems Support, Employee support and wellness. This area is mainly functional as well.
- Budget and Treasury Office is responsible for the overall financial management of the municipality and plays a supporting role to other functional areas of the municipality.
- Community Services is a service delivery functional area responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services.
- Infrastructure Development services is responsible for provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
- Economic Development and Planning is responsible for functions such as local economic development, land use management, valuation services, etc.

The departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 14 on implementation of infrastructure requirements of the municipality.

Based on how the budget of the municipality is determined, annually the communities from all wards are consulted on their needs through the Integrated Development Plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the municipality holds.

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes.

In conclusion, the municipality's segment reporting was not determined per geographical area but rather on functional areas. Based on the above, management is proposing to revise its segment reporting for the 2023/24 financial year as follows:

- Technical services – Reportable Segment.
- Community Services – Reportable Segment.
- Planning and economic development – Reportable Segment.
- Executive Management – Not a reportable segment.
- Budget and Treasury – Not a reportable segment.
- Corporate services – Not a reportable segment.

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53. Segment information (continued) 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
Technical services	provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
Community services	responsible for service delivery oriented programs such as refuse removal, landfill and environmental management, traffic and licensing services as well as social services.
Economic development and Planning	responsible for functions such as local economic development, land use management, valuation services, ect.

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53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

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	Technical Services	Community Services	Local Economic Development and Planning	Eliminations	Total
Revenue					
Government grants & subsidies	76,609,614	-	-	177,280,000	253,889,614
Agency services	290,433	2,946,308	-	-	3,236,741
Interest received - investment	-	-	-	12,257,112	12,257,112
License and permits	-	2,567,327	-	-	2,567,327
Other revenue	-	-	5,774,293	-	5,774,293
Rental of facilities and equipment	-	296,211	-	-	296,211
Services charges	-	5,706,552	-	-	5,706,552
Interest received trading	-	-	-	360,774	360,774
Fines, penalties and forfeits	-	432,700	-	-	432,700
Interest on receivables - non exchange	-	-	-	19,440,554	19,440,554
Property Rates	-	-	-	186,026,301	186,026,301
Total segment revenue	76,900,047	11,949,098	5,774,293	395,364,741	489,988,179
Entity's revenue					489,988,179
Expenditure					
Salaries and wages	13,901,813	23,583,755	10,667,418	53,623,952	101,776,932
Remuneration of councillors	-	-	-	12,517,552	12,517,552
Depreciation and amortisation	17,209,038	11,935,515	-	1,597,479	30,742,032
Debt impairment	-	-	-	57,432,880	57,432,880
Contracted services	3,501,007	26,625,403	4,496,540	23,992,224	58,615,174
Finance costs	-	-	-	2,436,487	2,436,487
General expenses	61,059,618	12,428,868	1,110,187	75,694,895	150,293,568
Total segment expenditure	95,671,476	74,573,541	16,274,145	227,295,469	413,814,625

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	Technical Services	Community Services	Local Economic Development and Planning	Eliminations	Total
53. Segment information (continued)					
Total segmental surplus/(deficit)	(18,771,429)	(62,624,443)	(10,499,852)	168,069,272	76,173,548
Loss on disposal of assets					(174,320)
Impairment loss					(2,650,759)
Fair value adjustments					422,322
Actuarial gains/losses					(101,065)
Entity's surplus (deficit) for the period					(2,503,822)
Assets					
Heritage assets	-	-	-	372,500	372,500
Intangible assets	-	-	-	871,697	871,697
Investment property	-	-	-	8,573,923	8,573,923
Property, plant and equipment	622,312,114	145,697,205	-	177,840,420	945,849,739
Inventory	-	-	-	154,233	154,233
VAT receivable	-	-	-	18,809,560	18,809,560
Prepayments	-	-	-	1,083,729	1,083,729
Cash and cash equivalents	-	-	-	169,002,718	169,002,718
Other receivables	-	-	-	2,808,260	2,808,260
Receivables from exchange transactions	-	-	-	1,646,064	1,646,064
Receivables from non-exchange transactions	-	-	-	47,973,446	47,973,446
Total segment assets	622,312,114	145,697,205	-	428,081,649	1,197,145,869
Total assets as per Statement of financial Position					1,197,145,869

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	Technical Services	Community Services	Local Economic Development and Planning	Eliminations	Total
53. Segment information (continued)					
Liabilities					
Finance lease obligation	-	-	-	6,524,523	6,524,523
Payables from exchange transactions	17,126,772	2,251,260	-	52,901,784	72,279,828
Unspent conditional grants and receipts	15,296,260	-	-	-	15,296,260
Employee benefit obligation	-	-	-	18,320,000	18,320,000
Provisions	-	-	-	5,952,349	5,952,349
Trade and other payables from non-exchange transactions	-	-	-	7,151,584	7,151,584
VAT Payable	-	-	-	116,853	116,853
Total segment liabilities	32,423,032	2,251,260	-	90,967,093	125,641,397
Total liabilities as per Statement of financial Position					125,641,385

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	Technical Services	Community Services	Local Economic Development and Planning	Eliminations	Total
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53. Segment information (continued)

Revenue

Government grants and subsidies	-	-	-	247,867,920	247,867,920
Agency fees	180,145	2,820,334	-	-	3,000,479
Interest received - Investment	-	-	-	11,054,983	11,054,983
License and permits	-	3,896,919	-	-	3,896,919
Other revenue	-	2,434	4,702,250	-	4,704,684
Rental of facilities and equipment	-	410,484	-	-	410,484
Services charges	-	5,385,733	-	-	5,385,733
Fines, penalties and forfeits	-	869,800	-	-	869,800
Interest received (trading)	-	-	-	470,185	470,185
Interest on receivables - non exchange	-	-	-	17,701,824	17,701,824
Property rates	-	-	-	172,692,071	172,692,071

Total segment revenue

180,145 13,385,704 4,702,250 449,786,983 468,055,082

Entity's revenue

468,055,082

Expenditure

Salaries and wages	19,615,385	25,507,574	7,999,393	40,844,231	93,966,583
Remuneration of councillors	-	-	-	11,976,798	11,976,798
Depreciation and amortisation	11,266,371	12,842,451	-	3,312,346	27,421,168
Debt impairment	-	-	-	38,440,721	38,440,721
Finance costs	-	-	-	1,918,768	1,918,768
Contracted services	3,976,624	30,007,288	4,818,358	3,072,144	41,874,414
General expenses	106,180,151	18,024,120	639,051	48,450,656	173,293,978

Total segment expenditure

141,038,531 86,381,433 13,456,802 148,015,664 388,892,430

Total segmental surplus/(deficit)

(140,858,386) (72,995,729) (8,754,552) 301,771,319 79,162,652

Loss on disposal of assets					(277,255)
Impairment of assets					(26,121)
Fair value adjustments					699,849
Actuarial gains/losses					(135,026)

Entity's surplus (deficit) for the period

261,447

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	Technical Services	Community Services	Local Economic Development and Planning	Eliminations	Total
53. Segment information (continued)					
Assets					
Heritage assets	-	-	-	372,500	372,500
Property, plant and equipment	424,685,774	118,322,492	-	304,444,784	847,453,050
Intangible assets	-	-	-	66,862	66,862
Investment property	-	-	-	11,180,687	11,180,687
Inventory	-	-	-	145,205	145,205
VAT receivables	-	-	-	28,222,515	28,222,515
Prepayments	-	-	-	783,350	783,350
Cash and cash equivalents	-	-	-	170,638,389	170,638,389
Other receivables	-	-	-	2,473,568	2,473,568
Receivables from exchange transactions	-	1,638,163	-	-	1,638,163
Receivables from non-exchange transactions	-	-	-	48,452,234	48,452,234
Total segment assets	424,685,774	119,960,655	-	566,780,094	1,111,426,523
Total assets as per Statement of financial Position					1,111,426,523
Liabilities					
Trade and other payables	-	-	-	7,976,513	7,976,513
Finance lease obligation	-	-	-	440,009	440,009
Payables from exchange transactions	8,176,816	1,078,914	-	58,857,996	68,113,726
Unspent conditional grants and receipts	-	-	-	16,144,864	16,144,864
Employee benefit obligation	-	-	-	15,634,000	15,634,000
Provisions	-	-	-	5,192,172	5,192,172
VAT payable	-	-	-	90,484	90,484
Total segment liabilities	8,176,816	1,078,914	-	104,336,038	113,591,768
Total liabilities as per Statement of financial Position					113,591,768

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54. Accounting by principals and agents

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

Details of the arrangement(s) is|are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10. The municipality is entitled to 5%.

The municipality is also a party to an agreement between the municipality and the department of roads and transport to collect revenue licensing and permits. The municipality is entitled to 20% of the revenue collected.

There are no significant risks associated with the arrangement.

The municipality is the agent.

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54. Accounting by principals and agents (continued)

Municipality as an agent

Agent for the Limpopo Department of Roads and Transport

The municipality acts as an agent for the Limpopo Department of Roads and Transport, where it provides motor vehicle registration and licenses services on behalf of the Department. The municipality get 20% of the total revenue collected.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is 3,236,741 (2024: 3,000,479).

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R1,120,137 (2024: R1,078,271)

Corresponding rights of reimbursement that have been recognised as assets are R48,668,905 (2024: R41,189,586)

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Services charges - Water and sanitation	District
Licensing and permits	Department of roads and transport

Category(ies) of expenses paid or accrued on behalf of the principal, are:

Categories	Additional details
Employee related costs	District
Repairs and maintenance	District
General expenses	District

Amount of revenue received on behalf of the principal during the reporting period

Services charges - Water and sanitation	7,381,661	3,479,430
Licensing and permits	13,714,083	16,216,917
	21,095,744	19,696,347

Amount of revenue to be received on behalf of the principal during the reporting period

Balance at the beginning of the year	1,078,914	1,364,571
Revenue received on behalf of principal (incl commission)	16,951,209	16,216,917
Commission	(2,946,308)	(3,529,041)
Revenue paid over to the principal	(13,963,678)	(12,973,533)
	1,120,137	1,078,914

Amount of expenses paid on behalf of the principal during the reporting period

Employee related costs	6,598,600	5,032,065
Repairs and maintenance	1,020,305	885,381
General expenses	5,029,356	2,721,642
	12,648,261	8,639,088

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54. Accounting by principals and agents (continued)

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Service charges - Water and sanitation _District

Opening balance	41,189,586	35,867,331
Revenue that principal is entitled to	(7,381,661)	(5,118,801)
Accounts due to the principal - services	(303,507)	(1,594,801)
Amounts of expenses paid on behalf of the principal	12,648,261	8,639,088
Amount due by principal for management fees	2,182,202	3,189,602
Other - agency fee	334,024	207,167
	48,668,905	41,189,586

All categories

Opening balance	41,189,586	35,867,331
Revenue that principal is entitled to	(7,381,661)	(5,118,801)
Accounts due to the principal - services	(303,507)	(1,594,801)
Amounts of expenses paid on behalf of the principal	12,648,261	8,639,088
Amount due by principal for management fees	2,182,202	3,189,602
Other - agency fee	334,024	207,167
	48,668,905	41,189,586

Reconciliation of the carrying amount of payables

Licence and permits - Limpopo Department of Roads and Transport

Opening balance	1,078,914	1,364,571
Revenue received on behalf of the principal (incl commission)	16,951,209	16,216,917
Revenue recognised by the municipality as agency fees	(2,946,308)	(3,529,041)
Revenue paid over to the principal	(13,963,678)	(12,973,533)
	1,120,137	1,078,914

All categories

Opening balance	1,078,914	1,364,571
Revenue received on behalf of the principal (incl commission)	16,951,209	16,216,917
Revenue recognised by the municipality as agency fees	(2,946,308)	(3,529,041)
Revenue paid over to the principal	(13,963,678)	(12,973,533)
	1,120,137	1,078,914