OR Tambo District Municipality

Consolidated Annual Financial Statements

for the year ended 30 June 2025

OR Tambo District Municipality

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

General Information

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

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Abbreviations and definitions

GRAP	Generally Recognised Accounting Practice
SARS	South African Revenue Services
VAT	Value Added Tax
CAFS	Consolidated Annual Financial Statements
ME's	Municipal Entities
MMC	Member of the Municipal Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
RBIG	Regional Bulk Infrastructure Grant
WSIG	Water Services Infrastructure Grant
IGRAP	Interpretations of Generally Recognised Accounting Practice
EPWP	Expanded Public Works Programme
SITA	State Information Technology Agency
SALGA	South African Local Government Association
MSCOA	Municipal Standard Chart of Accounts
Controlled entity	An entity, including an unincorporated entity such as a partnership, that is controlled by another entity
Controlling entity	An entity that has one or more controlled entities
Economic entity	A group of entities comprising a controlling entity and one or more controlled entities

OR Tambo District Municipality

Audited Consolidated 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) and the Water Services Act (Act 108 of 1997).

Nature of business and principal activities
The provision of services (water, sanitation, fire and disaster relief) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Area of Jurisdiction
The OR Tambo District Municipality is located on the eastern coastline of the Eastern Cape province of South Africa and it includes five local municipalities: King Sabata Dalindyebo, Nyandeni, Ingquza Hill, King Mhlontlo, and Port St Johns.

Legislation governing the municipality's operations
- Constitution of the Republic of south Africa (Act 108 of 1998)
- Local Government: Municipal Finance Management Act (Act no.56 of 2003)
- Local Government: Municipal Systems Act (Act 32 of 2000)
- Local Government: Municipal Structures Act (Act 117 of 1998)
- Division of Revenue Act (Act 1 of 2007)

GRADING OF THE LOCAL AUTHORITY:	Grade 5
EXTERNAL AUDITORS:	Auditor-General South Africa
ATTORNEYS:	Panel
PRIMARY BANKER:	First National Bank

REGISTERED OFFICE:

Magwa House
Nelson Mandela Drive
MTHATHA
5099

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MTHATHA
5099

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MUNICIPAL MANAGER
B.P. MASE (047) 501-6407
maseb@ortambodm.gov.za

CHIEF FINANCIAL OFFICER
S. NDAKISA (047) 501-6546
ndakisas@ortambodm.gov.za

MEMBERS OF THE AUDIT COMMITTEE

C. Sparg	Chairperson
W. Dukuza	Member
G. Labane	Member *(Resigned on 2 May 2025)*
T. Bacela	Member *(Resigned with effect from 11 August 2025)*
M. Phesa	Member

Members of the council

EXECUTIVE MAYOR:	Cllr Ngqondwana M.D.
DEPUTY EXECUTIVE MAYOR:	Cllr Sabisa T. (with effect from the 30 August 2024)
SPEAKER:	Cllr Ngqongwa N. (with effect from the 30 August 2024)
CHIEF WHIP (WHIP OF COUNCIL)	Cllr Mlombile-Cingo N. (with the effect from the 30 August 2024)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Cllr Ngqondwana M.D.
Deputy Executive Mayor	Cllr Sabisa T.
MMC: Infrastructure, Water and Sanitation	Cllr Ndabeni M.
MMC: Budget and Treasury Office	Cllr Mdledle N.U.
MMC: Corporate Services	Cllr Mtshazo S.H.
MMC: Community Services	Cllr Gcingca N.
MMC: Rural Economic Development Planning	Cllr Mbede M.
MMC: Human Settlement	Cllr Njisane S. (with effect from 30 August 2024)
MMC: Special Programmes & Social Services	Cllr Mtuku B.N.
MMC: IGR, Panning, Research & Policy Development	Cllr Tshoto G.
MMC: Technical Services	Cllr Giyose M.R.

Section 79 Standing Committee Chairpersons (Full time)

Programming Committee	Cllr Ngqongwa N.
Chairpersons Committee	Cllr Ntshuba V.W.
Rules Committee	Cllr Gabada P.V.
Ethics & Members Interest Committee	Cllr Jacob U.
Municipal Public Accounts Committee	Cllr Dywili N.
Petitions & Public Participation Committee	Cllr Tokwana C.S.
Multiparty Women's Caucus	Cllr Cwecwe N.

Section 79 Standing Committee Chairpersons (Part-time)

Water & Sanitation Services	Cllr Ngxamile N.P.
Technical Services	Cllr Tshikitshwa T.
Human Settlements	Cllr Ncapayi N.
Budget & Treasury Office	Cllr Vanda N.L.
Community Services	Cllr Dyule N.W.
Corporate Services	Cllr Zondani V.B.
Rural Economic Development Programme	Cllr Ntshuba V.W.
IGR, Planning, Research & Policy Development	Cllr Mzamane Z.
Oversight Committee for Office of the Mayor and Legislature	Cllr Socikwa Y.V.
Special Programs & Social Services	Cllr Matanda N.P.

	COUNCILLOR	PARTY	PARTY REP.	LM REP.
1	Badli T.	ANC	No	Yes
2	Bunzana M.	UDM	No	Yes
3	Cwecwe N.	ANC	No	Yes
4	Dambuza M.B.	ANC	Yes	No
5	Dlani X.H.	ANC	No	Yes
6	Dudumayo M.B.	UDM	Yes	No
7	Dyule N.W.	ANC	Yes	No
8	Dywili N.	ANC	Yes	No
9	Fukula M.A.	EFF	Yes	No
10	Gabada P.V.	ATM	Yes	No

Members of the council

11	Gcilitshana L.	UDM	Yes	No	
12	Gcingca N.R.	ANC	Yes	No	
13	Giyose M.R.	ANC	No	Yes	
14	Jacob U.	ANC	Yes	No	
15	Jamjam M.A.	ATM	No	Yes	
16	Knock R.	UDM	No	Yes	
17	Kotana M.P.J.	DA	Yes	No	Replaced Cllr Mabasa in April 2025
18	Libazi M.	EFF	No	Yes	
19	Mabhedumana B.	EFF	No	Yes	
20	Makaba M.	ANC	No	Yes	
21	Makhetha M.A.	EFF	No	Yes	Replaced Cllr Mapolisa in May 2025
22	Maseko M.N.	ATM	No	Yes	
23	Matanda N. P.	ANC	No	Yes	
24	Matubatuba N.	ANC	No	Yes	
25	Mbangatha N.	EFF	Yes	No	Replaced Cllr Bodoza in August 2024
26	Mbede M.	ANC	Yes	No	
27	Mbunjana M.	ANC	No	Yes	
28	Mdledle N.U.	ANC	Yes	No	
29	Mgolombane S.I.	AIC	Yes	No	Replaced Cllr Sekese in February 2025
30	Mgquba A.	EFF	No	Yes	
31	Mhlaba S.	ANC	No	Yes	
32	Mlombile-Cingo N.	ANC	Yes	No	Replaced Cllr Capa in August 2024
33	Molakalaka L.C.	ANC	No	Yes	
34	Mtshazo S.H.	ANC	No	Yes	
35	Mtuku N.B.	ANC	Yes	No	
36	Mzamane Z.	ANC	Yes	No	
37	Ncapayi N.V.	ANC	No	Yes	
38	Ncolosi S.I.	ANC	No	Yes	
39	Ndabeni M.	ANC	Yes	No	
40	Ndzumo T.	ANC	No	Yes	
41	Ngqondwana M.D.	ANC	Yes	No	
42	Ngqongwa N.	ANC	Yes	No	
43	Ngxamile N.P.	ANC	Yes	No	
44	Ngxekana M.H.	Independent	No	Yes	
45	Njisane S.	ANC	No	Yes	
46	Njovane S.	Independent	No	Yes	
47	Nondaka Z.	UDM	No	Yes	
48	Nonkonyana N.	ANC	No	Yes	
49	Ntshuba V.W	ANC	Yes	No	
50	Sabisa T.N.	ANC	Yes	No	
51	Sidlova N.G.	ANC	No	Yes	
52	Socikwa Y.	ANC	Yes	No	
53	Somzana N.	DA	No	Yes	
54	Tokwana C.S.	ANC	No	Yes	
55	Tshikitshwa T.	ANC	No	Yes	
56	Tshoto G.	ANC	Yes	No	
57	Vanda N.L.	ANC	No	Yes	
58	Zondani V.B.	ANC	No	Yes	
59	Zozi Z.	ANC	No	Yes	

OR Tambo District Municipality

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

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL OF FINANCIAL STATEMENTS

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 consolidated annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The consolidated annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

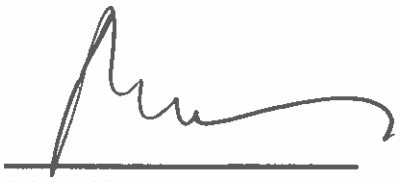
I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for 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.

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

I have 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, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 31 to these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The Annual Financial Statements prepared in compliance with of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) requirements are set out on pages 5 to 73 which have been prepared on the going concern basis, were approved on 30 September 2025.



B.P. MASE

MUNICIPAL MANAGER

30 September 2025

Statement of Financial Position as at 30 June 2025

		Economic Entity		Controlling Entity	
Figures in Rand	Note(s)	2025	2024 Restated*	2025	2024 Restated*
CURRENT ASSETS					
Inventories	2	9,023,330	13,220,913	8,257,960	12,350,377
Receivables from Exchange Transactions	3	493,347,877	366,995,333	490,276,041	368,501,861
Receivables from Non-exchange Transactions	4	1,466,077	5,991	1,439,455	1,574,135
Prepayments	5	8,508,904	507,022	8,249,496	247,614
Statutory Receivables	6	9,330,144	13,984,583	9,330,144	13,984,583
Cash and Cash Equivalents	7	771,523,339	475,194,589	764,666,192	468,035,695
		1,293,199,671	**869,908,432**	**1,282,219,288**	**864,694,265**
NON-CURRENT ASSETS					
Property, Plant and Equipment	8	8,958,603,544	8,478,243,616	8,916,826,103	8,434,291,385
Intangible Assets	9	2,190,913	245,501	2,185,996	211,952
Heritage Assets	10	247,025	247,025	247,025	247,025
Biological Assets	11	12,106,203	15,653,460	-	-
		8,973,147,685	**8,494,389,601**	**8,919,259,124**	**8,434,750,362**
TOTAL ASSETS		**10,266,347,356**	**9,364,298,033**	**10,201,478,412**	**9,299,444,627**
CURRENT LIABILITIES					
Consumer Deposits	12	4,451,794	4,081,243	4,451,794	4,081,243
Employee Benefit Liabilities	13	88,737,290	83,388,934	83,201,045	77,779,285
Payables from Exchange Transactions	14	633,107,361	627,584,420	609,888,074	611,616,294
Payables from Non-exchange Transactions	15	6,290,344	3,647,981	5,843,370	3,201,007
Unspent Conditional Grants and Receipts	16	11,547,194	4,541,221	5,478,798	-
VAT Payable	17	1,886,437	4,660,773	-	-
Current Portion of Finance Lease Liabilities	18	2,020,856	2,036,643	1,720,101	1,804,511
		748,041,277	**729,941,216**	**710,583,182**	**698,482,340**
NON-CURRENT LIABILITIES					
Finance Lease Liabilities	18	2,205,401	1,016,146	2,056,709	641,507
Employee Benefit Liabilities	19	126,692,000	109,388,000	126,692,000	109,388,000
		128,897,401	**110,404,146**	**128,748,709**	**110,029,507**
TOTAL LIABILITIES		**876,938,678**	**840,345,362**	**839,331,891**	**808,511,847**
Net Assets		**9,389,408,678**	**8,523,952,672**	**9,362,146,521**	**8,490,932,780**
Accumulated surplus / (Deficit)	20	9,371,431,220	8,505,975,214	9,344,169,063	8,472,955,322
Revaluation Surplus	21	17,977,458	17,977,458	17,977,458	17,977,458
		9,389,408,678	**8,523,952,672**	**9,362,146,521**	**8,490,932,780**

Statement of Financial Performance

Figures in Rand	Note(s)	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*
REVENUE					
Revenue from Exchange Transactions					
Service Charges	22	313,343,732	313,668,262	313,587,344	314,065,234
Rental of Facilities and Equipment	23	542,674	253,219	-	-
Interest Earned - External Investments	24	84,467,744	62,633,945	84,191,713	62,036,392
Interest Earned - Outstanding Debtors	24	59,120,618	43,590,231	59,261,086	43,705,015
Operational revenue	25	25,926,273	21,329,508	2,140,561	886,753
Income from Agency Services	26	260,686	223,956	135,865	145,773
Contract Revenue	27	81,883,432	105,756,423	81,883,432	105,756,423
Total revenue from exchange transactions		**565,545,159**	**547,455,544**	**541,200,001**	**526,595,590**
Revenue from Non-exchange Transactions					
Transfer revenue					
Transfers and Subsidies Received	28	2,320,140,245	2,042,031,713	2,312,388,380	2,041,757,614
Total revenue from non-exchange transactions		**2,320,140,245**	**2,042,031,713**	**2,312,388,380**	**2,041,757,614**
Other Revenue	29	1,176,319	-	48,249	-
Total revenue		**2,886,861,723**	**2,589,487,257**	**2,853,636,630**	**2,568,353,204**
EXPENDITURE					
Employee Related Costs	30	(766,574,200)	(719,427,415)	(724,758,487)	(675,897,439)
Remuneration of Councillors and Board Members	31	(24,282,473)	(22,725,295)	(23,127,512)	(21,374,274)
Depreciation and Amortisation	32	(316,048,602)	(307,581,591)	(313,664,576)	(303,772,117)
Impairment Losses	33	(20,862,236)	(271,674,682)	(20,548,960)	(270,345,945)
Bad Debts Written off	34	(302,878,630)	(292,323)	(302,878,630)	(292,323)
Finance Costs	35	(18,659,882)	(18,462,945)	(18,056,247)	(17,870,601)
Contracted Services	36	(131,266,768)	(102,628,808)	(128,584,735)	(100,639,938)
Repairs and Mintenance	37	(29,094,278)	(43,513,110)	(28,258,129)	(42,289,589)
Transfers and Subsidies	38	(242,266,315)	(316,495,743)	(285,031,396)	(366,286,312)
Inventory Consumed	39	(127,600,062)	(113,591,639)	(110,253,251)	(95,739,197)
Inventory Losses	40	(38,566,749)	(37,781,587)	(38,566,749)	(37,781,587)
Contract Costs	41	(81,883,432)	(105,756,423)	(81,883,432)	(105,756,423)
Operational Costs	42	(182,944,086)	(191,356,361)	(170,487,569)	(179,639,045)
Total expenditure		**(2,282,927,713)**	**(2,251,287,922)**	**(2,246,099,673)**	**(2,217,684,790)**
Operating surplus		**603,934,010**	**338,199,335**	**607,536,957**	**350,668,414**
Gains / (Losses) on Disposal of Property, Plant and Equip	43	(18,892,580)	(18,190,738)	(18,892,580)	(18,197,051)
Reversal of Impairment	44	282,111,293	4,477,664	282,111,293	4,477,664
Actuarial Gain / (Loss)	45	(670,000)	2,601,000	(670,000)	2,601,000
Gains / (Losses) on disposal of Biological Assets		(307,260)	-	-	-
Adjustments to Biological Assets		95,400	4,313,746	-	-
Biological Assets - Gains		-	3,118,679	-	-
Biological Assets - Losses		(814,857)	(650,200)	-	-
		261,521,996	**(4,329,849)**	**262,548,713**	**(11,118,387)**
Income tax		-	-	-	-
Surplus for the year		**865,456,006**	**333,869,485**	**870,085,670**	**339,550,027**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated surplus	Revaluation surplus	Total net assets
Economic Entity				
Balance at 01 July 2023		**8,065,555,556**	**17,977,458**	**8,083,533,014**
Correction of errors	52	106,550,172		106,550,172
Restated* Balance at 01 July 2023		**8,172,105,729**	**17,977,458**	**8,190,083,187**
Restated* Surplus for the year		**333,869,485**	**-**	**333,869,485**
Audited Surplus for the year	52	462,561,425	-	462,561,425
Correction of errors	52	(128,691,940)	-	(128,691,940)
Restated* Balance at 30 June 2024		**8,505,975,214**	**17,977,458**	**8,523,952,672**
Surplus for the year		**865,456,006**	**-**	**865,456,006**
Increase in Revaluation Surplus		-	-	-
Balance at 30 June 2025		**9,371,431,220**	**17,977,458**	**9,389,408,678**
Controlling Entity				
Balance at 01 July 2023		**8,025,484,887**	**17,977,458**	**8,043,462,345**
Correction of errors	52	107,920,408	-	107,920,408
Restated* Balance at 01 July 2023		**8,133,405,295**	**17,977,458**	**8,151,382,753**
Restated* Surplus for the year		**339,550,027**	**-**	**339,550,027**
Audited Surplus for the year	52	461,480,822	-	461,480,822
Correction of errors	52	(121,930,795)	-	(121,930,795)
Restated* Balance at 30 June 2024		**8,472,955,322**	**17,977,458**	**8,490,932,780**
Surplus for the year		871,213,740	-	871,213,740
Balance at 30 June 2025		**9,344,169,063**	**17,977,458**	**9,362,146,521**

Cash Flow Statement

Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2025	2024 Restated*	2025	2024 Restated*
Cash flows from operating activities					
Receipts					
Service Charges		270,140,994	131,854,688	270,140,994	131,854,688
Interest income		81,584,394	134,172,582	81,308,363	133,578,032
Operational receipts		60,076,861	(171,342,874)	40,227,503	(141,112,287)
Transfers and subsidies		2,326,555,550	1,988,610,728	2,317,867,178	1,929,766,564
		2,738,357,799	**2,083,295,124**	**2,709,544,038**	**2,054,086,997**
Payments					
Suppliers and Employees		(1,326,852,784)	(1,073,711,538)	(1,298,897,361)	(1,046,233,408)
Finance Costs		(5,509,975)	(6,709,729)	(4,831,247)	(6,002,601)
Transfers and Subsidies		(285,031,396)	(366,286,312)	(285,031,396)	(366,286,312)
		(1,617,394,155)	**(1,446,707,579)**	**(1,588,760,004)**	**(1,418,522,321)**
Net cash flows from operating activities	**46**	**1,120,963,644**	**636,587,545**	**1,120,784,034**	**635,564,676**
Cash flows from investing activities					
Purchase of property, plant and equipment		(827,200,216)	(629,592,933)	(826,891,262)	(628,504,816)
Proceeds on Disposal of Fixed Assets		6,423,219	191,176	6,423,219	163,350
Purchase of other intangible assets		(1,529,909)	-	(1,529,909)	-
Purchase of Biological assets		(111,100)	(91,000)	-	-
Proceeds on Disposal of Biological assets		221,540	3,420,479	-	-
Net cash flows from investing activities		**(822,196,467)**	**(626,072,278)**	**(821,997,952)**	**(628,341,466)**
Cash flows from financing activities					
(Repayments) of Finance Lease Liabilities		(2,438,428)	(3,173,381)	(2,155,585)	(3,342,973)
Net cash flows from financing activities		**(2,438,428)**	**(3,173,381)**	**(2,155,585)**	**(3,342,973)**
Net increase/(decrease) in cash and cash equivalents		**296,328,749**	**7,341,886**	**296,630,497**	**3,880,238**
Cash and cash equivalents at the beginning of the year		475,194,590	467,852,704	468,035,695	464,155,458
Cash and cash equivalents at the end of the year		**771,523,340**	**475,194,590**	**764,666,192**	**468,035,696**

Statement of Comparison of Budget and Actual Amounts

Statement of Financial Performance

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
Revenue By Source							
Service charges	427,311,890	-	427,311,890	313,343,732	(113,968,158)	-27%	**C01**
Rental of fixed assets	1,500,000	-	1,500,000	542,674	(957,326)	-64%	**C02**
Interest earned - external investments	40,500,000	15,000,000	55,500,000	84,467,744	28,967,744	52%	**C03**
Interest earned - outstanding debtors	23,319,770	-	23,319,770	59,120,618	35,800,848	154%	**C04**
Other revenue	49,558,891	-	49,558,891	391,453,403	341,894,512	690%	**C05**
Transfers and subsidies - Operational	1,249,917,710	6,582,067	1,256,499,777	1,208,798,936	(47,700,841)	-4%	**C06**
Total Revenue (excluding capital transfers and contributions)	**1,792,108,261**	**21,582,067**	**1,813,690,328**	**2,057,727,107**			
Expenditure By Type							
Employee Related Costs	804,557,574	28,803,564	833,361,138	766,574,200	66,786,938	8%	**C07**
Remuneration of Councillors and Board Members	26,763,685	-	26,763,685	24,282,473	2,481,212	9%	**C08**
Depreciation and Amortisation	173,263,697	-	173,263,697	316,048,602	(142,784,905)	-82%	**C09**
Impairment Losses	107,507,624	-	107,507,624	323,740,866	(216,233,242)	-201%	**C10**
Finance Costs	550,000	-	550,000	18,659,882	(18,109,882)	-100%	**C11**
Contracted Services	163,660,396	20,200,002	183,860,398	160,361,046	23,499,352	13%	**C12**
Transfers and subsidies	69,988,650	(370,000)	69,618,650	242,266,315	(172,647,665)	-248%	**C13**
Inventory Consumed	90,841,663	-	90,841,663	166,166,811	(75,325,148)	-83%	**C14**
Operational Expenses	211,890,706	30,843,471	242,734,177	285,512,215	(42,778,038)	-18%	**C15**
Total expenditure	**1,649,023,995**	**79,477,037**	**1,728,501,032**	**2,303,612,410**	**-**		
Surplus / (Deficit)	**143,084,266**	**101,059,104**	**85,189,296**	**(245,885,303)**	**-**		
Transfers and subsidies - Capital	1,326,964,000	(82,230,000)	1,244,734,000	1,111,341,309	(133,392,691)	-11%	**C16**
Surplus for the year	**1,470,048,266**	**18,829,104**	**1,329,923,296**	**865,456,006**			

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	536,470,479	-	536,470,479	771,523,339	235,052,860	44%	**D01**
Consumer debtors	147,867,742	-	147,867,742	493,347,877	345,480,135	234%	**D02**
Inventories	9,965,411	-	9,965,411	9,023,330	(942,081)	-9%	**D03**
VAT	155,335,223	-	155,335,223	9,330,144	(146,005,079)	-94%	**D04**
Other debtors	2,058,430	-	2,058,430	9,974,981	7,916,551	385%	**D05**
Total current assets	**851,697,285**	**-**	**851,697,285**	**1,293,199,671**			
NON-CURRENT ASSETS							
Property, Plant and Equipment	7,598,491,390	(112,005,467)	7,486,485,923	8,958,603,544	1,472,117,621	20%	**D06**
Biological assets	10,500,000	-	10,500,000	12,106,203	1,606,203	15%	**D07**
Heritage assets	247,025	-	247,025	247,025	-	0%	
Intangible Assets	24,353,293	(1,000)	24,352,293	2,190,913	(22,161,380)	-91%	**D08**
Total non current assets	**7,633,591,708**	**(112,006,467)**	**7,521,585,241**	**8,973,147,685**			
TOTAL ASSETS	**8,485,288,993**	**(112,006,467)**	**8,373,282,526**	**10,266,347,356**			
CURRENT LIABILITIES							
Consumer Deposits	4,163,321	-	4,163,321	4,451,794	(288,473)	-7%	**D09**
Trade and other payables	179,934,249	-	179,934,249	641,418,561	(461,484,312)	-256%	**D10**
Unspent Conditional Grants and Receipts		-	-	11,547,194	(11,547,194)	0%	**D11**
Provisions	299,061,829	-	299,061,829	88,737,290	210,324,539	70%	**D11**
VAT	889,858	-	889,858	1,886,437	(996,579)	-112%	**D12**
Total current liabilities	**484,049,257**	**-**	**484,049,257**	**748,041,277**			
NON-CURRENT LIABILITIES							
Finance Lease Liabilities	-	-	-	2,205,401	(2,205,401)	-100%	**D10**
Provisions	-	-	-	126,692,000	(126,692,000)	-100%	**D11**
	-	**-**	**-**	**128,897,401**			
TOTAL LIABILITIES	**484,049,257**	**-**	**484,049,257**	**876,938,678**			
NET ASSETS	**8,001,239,736**	**(112,006,467)**	**7,889,233,269**	**9,389,408,678**			
Accumulated surplus / (Deficit)	8,012,342,479	(106,215,183)	7,906,127,296	9,371,431,220	(1,465,303,924)	-19%	
Revaluation Surplus	-	-	-	17,977,458	(17,977,458)	-100%	**D13**
	8,012,342,479	**(106,215,183)**	**7,906,127,296**	**9,389,408,678**			

OR Tambo District Municipality

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

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
Cash Flow Statement							
Cash flows from operating activities							
Receipts							
Service Charges	324,757,036	-	324,757,036	270,140,994	(54,616,042)	-17%	**E01**
Transfers and subsidies	2,321,803,995	-	2,321,803,995	2,326,555,550	4,751,555	0%	**E02**
Interest income	40,500,000	-	40,500,000	81,584,394	41,084,394	101%	**E03**
Other receipts	205,843,165	-	205,843,165	60,076,861	(145,766,304)	-71%	**E04**
	2,892,904,196	**-**	**2,892,904,196**	**2,738,357,799**			
Payments							
Suppliers and employees	(1,320,273,986)	-	(1,320,273,986)	(1,326,852,784)	6,578,798	0%	**E05**
Finance Costs	-	-	-	(5,509,975)	5,509,975	-100%	**E06**
Transfers and Grants	-	-	-	(285,031,396)	285,031,396	-100%	**E07**
	(1,320,273,986)	**-**	**(1,320,273,986)**	**(1,617,394,155)**			
Net cash flows from operating activities	**1,572,630,210**	**-**	**1,572,630,210**	**1,120,963,644**			
Cash flows from investing activities							
Purchase of property, plant and equipment	(1,441,943,627)	-	(1,441,943,627)	(827,200,216)	(614,743,411)	43%	**E08**
Proceeds on Disposal of Fixed Assets	-	-	-	6,423,219	(6,423,219)	100%	**E09**
Purchase of other intangible assets	-	-	-	(1,529,909)	1,529,909	0%	
Purchase of Biological assets	-	-	-	(111,100)	111,100	100%	**E10**
Proceeds on Disposal of Biological assets	-	-	-	221,540	(221,540)	100%	**E09**
Net cash flows from investing activities	**(1,441,943,627)**	**-**	**(1,441,943,627)**	**(822,196,467)**			
Cash flows from financing activities							
(Repayments) / Acquisitions of Long term loans	88,105	-	88,105	(2,438,428)	2,526,533	100%	**E10**
Net cash flows from financing activities	**88,105**	**-**	**88,105**	**(2,438,428)**			
Net increase/(decrease) in cash and cash equivalents	**130,774,688**	**-**	**130,774,688**	**296,328,749**	**-**		
Cash and cash equivalents at the beginning of the year	407,247,001	-	407,247,001	475,194,590	67,947,589	17%	
Cash and cash equivalents at the end of the year	**538,021,689**	**-**	**538,021,689**	**771,523,339**			
							-

STATEMENT OF FINANCIAL PERFORMANCE

C01 **Service Charges** - The variance is due to data cleansing and correction of billing.

C02 **Rental of fixed assets** - The variance is mainly due to over projection of lease rental for Adam kok farm, the projection was based on the leasing of the entire farm but a certain portion of the farm was subsequently leased out.

C03 **Interest earned - external investments -** The variance is due to implementation of financial recovery plan which resulted an improved liquidity and more funds available for investment.

C04 **Interest earned - outstanding debtors** - The increase in Interest on debtors is attributed to non payment of outstanding accounts by debtors.

C05 **Other revenue** - The variance was mainly due to reversal of impairment on doubtful debts after the approval of uncollectable debts write-offs by the council.

C06 **Transfers and subsidies** - The variance is less than 10% and regarded as immaterial.

C07 **Employee Related Costs** - The variance in employee costs is less than 10% and is regarded as immaterial.

C08 **Remuneration of Councillors and Board Members** - The variance is less than 10% and regarded as immaterial.

C09 **Depreciation and amortisation -** The variance was mainly due to adjustment of infrastructure assets with completed assets subsequent to the WIP register clean-up conducted during the current year.

C10 **Impairment Losses -** The budget for impairment includes Debtors Impairment and Asset Impairment as well as Write-offs. The variance is mainly due to write-offs approved in the current year.

C11 **Finance costs** - The variance was due to interest paid on overdue accounts that were not budgeted for.

C12 **Contracted Services** - The variance is mainly due to upward adjustment of budget and delayed expenditure on repairs and maintenance.

C13 **Transfers and Subsidies** -The variance was mainly due to increase in free basic water provided by the municipality and expenditure for VIP toilets.

C14 **Inventory Consumed** - Includes Inventory consumed and Inventory losses: (1) The budget for Inventory Consumed also includes the budget for Inventory Losses. (2) The variance is mainly due to increase in water processing costs resulting in an increase in the water cost tariff used to determine the value of water losses.

C15 **Operational Costs** - The variance is mainly due to increase in electricity costs and construction costs that were budgeted for under capital budget.

C16 **Transfers and subsidies: Capital**- The variance in transfers and subsidies can be attributed housing budget included in this line item while the actual revenue is included operational revenue.

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

STATEMENT OF FINANCIAL POSITION

D01 **Cash -** Variance is mainly due to improved grant spending which resulted in more VAT refunds.

D02 **Consumer debtors** - The variance is mainly due to continued non payment of debtors and outstanding payments from Human Settlement.

D03 **Inventory** - The variance in employee costs is less than 10% and is regarded as immaterial.

D04 **VAT** - The variance can be attributed to reclassification of VAT accrual to Receivables and Payables from exchange.

D05 **Other debtors** - This line item includes prepayments and other debtors. The variance is mainly due to SALGA Prepayment and Covid-19 allowance that was not considered as part of balance sheet budgeting.

D06 **Property Plant and Equipment** - Variance is mainly due to improved conditional grants expenditure during the current year.

D07 **Biological assets** - Variance is mainly due to under estimation of gains and over estmation of losses during budgeting.

D08 **Intangible Assets** - Certain Solar system modules planned to be purchased during the current year were not purchased due to delays in the configuration of the new servers.

D09 **Consumer Deposits** - The variance is less than 10% and regarded to be immaterial.

D10 **Trade and other payables** - This item includes trade creditors, Provisions and Finance lease obligation. The increase mainly due to increase in accruals at year-end and reclassification of VAT Output accrual.

D11 **Provisions -** Provision budget includes the budget for Post employment benefit and Leave provisions. The variance is mainly attributed to over estimation of provisions during budgeting process.

D12 **VAT** - The variance can be attributed to under budgeting of Ntinga's VAT liability.

D13 **Revaluation Surplus** - The municipality was not expecting revaluation surplus during the time of budgeting.

CASH FLOW STATEMENT

E01 **Service Charges -** The variance is due to under collection of outstanding debtors.

E02 **Transfers and subsidies** - The variance is less than 10% and regarded as immaterial.

E03 **Interest Received** - The variance is due to consolidation of investments into one account resulting in more interest earned.

E04 **Other Receipts** - Variance was mainly due to VAT refunds budgeted under Other Receipts.

E05 **Suppliers and employees** - The variance is less than 10% therefore regarded as immaterial.

E06 **Finance Costs** - Not budgeted for.

E07 **Transfers and Grants** - The actual expenditure was budgeted for under Suppliers and employees.

E08 **Purchase of property plant and equipment** - The budget for this line items is based on the grant allocation which is VAT inclusive while the expenditure is VAT exclusive thereby resulting in a variance. The expenditure for Housing grant was budgeted under this item while the expenditure was recorded under contract costs item. Budget for Biological assets was also included on this item.

E09 **Proceeds from sale of Assets** - The parent municipality did not expect to dispose assets during the budgeting period.

E10 **Proceeds from sale of Biological Assets** - The municipality did not anticipate the sale of asset during the budgeting period.

E10 **Finance Leases -** The budget for finance lease was only accommodated on the expenditure side.

EXPLANATIONS FOR MATERIAL BUDGET ADJUSTMENTS

C03 The interest received was adjusted upwards by R15 000 000.00 due to overperformance at mid-term resulting from the investing on high earning investments.

C06 Transfers and Subsidies were adjusted upwnwards by increase of R 6 582 067 for MSIG which was appropriated through an adjustment budget in January 2025.

C07 Employee related costs of the district municipality were increased by net R28 803 564. This was the allocation of MIG salaries from PMU vote to employee related costs.

C12 Contracted services were adjusted upwards by R20 200 002.00 due existing commitments and demands.

C13 Transfers and Subsidies were adjusted downwards by R370 000.00 as there was a need to decrease the budget because of the performance at midterm.

C15 Operational Expenses were adjusted upwards by R30 843 471 as there was a need to increase the budget so as to provide for operational expenses until the end of the financial year.

C16 Transfers and Subsidies Capital were adjusted downwards by a net amount of R82 230 000 being a reduction because of the adjustment government gazette no 51233 of the DoRa. MIG adjusted downwards by R7 230 000.00. Human Settlements grant was adjusted downwards by R75 000 000.00 during the adjustment budget in January 2025 because of slow receipts on the allocation.

D01 Cash was adjusted upwards by R11 170 000.00 because of the anticipated inflow of cash because of increase in interest from investments.

G06 Property plant and Equipment was adjusted downwards by R112 005 467.00 based on the adjustments that were required because of the reduction of transfers and subsidies capital and other adjustments.

G08 Intangible Assets were adjusted downwards by R1 000.00 because there was a need during the adjustment budget.

Accounting Policies

1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of finance, including any interpretations, guidelines and directives issued by the Accounting Standard Board and the Municipal Finance Management Act (Act 56 of 2003).

The consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention ,except where indicated otherwise. They are presented in South African Rand.

1.1 Changes in Accounting policy and comparability

Accounting policies have been consistently applied unless it has been indicated otherwise.
For the years ended 30 June 2025 and 30 June 2024 the municipality adopted the framework as set out in paragraph 1 above. The details of any resulting changes in Accounting policy and comparative restatements are set out below and in the relevant notes to the consolidated annual financial statements.

Where a standard of GRAP is approved and effective, it replaces the equivalent of International Public sector accounting Standard, International Financial Reporting Standards or SA Generally accepted Accounting Practice. Where a standard of GRAP has been issued but is not yet effective, the municipality may select to apply the principles established in that standard in developing appropriate Accounting Policies, Changes in Accounting

1.2 Critical Judgement, Estimates and Assumptions

In the application of the municipality's Accounting policies, which are described below, management is required to make judgments, estimates and assumptions about the carrying amounts and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years.

The following are the critical judgments and estimates that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the consolidated annual financial statements:

Revenue Recognition

Accounting policy 1.15 on revenue from exchange transactions and Accounting policy 1.15 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from exchange transactions) and GRAP 23 (Revenue from non-exchange transactions). As far as Revenue from Exchange transactions is concerned, management considers whether the municipality when goods are sold had transferred the significant risks and rewards of ownership of the goods and when service is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that the revenue in the current year is appropriate.

Financial Assets and liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement. Accounting Policy 1.13 on Financial Assets Classification and Accounting Policy 1.13 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 (Financial Instruments).

Impairment of Financial Assets

Accounting policy 1.12 on Impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial assets recorded during the year is appropriate.

The provision for impairment on receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

1.2 Critical Judgement, Estimates and Assumptions (continued)

In determining the recoverability of receivables from non-exchange transactions, the municipality considers any change in the credit quality of the debtor 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 excess of the provision for impairment.

Fair Value Estimations

As described in Accounting policy 1.11 the municipality subsequently measures its Biological assets in terms of the fair value model.
The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the valuations, and more specific as follows:

Biological Assets

The fair value less estimated point-of-sale costs used to value Biological assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market rates, as determined by breed, genetic, merit and age , less point-of-sale costs.

- Fruit trees, harvest and vegetables are valued by way of arms' length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

Useful lives of Property, Plant and Equipment and Intangible assets

As described in Accounting policies 1.8.3 and 1.9.1, the municipality depreciates its Property, Plant and Equipment (excluding land) and amortises its Intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of the assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on the management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Impairment: Write-down of Property, Plant and Equipment, Intangible Assets

Accounting policy 1.12 on impairment of assets, Accounting policy 1.9.1 on Intangible assets - Subsequent measurement, amortisation and impairment and Accounting policy 1.14 on inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible assets.
In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash generating assets) and GRAP 26 (Impairment of Cash generating assets).

Estimated impairments during the year to Inventory, Property, Plant and Equipment Intangible assets and Heritage assets are disclosed in notes 2, 8, 9 and 10 to the Consolidated Annual Financial statement if applicable.

Water Inventory

The estimation of Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the capacity of the reservoir. Furthermore, the length and width of all pipes are taken into account in determining the volume of the water on hand at year-end.

Defined Benefit Plan liabilities

As described in Accounting Policy 1.17 employee benefits - Post-employment benefits municipality obtains actuarial valuations of its Defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post-retirement Health benefit obligations and Long-service awards. The estimated liabilities are recorded in accordance with the requirement of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant notes to the consolidated annual financial statements.

Provisions and Contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring Contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Budget Information

Deviations between the budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the consolidated annual financial statements.

Accounting Policies

1.3 Presentation currency
These consolidated annual financial statements are presented in South African Rand, rounded of to the nearest Rand which is the functional currency of the municipality.

1.4 Going concern assumption
Based on the current year improved financial ratios and the legislative nature of the municipality, these annual financial statements have been prepared on a going concern basis.

1.5 Offsetting
Assets, Liabilities Revenues and Expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective
The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 1 - Presentation on Financial Statements (Amendments)
- GRAP 103 - Heritage Assets (Amendments)
- GRAP 104 - Financial Instruments (Amendments)
- GRAP 105 -Transfer of Functions Between Entities Under Common Control
- GRAP 106 -Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 -Mergers (Amendments)

The ASB Directive 5, paragraph 30, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact except on the following:

Potential Impact of GRAP 104 - Financial Instruments amendments:
- The classification of simple financial assets such as bank accounts and debtors will not be affected however classification of more complex financial assets, such as, investments and concessionary loans may change.
- Investments held for sell and that have contractual cash flows will be measured at fair value and not at amortised cost.
- Some concessionary loans will no longer be measured at amortised cost and this will most likely be where a loan includes contingent repayment features.
- The municipality would have to apply the amortised cost in calculating interest revenue rather than the gross carrying amount if the receivable becomes impaired after origination.
- Under the amended GRAP 104, the municipality would have assessed whether a specific event occurred that indicated that a financial asset is impaired, for example, a debtor entering bankruptcy. This is an "incurred loss model" as it focuses on losses that arise based on the occurrence of a specific event.
- Under the revised approach, an entity determines impairment losses based on the credit losses an entity expects over 12 months or over the life of the instrument.
- Under the new GRAP 104 the municipality needs to gather (a) information about the credit risk of the parties it transacts with, and (b) needs to develop models that assess both current and future losses, on a probability weighted basis.

1.7 Net Assets
Included in the Net assets of the municipality are the following reserves that are maintained in terms of specific requirements:
- Accumulated Surplus
- Revaluation Surplus

1.8 Property, plant and equipment

1.8.1 Initial recognition

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 year.

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 recognised at cost on its acquisition date or in the case of assets acquired by donations, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one year. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.8.2 Subsequent Measurement

Property, Plant and Equipment, excluding Buildings and Land

All property plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Subsequent expenditure relating to the property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Land and Buildings

Land and Buildings are revalued on five year intervals and carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

The municipality shall recognise the decrease in surplus or deficit when the asset is disposed. However, the loss on disposal shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The loss on disposal recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus. The revaluation reserve is not reduced as the asset is being used however it will be reduced on disposal of an asset to the extent of the revaluation reserve raised in the past.

1.8.3 Depreciation

Depreciation on assets other than land is calculated on cost using the straight-line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. 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. Each part of an item of property, plant and equipment with a cost significant in relation to the cost item is depreciated separately.

Accounting Policies

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Buildings	Straight line	5 - 30 years
Plant and machinery	Straight line	2 - 20 years
Furniture and fittings	Straight line	3 - 15 years
Transport Assets	Straight line	4 - 20 years
Office equipment	Straight line	3 - 15 years
IT equipment - Computer Equipment	Straight line	3-10 years
Infrastructure		
□ Bridge	Straight line	10 - 80 years
□ Roads and Paving	Straight line	3 - 60 years
□ Water	Straight line	5 - 100 years
□ Sewerage	Straight line	10 - 60 years
Emergency equipment	Straight line	3 - 20 years
Specialist Vehicles	Straight line	4 - 20 years

The asset's residual values, estimated useful lives and depreciation methods are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectation differ from the previous estimate.

1.8.4 Land
Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

1.8.5 Infrastructure
Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1.8.6 Incomplete Construction Work
Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.8.7 Leased assets
Assets capitalised under finance lease are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.8.8 Derecognition
The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from is use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or Losses.
Gains or losses are calculated as difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposal and are included in the Statement of Financial Performance as gain or loss on disposal of property, plant and equipment. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

1.9 Intangible assets
Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in it Statement of Financial Position only when it is possible that the expected future economic benefits or service potential that attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the deign and testing of the new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

□ it is technically feasible to complete the asset so that it will be available for use.
□ management intends to complete the intangible asset and use or sell it
□ there is an ability to use or sell the intangible asset.
□ it can be demonstrated how the intangible asset will generate probable future economic benefits.
□ adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and
□ the expenditure attributable to the asset during its development can be measured reliably.

1.8.8 Derecognition (Continued)
Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 and GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is purchase price and other costs attributed to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at not cost, or for a nominal cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. The cost of an intangible asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could be measured at it value, its cost is measured at the carrying amount of the asset given up. if the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.9.1 Subsequent Measurement, Amortisation and Impairment
After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.
In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. The residual value of intangible assets with finite lives is zero, unless an active market exists. Where intangible assets are deemed to have indefinite useful lives, such intangible assets are not amortised, however, such intangible assets are subject to an annual impairment test. Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Average
Computer software	Straight line	4 -10 years

Intangible assets are annually tested for impairment as described in Accounting Policy 1.12 on Impairment of assets, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

1.9.2 Derecognition
Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the proceeds of disposal and the carrying value, and is recognised in the Statement of Financial Performance.

1.10 Heritage assets
A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations. Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

1.10.1 Initial Recognition.
The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably. Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and nonmonetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

1.10.2 Subsequent Measurement

All Heritage Assets are subsequently measured at cost, less accumulated impairment losses. Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.10.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

1.11 Biological assets that form part of an agricultural activity

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

1.11.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:
· the Entity controls the asset as a result of past events;
· it is probable that future economic benefits or service potential associated with the asset will flow to the Entity;
· livestock is expected to be kept for a period extending beyond twelve months for breeding purposes;
· and the fair value or cost of the asset can be measured reliably.

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

1.11.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.
The fair value of cattle is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.11.3 Derecognition

The carrying amount of an item of Biological Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Biological Assets is included in the Statement of Financial Performance when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (at fair value) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Biological Assets.

1.12 Impairment of Assets

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets. No assets are currently classified as cash generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.12.1 Impairment of cash generating assets (Continued)
The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

1.12.2 Impairment of Non-Cash Generating Assets
The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset. An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

1.13 Financial instruments
The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets , Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition
Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument. The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Amortised Cost
Amortised Cost 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 Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Financial Assets - Classification
A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard: Financial Assets measured at Amortised Cost are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

Financial Assets measured at Fair Value are financial assets that meet either of the following conditions:
(i) Derivatives;
(ii) Combined instruments that are designated at fair value;
(iii) Instruments held for trading;
(iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
(v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

Financial Assets measured at Cost are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

1.13 Financial instruments (continued)

Classification

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-exchange Transactions	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Call Deposits	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Bank	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Cash	Financial asset measured at amortised cost

Cash includes cash-on-hand and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

Financial Liabilities

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.
There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:
(i) Financial Liabilities measured at amortised cost
(ii) Financial Liabilities measured at cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial liability measured at amortised cost
Payables from Exchange Transactions	Financial liability measured at amortised cost
Payables from Non-exchange Transactions	Financial liability measured at amortised cost
Current Portion of Long-term Liabilities	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at amortised cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Initial and Subsequent Measurement

Financial Assets

Financial assets measured at Amortised cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

Financial Assets, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Accounting Policies

Impairment Financial assets

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Financial assets measured at cost:

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

Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.14 Inventories

Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labor, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent Measurement

-Consumable Stores, Raw Materials, Work-in-Progress and Finished goods.

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the First-in-First-out Method for cost of commodities.

-Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position. The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are valued by using the First-in-First-out Method , at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

-Other Inventories

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs. The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.15 Revenue Recognition

General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from Exchange Transactions

Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from Exchange Transactions

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Rentals Received

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

Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:
 Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

Revenue from Agency Services

Revenue from agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been met:
(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c)The amount of revenue can be measured reliably;
(d)The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(e) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

(f) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.15 Revenue Recognition (Conutinued)

Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Public Contributions

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. 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 and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Government Grants and Receipts

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. 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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments 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 is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.16 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, 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 best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

1.17 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non accumulating benefits which are only recognised when the specific event occurs. The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

Defined contribution plans

A Defined Contribution Plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A Defined Benefit Plan is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method , incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

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 recognise 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.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.17 Employee benefits (continued)

Defined Benefit Pension Plans

Where applicable the municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method . The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance. NB: The municipality currently does not have any employees that fall under Defined Benefit Pension Plan.

1.18 Leases

Classification

Leases are classified as Finance Leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating Leases.

The Municipality as lessee

Finance leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method . Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method . Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a Straight-line Basis , except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Determining whether an Arrangement contains a lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1.19 Grants-In-Aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

Accounting Policies

1.20 Value Added Tax

Value Added Tax assets and liabilities

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value Added Tax Act (Act No 89 of 1991).

1.21 Unauthorised expenditure

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Irregular expenditure

Irregular expenditure 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Material Losses

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories). Where management cannot reliable measure (is unable to bill) the usage of water such consumption is regarded and classified as water losses.

1.25 Prior period errors, Changes in accounting policies and estimates

Correction of prior period errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of correction of prior period errors are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of changes in accounting policies are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the consolidated annual financial statements where applicable.

1.26 Treatment of Administration and Overhead expenses

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.27 Contingent Assets and Contingent Liabilities

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the consolidated annual financial statements.

1.28 Commitments

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

 Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

 Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

 Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

 Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the consolidated annual financial statements.

 Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

1.29 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.30 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the consolidated annual financial statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the consolidated annual financial statements.

Adjusting Events

The municipality shall adjust the amounts recognised in its financial statements to reflect the following adjusting events after the reporting date:

• The settlement after the reporting date of a court case that confirms that the municipality had a present obligation at the reporting date.

• The receipt of information after the reporting date indicating that an asset was impaired at the reporting date, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted.

• The determination after the reporting date of the cost of assets purchased, or the proceeds from assets sold, before the reporting date.

• The determination after the reporting date of the amount of revenue collected during the reporting period to be shared with another entity under a revenue sharing agreement in place during the reporting period.

• The determination after the reporting date of the amount of bonus, incentive and performance related payments to be made to staff if the entity had a present legal or constructive obligation at the reporting date to make such payments as a result of events before that date.

Non-Adjusting Events

An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

• Where an entity has adopted a policy of regularly revaluing property to fair value, a decline in the fair value of property between the reporting date and the date when the financial statements are authorised for issue.

• Where an entity charged with operating particular community service programmes decides after the reporting date, but before the financial statements are authorised, to provide or distribute additional benefits directly or indirectly to participants in those programmes.

1.31 Comparative figures

Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the consolidated annual financial statements.

Prior Year Comparatives

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Accounting Policies

Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these consolidated annual financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the consolidated annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2024 to 30 June 2025.

1.32 Statutory Receivables

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.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23; or
- if the definition of an asset is met

Measurement

Statutory receivables are measured initially at their transaction amount, using the prescripts of legislation, regulations or an equivalent. The transaction amount is adjusted in subsequent reporting periods to accrue for any interest or other charges that an entity levies (if required or permitted to do so in legislation or similar means) and, to account for any impairment losses or any amounts derecognised.

Subsequent measurement

Subsequent to initial recognition statutory receivables are measured using the cost method. Initial measurement of the receivable is changed to reflect any: interest or other charges that may have accrued on the receivable, impairment losses and amounts derecognised.

Derecognition

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 entity transfers to another party substantially all of the risks and rewards of ownership of the receivable
- 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 municipality:

- derecognises the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

1.33 Principal and Agents Related transactions

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

Recognising revenue and expenses as a principal or an agent

When the municipality determines that it is a principal in accordance with GRAP 109, it shall account for revenue and expenses arising from the transactions with third parties in its statement of financial performance. When it determines that it is an agent, it recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal.

Recognising assets and liabilities as a principal or an agent

Whether the municipality is a principal or an agent, it applies the principles in the applicable Standards of GRAP in recognising assets and liabilities arising from a principal-agent arrangement.

1.34 Construction Contracts

A contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Recognition of contract revenue and expenses

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

1.34 Construction Contracts (Continued)

In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

• total contract revenue, if any, can be measured reliably;
• it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
• both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
• the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

• it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
• the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

Contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

1.35 Segment Reporting

Recognition

A segment is an activity of the municipality:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same municipality);

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

Two or more segments may be aggregated into a single segment if aggregation is consistent with the objective of this Standard and the segments have similar economic characteristics, and the segments share a majority of the following:

(a) the nature of the goods and/or services delivered;
(b) the type or class of customer or consumer to which goods and services are delivered;
(c) the methods used to distribute the goods or provide the services; or
(d) if applicable, the nature of the regulatory environment that applies to the segment

Measurement

The amount of each segment item reported shall be the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

1.36 Separate Financial Statements

Separate financial statements are those presented by an entity, in which the entity could elect, subject to the requirements in this Standard, to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the Standard of GRAP on Financial Instruments (GRAP 104) or using the equity method as described in the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

OR Tambo DM, which is a controlling entity for Ntinga OR Tambo Development Agency shall present consolidated financial statements, except when all the following conditions are met:

- OR Tambo DM is itself a controlled entity
- its debt or equity instruments are not traded in a public market
- it did not file, nor is it in the process of filing, its financial statements with a securities commission
- its ultimate or any intermediate controlling entity produces financial statements

1.37 Consolidated Financial Statements

OR Tambo DM is a controlling entity that fully owns Ntinga Development Agency and shall present consolidated financial statements. OR Tambo DM does not need to present consolidated financial statements when it meets all the following conditions:

- it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated financial statements, and, in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate controlling entity produces financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*
2. Inventories				
Consumable stores	7,742,699	12,277,452	7,132,272	11,734,988
Water	1,125,688	615,389	1,125,688	615,389
Merchandise (Meat)	154,943	182,847	-	-
Crops	-	145,225	-	-
	9,023,330	13,220,913	8,257,960	12,350,377
Movement in water inventory				
Opening Balance	615,389	392,195	615,389	392,195
Bulk Purchases	69,372,097	71,488,245	69,372,097	71,488,245
Water processing cost	165,792,447	153,174,073	165,792,447	153,174,073
Less: Water Sales (See note 35)	(96,053,482)	(92,804,609)	(96,053,482)	(92,804,609)
Less: Free Basic Services (See note 34)	(107,756,742)	(93,852,928)	(107,756,742)	(93,852,928)
	31,969,709	38,396,976	31,969,709	38,396,976
Less: Commercial Losses (See note 38)	(6,509,341)	(7,988,300)	(6,509,341)	(7,988,300)
Less: Physical Losses (See note 38)	(24,334,678)	(29,793,287)	(24,334,678)	(29,793,287)
	1,125,690	615,389	1,125,690	615,389
Movement in Consumable Stores				
Opening Balance	12,605,527	13,785,770	11,734,989	11,452,087
Purchases	58,225,312	55,797,254	40,376,168	37,000,905
Consumption	(55,183,467)	(56,977,499)	(37,229,155)	(36,718,004)
Disposal of obsolete inventory	(7,749,730)	-	(7,749,730)	-
	7,897,642	12,605,524	7,132,272	11,734,988

Water

Water inventory is held for sale and Inventory expensed during the year amounted to R96 506 684 (2024: R92 804 609). The cost of water production for the year amounted to R9.77 per kilolitre (2024: R8.40 per kilolitre) and the closing water inventory at year-end was 73 252 kilolitres. No inventories have been pledged as collateral for liabilities of the municipality.

Consumable stores

Consumables are held for own use and measured at the lower of the cost and net realisable value. No write downs of inventory to net realisable value were required. No inventories have been pledged as collateral for liabilities of the municipality.

3. Receivables from exchange transactions				
3.1 Gross balances - Service debtors				
Water	559,353,748	693,874,978	561,695,872	696,167,215
Sewerage	146,717,934	177,235,419	146,717,934	177,235,419
Other Receivables	27,734,734	60,167,701	27,734,734	60,167,701
Credit sales of goods and rentals	4,817,611	900,191	-	-
	738,624,027	**932,178,289**	**736,148,540**	**933,570,335**
Less: Allowance for impairment				
Water	(443,132,138)	(632,796,984)	(443,132,138)	(632,796,984)
Sewerage	(110,334,630)	(159,335,549)	(110,334,630)	(159,335,549)
Other receivables	(23,460,588)	(60,033,500)	(23,460,588)	(60,033,500)
Credit sales of goods and rentals	(167,388)	(377,482)	-	-
	(577,094,744)	**(852,543,515)**	**(576,927,356)**	**(852,166,033)**
Net balance				
Water	116,221,610	61,077,994	118,563,734	63,370,231
Sewerage	36,383,304	17,899,870	36,383,304	17,899,870
Other Receivables	4,274,146	134,201	4,274,146	134,201
Credit sales of goods and rentals	4,650,223	522,709	-	-
	161,529,283	**79,634,774**	**159,221,184**	**81,404,302**

Reclassification of interest charged over due debtors

Interest charge on over due accounts was previously disclosed as other receivables. The interest charge was reclassified in the current year and disclosed as part of service debtors with the exception of old interest that cannot be practically allocated to respective service debtor types.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2024	Controlling Entity 2023 Restated*
3. Receivables from exchange transactions (Continued)				
3.2 Gross balances - Other debtors				
Provincial Department of Human Settlement	24,417,055	18,448,736	24,417,055	18,448,736
Accrued Investment Interest	133,951	-	133,951	-
Sundry debtors	1,106,192	-	1,106,192	-
VAT Input Accrual	306,161,396	268,911,823	305,397,660	268,648,823
	331,818,593	**287,360,559**	**331,054,857**	**287,097,559**
Net Receivables from exchange transactions	**493,347,877**	**366,995,333**	**490,276,041**	**368,501,861**
Water				
Current (0 -30 days)	40,590,901	53,145,162	40,590,901	53,145,162
31 - 60 days	16,096,284	19,387,629	16,096,284	19,387,629
61 - 90 days	12,628,483	16,669,404	12,628,483	16,669,404
+90 days	492,380,204	606,965,020	492,380,204	606,965,020
	561,695,872	**696,167,215**	**561,695,872**	**696,167,215**
Less: Allowance for impairment	(443,132,138)	(632,796,984)	(443,132,138)	(632,796,984)
	118,563,734	**63,370,231**	**118,563,734**	**63,370,231**
Sewerage				
Current (0 -30 days)	12,346,741	13,342,471	12,346,741	13,342,471
31 - 60 days	4,229,083	5,041,176	4,229,083	5,041,176
61 - 90 days	4,102,501	4,388,234	4,102,501	4,388,234
+90 days	126,039,609	154,463,538	126,039,609	154,463,538
	146,717,934	**177,235,419**	**146,717,934**	**177,235,419**
Less: Allowance for impairment	(110,334,630)	(159,335,549)	(110,334,630)	(159,335,549)
	36,383,304	**17,899,870**	**36,383,304**	**17,899,870**
Other Debtors				
Current (0 -30 days)	154,750	58,289	154,750	58,289
31 - 60 days	34,062	38,389	34,062	38,389
61 - 90 days	22,778	84,304	22,778	84,304
+90 days	27,523,143	59,986,719	27,523,143	59,986,719
	27,734,734	**60,167,701**	**27,734,734**	**60,167,701**
Less: Allowance for impairment	(23,460,588)	(60,033,500)	(23,460,588)	(60,033,500)
	4,274,146	**134,201**	**4,274,146**	**134,201**
Credit sales of goods and rentals				
Current (0 -30 days)	4,206,351	152,511	-	-
31 - 60 days	173,435	-	-	-
61 - 90 days	288,363	-	-	-
+90 days	149,462	882,544	-	-
	4,817,611	**1,035,055**	**-**	**-**
Less: Allowance for impairment	(167,388)	(377,483)	-	-
	4,650,223	**657,572**	**-**	**-**
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	17,340,211	24,304,118	17,340,211	24,304,118
31 - 60 days	9,392,662	11,889,387	9,392,662	11,889,387
61 - 90 days	7,826,857	11,385,922	7,826,857	11,385,922
+90 days	361,758,188	541,729,422	361,758,188	541,729,422
	396,317,918	**589,308,849**	**396,317,918**	**589,308,849**
Less: Allowance for impairment	(321,831,070)	(559,658,081)	(321,831,070)	(559,658,081)
	74,486,848	**29,650,769**	**74,486,848**	**29,650,769**

	Economic Entity		Controlling Entity	
Figures in Rand	**2025**	**2024 Restated***	**2024**	**2023 Restated***

3. Receivables from exchange transactions (Continued)

Industrial / Commercial				
Current (0 -30 days)	17,552,095	13,648,941	13,345,744	13,496,430
31 - 60 days	5,471,511	4,370,779	5,298,076	4,370,779
61 - 90 days	4,610,770	5,307,798	4,322,407	5,307,798
+90 days	171,402,601	171,417,449	171,253,139	170,534,905
	199,036,978	**194,744,967**	**194,219,367**	**193,709,912**
Less: Allowance for impairment	(154,085,367)	(176,492,392)	(153,917,979)	(176,114,909)
	44,951,611	**18,252,575**	**40,301,388**	**17,595,003**
National and provincial government				
Current (0 -30 days)	22,406,436	28,745,374	22,406,436	28,745,374
31 - 60 days	5,668,692	8,207,029	5,668,692	8,207,029
61 - 90 days	4,604,498	4,448,222	4,604,498	4,448,222
+90 days	112,931,628	109,150,950	112,931,628	109,150,950
	145,611,255	**150,551,574**	**145,611,255**	**150,551,574**
Less: Allowance for impairment	(101,178,307)	(116,393,043)	(101,178,307)	(116,393,043)
	44,432,948	**34,158,531**	**44,432,948**	**34,158,531**
Totals				
Current (0 -30 days)	57,298,743	66,698,433	53,092,392	66,545,922
31 - 60 days	20,532,865	24,467,195	20,359,430	24,467,195
61 - 90 days	17,042,126	21,141,942	16,753,763	21,141,942
+90 days	646,092,417	822,297,821	645,942,956	821,415,277
	740,966,151	**934,605,391**	**736,148,541**	**933,570,336**
Less: Allowance for impairment	(577,094,744)	(852,543,516)	(576,927,356)	(852,166,033)
	163,871,407	**82,061,875**	**159,221,185**	**81,404,303**
Impairment Totals				
Current (0 -30 days)	(28,021,091)	(38,947,428)	(28,021,091)	(38,947,428)
31 - 60 days	(14,511,857)	(17,917,754)	(14,511,857)	(17,917,754)
61 - 90 days	(12,352,916)	(17,791,644)	(12,352,916)	(17,791,644)
+90 days	(522,208,880)	(777,886,689)	(522,041,492)	(777,509,206)
	(577,094,744)	**(852,543,515)**	**(576,927,356)**	**(852,166,032)**
Reconciliation of allowance for impairment				
Balance at beginning of the year	(852,543,515)	(622,139,457)	(852,166,033)	(621,761,975)
Contributions to allowance	275,448,771	(230,404,058)	275,238,677	(230,404,058)
	(577,094,744)	**(852,543,515)**	**(576,927,356)**	**(852,166,033)**

	Economic Entity		Controlling Entity	
Figures in Rand	**2025**	**2024 Restated***	**2024**	**2023 Restated***

4. Receivables from Non-exchange Transactions (Continued)

Covid-19 allowance	512,142	-	512,142	-
Sundry Debtors	2,155,718	1,207,774	927,313	1,574,135
Port Saint Johns Municipality	2,200,000	2,200,000	2,200,000	2,200,000
Other control accounts	1,199,163	1,199,163	1,199,163	1,199,163
Impairments	(4,600,946)	(4,600,946)	(3,399,163)	(3,399,163)
	1,466,077	**5,991**	**1,439,455**	**1,574,135**

Sundry debtors
Sundry debtors includes recoverable fruitless and wasteful expenditure and staff debtors.

Covid-19 allowance
Covid-19 allowance relates to staff members who were unduly paid Covid-19 danger allowance. Employees were instructed to pay back the money that was unduly paid to them and debtors were raised.

Loan granted to Port Saint Johns Municipality
Due to persistent difficulties in recovering the amount owed by PSJ Municipality, the management took a decision to fully impair the outstanding debt.

The municipality does not hold deposits or other security for its receivables. None of the receivables have been pledged as security for the municipality's financial liabilities.

5. Prepayments

Deposits	507,022	507,022	247,614	247,614
Salga	8,001,882	-	8,001,882	-
	8,508,904	**507,022**	**8,249,496**	**247,614**

The amount for deposits relate to deposits paid to KSD Municipality while Salga represent the amount of levies paid in advance to earn the discount.

6. Statutory Receivables
Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means; and require settlement by another entity in cash or another financial asset. The municipality only had Value Added Tax (VAT) only that meets the definition of statutory receivables at year-end as it does not accrued or receive revenue from taxes, fines or penalties.

Value Added Tax (VAT)

Control account	9,330,144	13,984,583	9,330,144	13,984,583
VAT	**9,330,144**	**13,984,583**	**9,330,144**	**13,984,583**

Statutory receivables relate to VAT determined in terms of the VAT act and refundable to the municipality from SARS. The municipality submits VAT returns to SARS on payment basis. There were no statutory receivables that are past due at the end of the year, and which have been impaired as the VAT is refunded within days after the submission of the return to SARS.

7. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	78,892,996	(31,205,799)	78,469,717	(32,068,607)
Call deposits	692,619,051	506,382,439	686,196,475	500,104,302
Petty Cash Balances	11,292	17,950	-	-
	771,523,339	**475,194,589**	**764,666,192**	**468,035,695**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts Current Investment Deposits

Call deposits	**692,619,051**	**506,382,439**	**686,196,475**	**500,104,302**

Call deposits are investments with a maturity of less than 3 months and earn interest rates varying from 3% to 8.9% (2024: 3% to 8.45%) per annum.

Notes to the Annual Financial Statements

	Economic Entity			Controlling Entity		
Figures in Rand						

7. Cash and cash equivalents (Continued)

The municipality had the following bank accounts

	Bank statement balances			Cash book balances		
Account number / description	**30-Jun-25**	**30-Jun-24**	**30-Jun-23**	**30-Jun-25**	**30-Jun-24**	**30-Jun-23**
Controlling Entity						
First National Bank - Current Account - 539 9013 7772	171,016,660	28,907,173	302,397,312	78,469,717	-32,068,607	284,894,242
	171,016,660	**28,907,173**	**302,397,312**	**78,469,717**	**(32,068,607)**	**284,894,242**

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances. The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities. Other than conditional grant funds, no restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents. The municipality had the following call accounts:

Controlled Entity	Bank statement balances			Cash book balances		
	30-Jun-25	**30-Jun-24**	**30-Jun-23**	**30-Jun-25**	**30-Jun-24**	**30-Jun-23**
FNB - Primary Bank Account - 621 668 0472	206,932	540,533	708,997	250,702	555,271	767,203
FNB - Salaries Account - 6218 328 6890	95,158	73,531	125,264	95,158	73,531	125,264
	302,090	**614,064**	**834,261**	**345,860**	**628,802**	**892,467**
Petty Cash Balances	-	-	-	11,292	17,950	12,918
	-	**-**	**-**	**11,292**	**17,950**	**12,918**
	302,090	**614,064**	**834,261**	**357,152**	**646,752**	**905,385**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand				

7. Cash and cash equivalents (Continued)

The Controlling Entity had the following call accounts	**Bank statement balances**		**Cash book balances**	
	30-Jun-25	**30-Jun-24**	**30-Jun-25**	**30-Jun-24**
First National Bank - Call Account - 6202 957 0307	696,290	826,411	696,290	826,411
First National Bank - Call Account - 6305 837 1237	60,233,419	493,704,526	60,233,419	493,704,526
First National Bank - Call Account - 6258 819 5612	6,378,508	5,573,365	6,378,508	5,573,365
Standard Bank - Call Account - 5487 44086-036	357,534,696	-	357,534,696	-
Standard Bank - Call Account - 5487 44086-037	261,353,562	-	261,353,562	-
	686,196,475	**500,104,302**	**686,196,475**	**500,104,302**
The Controlled Entity had the following call accounts				
FNB Account number - 62181670540 (Ntinga)	10,930	93,280	10,930	93,280
FNB Account number - 62185096122 (Umzimkantu Read Meat Abattoir)	460,201	749,269	460,201	749,269
FNB Account Number - 62887833153	5,830,355	5,144,937	5,830,355	5,144,937
FNB Call - 62508942407	7,260	45,724	7,260	45,724
FNB Call - 62578074149	5,721	226,780	5,721	226,780
FNB Call Account - 62785410293	3,249	3,039	3,249	3,039
FNB Call Account - 62773058849	99,826	7,126	99,826	7,126
FNB Account Number - 62875150600	5,034	7,982	5,034	7,982
FNB Call Account - 62771259671	24,900	102,693	24,900	102,693
FNB Call Account - 62766535622	52,518	123,324	52,518	128,310
	6,499,994	**6,504,154**	**6,499,994**	**6,509,140**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

Economic Entity

	2025			2024		
Description	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	36,799,877	-	36,799,877	36,799,877	-	36,799,877
Furniture and fixtures	33,940,799	(25,937,495)	8,003,304	33,788,844	(25,754,273)	8,034,571
Transport Assets	78,810,478	(40,694,218)	38,116,260	88,235,151	(45,169,715)	43,065,436
IT equipment	21,356,473	(9,313,307)	12,043,166	14,223,153	(7,994,466)	6,228,686
Infrastructure	11,361,104,806	(3,856,877,051)	7,504,227,755	10,844,784,843	(3,565,972,599)	7,278,812,244
Buildings and Other assets	172,431,886	(89,609,891)	82,821,996	172,431,886	(85,943,489)	86,488,398
Infrastructure WIP	1,268,425,107	-	1,268,425,107	1,010,381,813	-	1,010,381,813
Leased Assets	15,519,899	(11,627,982)	3,891,917	12,362,747	(9,450,176)	2,912,571
Machinery and Equipment	29,624,906	(25,350,743)	4,274,163	29,202,224	(23,682,205)	5,520,020
	13,018,014,231	**(4,059,410,686)**	**8,958,603,544**	**12,242,210,538**	**(3,763,966,923)**	**8,478,243,616**

Reconciliation of property, plant and equipment - 2025

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Capitalised Depreciation	Expensed Depreciation	Total
Land	36,799,877	-	-	-	-	-	-	-	-	36,799,877
Furniture and fixtures	8,034,571	2,239,286	-	(85,543)	(308,471)	-	(22,345)	-	(1,854,194)	8,003,304
Transport Assets	43,065,435	5,063,348	-	(2,281,610)	-	-	(456)	-	(7,730,456)	38,116,260
IT equipment	6,228,686	8,591,126	-	(163,593)	(72,911)	-	(12,669)	-	(2,527,474)	12,043,166
Infrastructure	7,278,812,244	11,539,849	-	-	(23,519,090)	566,813,385	(11,257,983)	(22,205,145)	(295,955,504)	7,504,227,756
Buildings and Other assets	86,488,398	-	-	-	-	-	(22,631)	-	(3,643,771)	82,821,996
Infrastructure WIP	1,010,381,812	827,275,039	6,872,616	-	-	(566,813,385)	(9,290,976)	-	-	1,268,425,106
Leased Infrastructure	2,912,571	3,157,152	-	-	-	-	-	-	(2,177,806)	3,891,917
Machinery and Equipment	5,520,020	432,312	-	(154)	(1,347)	-	(184,324)	-	(1,492,345)	4,274,163
	8,478,243,615	**858,298,113**	**6,872,616**	**(2,530,900)**	**(23,901,820)**	**-**	**(20,791,385)**	**(22,205,145)**	**(315,381,549)**	**8,958,603,545**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2024

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Capitalised Depreciation	Expensed Depreciation	Total
Land	36,799,877	-	-	-	-	-	-	-	-	36,799,877
Furniture and fixtures	9,238,986	906,530	-	(152,603)	-	-	-	-	(1,958,341)	8,034,571
Transport Assets	28,833,611	18,638,685	-	-	-	-	-	-	(4,406,861)	43,065,435
IT equipment	3,090,512	4,806,893	-	(49,026)	-	-	-	-	(1,619,692)	6,228,686
Infrastructure	7,112,610,043	10,619,994	4,491,250	-	(18,180,284)	520,865,555	(39,953,446)	(21,663,557)	(289,977,312)	7,278,812,244
Buildings and Other assets	91,514,551	78,612	-	-	-	-	(1,328,737)	-	(3,776,028)	86,488,398
Infrastructure WIP	941,821,035	589,426,333	-	-	-	(520,865,555)	-	-	-	1,010,381,812
Leased Assets	5,626,028	433,030	-	-	-	-	-	-	(3,146,487)	2,912,571
Machinery and Equipment	7,196,928	945,181	-	(2,027)	-	-	-	-	(2,620,062)	5,520,020
	8,236,731,570	**625,855,257**	**4,491,250**	**(203,656)**	**(18,180,284)**	**-**	**(41,282,183)**	**(21,663,557)**	**(307,504,783)**	**8,478,243,615**

Controlling Entity

Description	2025 Cost / Valuation	2025 Accumulated depreciation and accumulated impairment	2025 Carrying value	2024 Cost / Valuation	2024 Accumulated depreciation and accumulated impairment	2024 Carrying value
Land	13,798,000	-	13,798,000	13,798,000	-	13,798,000
Furniture and fixtures	31,297,265	(23,723,276)	7,573,989	31,145,310	(23,626,297)	7,519,013
Transport Assets	74,998,137	(37,324,268)	37,673,869	84,590,812	(41,825,422)	42,765,390
IT equipment	18,993,118	(7,305,972)	11,687,146	11,883,855	(6,231,909)	5,651,946
Infrastructure	11,361,104,806	(3,856,877,051)	7,504,227,755	10,844,784,843	(3,565,972,599)	7,278,812,244
Buildings and Other assets	149,007,981	(79,714,126)	69,293,855	149,007,981	(76,840,763)	72,167,218
Infrastructure WIP	1,268,425,107	-	1,268,425,107	1,010,381,813	-	1,010,381,813
Leased Assets	14,659,189	(11,462,708)	3,196,481	11,627,557	(9,365,273)	2,262,284
Machinery and Equipment	5,451,059	(4,501,158)	949,901	5,145,273	(4,211,796)	933,477
	12,937,734,662	**(4,020,908,559)**	**8,916,826,103**	**12,162,365,444**	**(3,728,074,059)**	**8,434,291,385**

Notes to the Consolidated Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - 2025

Description	Opening balance	Additions	Impairment Reversal	Disposals	Decommissions	Transfers	Impairment Loss	Capitalised Depreciation	Expensed Depreciation	Total
Land	13,798,000	-	-	-	-	-	-	-	-	13,798,000
Furniture and fixtures	7,519,013	2,239,286	-	(85,543)	(308,471)	-	-	-	(1,790,296)	7,573,989
Transport Assets	42,765,389	4,895,346	-	(2,281,610)	-	-	-	-	(7,705,256)	37,673,869
IT equipment	5,651,946	8,567,069	-	(163,593)	(72,911)	-	-	-	(2,295,366)	11,687,146
Infrastructure	7,278,812,244	11,539,849	-	-	(23,519,090)	566,813,385	(11,257,983)	(22,205,145)	(295,955,504)	7,504,227,756
Buildings and Other assets	72,167,218	-	-	-	-	-	-	-	(2,873,363)	69,293,855
Infrastructure WIP	1,010,381,812	827,275,039	6,872,616	-	-	(566,813,385)	(9,290,976)	-	-	1,268,425,106
Leased Assets	2,262,284	3,031,632	-	-	-	-	-	-	(2,097,435)	3,196,481
Machinery and Equipment	933,478	315,416	-	(154)	(1,347)	-	-	-	(297,492)	949,901
	8,434,291,384	**857,863,639**	**6,872,616**	**(2,530,900)**	**(23,901,820)**	**-**	**(20,548,959)**	**(22,205,145)**	**(313,014,712)**	**8,916,826,103**

Reconciliation of property, plant and equipment - 2024

Description	Opening balance	Additions	Impairment Reversal	Disposals	Decommissions	Transfers	Impairment Loss	Capitalised Depreciation	Expensed Depreciation	Total
Land	13,798,000	-	-	-	-	-	-	-	-	13,798,000
Furniture and fixtures	8,692,848	777,000	-	(152,603)	-	-	-	-	(1,798,232)	7,519,013
Transport Assets	28,477,421	18,638,685	-	-	-	-	-	-	(4,350,717)	42,765,389
IT equipment	2,339,011	4,702,446	-	(27,514)	-	-	-	-	(1,361,997)	5,651,946
Infrastructure	7,112,610,043	10,619,994	4,491,250	-	(18,180,284)	520,865,555	(39,953,446)	(21,663,557)	(289,977,312)	7,278,812,244
Buildings and Other assets	75,048,475	-	-	-	-	-	-	-	(2,881,257)	72,167,218
Infrastructure WIP	941,821,035	589,426,333	-	-	-	(520,865,555)	-	-	-	1,010,381,812
Leased Assets	5,328,400	-	-	-	-	-	-	-	(3,066,116)	2,262,284
Machinery and Equipment	563,332	602,682	-	(2,027)	-	-	-	-	(230,510)	933,478
	8,188,678,567	**624,767,140**	**4,491,250**	**(182,144)**	**(18,180,284)**	**-**	**(39,953,446)**	**(21,663,557)**	**(303,666,141)**	**8,434,291,384**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

8. Property, plant and equipment (continued)

Non-Current Assets held for sale

There were no assets held for sale at 30 June 2025.

Assets pledged as security

The municipality did not pledge any of its assets as security.

Land and buildings carried at fair value
The municipality's Land and Buildings are accounted for according to the valuation model and are valued on five year intervals, the last valuation was carried out in 2021/22 financial year.

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress completed and transferred to Cost.

Work-in-progress
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Infrastructure - Sewerage	1,048,142,896	870,986,951	1,048,142,896	870,986,951
Infrastructure - Water	133,395,332	68,761,159	133,395,332	68,761,159
Buildings	86,886,881	70,633,705	86,886,881	70,633,705
	1,268,425,108	**1,010,381,814**	**1,268,425,108**	**1,010,381,814**

Delayed Projects
The following projects are experiencing significant delays.

Controlling Entity Projects

Project number	Project name	Project Type	Planned Completion Date	Duration of the delay	Carrying Value	Reasons for delays
MIS 271 056C	Libode Secondary Bulk Water	Water	2024/01/19	528	34,168,117.91	Delayed due to change of the position of the reservoir after a land owner changed his mind.
SCMU 12-18/19	Construction of Ntsonyeni off Channel Storage Dam	Water	2021/02/27	1584	91,818,782.30	Terminated, processes for the appointed of a new contractor are underway.
MIS 315-995 B	PSJ Regional Water Supply Scheme Phase 6: Supply And Installation of Mechanical and Electrical Work for Pump Station.	Water	2022/08/23	1042	23,085,263.71	Project was delayed due to termination of the civil works contracts. The scope which was dependent on the civil contractor awaited the new appointment.
MIS 315-995 A	PSJ Regional Water Supply Scheme Phase 6: Supply and Installation of Mechanical and Electrical Work for Pump Station.	Water	2022/08/23	1042	5,983,467.26	Terminated and a new contractor was appointed under contract SCMU 12-23/24. The new contractor (Tswella) also later terminated.
SCMU 12-23/24	PSJ Regional Water Supply Phase 6A	Water	2024/09/18	285	1,868,116.54	Terminated and a new contractor was appointed.
MIS 403 690A	Construction of Qumbu WWTW and Sewer Reticulation: Phase 1	Sewer	2024/08/30	304	36,130,517.83	Late start due to site position re-negations as it was believed to be own by the local municipality, however the owner appeared so the process of negotiants started again. Delays on appointment of M & E contractor, inclement weather and stoppages by local forums.
AW2020/21/38	Coffee Bay Regional Water Supply Scheme	Water	2023/10/23	616	5,185,485.95	Terminated, scope to be completed under new contract.
AW2018/19/08	Coffee Bay Regional Water Supply Scheme Phase3B	Water	2021/01/29	1613	19,158,352.52	Terminated and a new contractor was appointed.
MIS 232 949_3	Construction of Lusikisiki Sewer & Sewage Treatment Plant Phase 3C	Sewer	2024/02/21	495	12,342,315.95	Terminated, scope to be completed under new contract.
MIS 503 070	Refurbishment of Flagstaff RWSS Contract B	Water	2025/02/07	143	15,801,314.11	Project was delayed owing to demands by the local forums demanding packages and denying the contractors access. Heavy rainfall also delayed the project.
MIS 503 059	Refurbishment of Flagstaff Regional Water Supply Scheme: Contract C	Water	2025/02/07	143	26,893,838.35	Project was delayed owing to demands by the local forums demanding packages and denying the contractors access. Heavy rainfall also delayed the project.
AW2018/19/19	Upgrade of Mqanduli Package Water Treatment Plant	Water	2020/06/14	1842	10,244,769.09	Terminated, remaining scope will be completed through new contract by ORTDM, the project is re-called from Amatola Water.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

Delayed Projects (Continued)

Project number	Project name	Project Type	Planned Completion Date	Duration of the delay	Carrying Value	Reasons for delays
SCMU 94-18/19	Disaster Management Centre	Building	2021/03/22	1561	82,155,093.08	Project delayed due to budget constraints by the municipality and stoppages by the forums.
SCMU 30-18/19	Construction of 1 Ml Command Reservoir	Water	2020/06/03	1853	14,785,548.60	Terminated and a new contractor was appointed to complete the project.
SCMU 29-18/19	Construction of Pumpstation at Mhlahlane WTW and Refurbishment of Existing Weir	Sewer	2020/03/15	1933	5,836,858.01	Terminated and a new contractor was appointed to complete the project.
SCMU 31-18/19	Upper Mhlahlane Water Supply	Water	2020/06/13	1843	24,955,677.85	Terminated and a new contractor was appointed to complete the project.
AW2022/23/35	Completion of 10Ml Misty Mount Reservoir	Water	2024/12/14	1701	27,812,633.29	Delays in completing the post-tensioning due to slow progress by with contractor with cashflow problems.

9. Intangible Assets

Computer Software				
Cost / Valuation	7,895,436	5,271,528	7,895,436	5,271,528
Accumulated depreciation and impairment	(5,704,523)	(5,026,027)	(5,709,440)	(5,059,576)
Carrying value	**2,190,913**	**245,501**	**2,185,996**	**211,952**
Reconciliation of intangible assets				
Opening balance	245,501	436,162	211,952	317,927
Additions	2,623,909	-	2,623,909	-
Amortisation	(667,053)	(190,661)	(649,865)	(105,975)
Impairment	(11,444)	-		
	2,190,913	**245,501**	**2,185,996**	**211,952**

Other information
The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 32).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

9.1 Significant Intangible assets
Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

9.2 Intangible assets with Indefinite useful lives
The municipality amortises all its Intangible Assets and non of such assets are regarded as having indefinite useful lives. The useful lives of the Intangible Assets remain unchanged from the previous year.

9.3 Impairment of Intangible assets
No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

9.4 Work-in-Progress
The municipality had no capital projects for Intangible Assets which were not completed at year-end.

9.5 Delayed Projects
No projects that are currently in progress are experiencing significant delays.

10. Heritage Assets

Economic Entity

	2025			2024		
Description	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	**247,025**	**-**	**247,025**	**247,025**	**-**	**247,025**

Controlling Entity

Description	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	**247,025**	**-**	**247,025**	**247,025**	**-**	**247,025**

Economic Entity

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	**247,025**	**-**	**-**	**247,025**

Reconciliation of intangible assets - 2024	Opening balance	Additions	Depreciation	Total
Statues and Monuments	**247,025**	**-**	**-**	**247,025**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

10. Heritage Assets (Continued)

Controlling Entity

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	**247,025**	**-**	**-**	**247,025**

Reconciliation of intangible assets - 2024	Opening balance	Additions	Depreciation	Total
Statues and Monuments	**247,025**	**-**	**-**	**247,025**

Impairment of Heritage Assets
No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

Heritage Assets measured after recognition using the Revaluation Model
The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

Work-in-Progress
The municipality had no capital projects for Heritage Assets which were not completed at year-end.

Delayed Projects
No projects that are currently in progress are experiencing significant delays

11. Biological Assets

	Economic Entity Fair Value - 2025		Controlling Entity Fair Value - 2025	
	Cattle R	Cattle Qty	Cattle R	Cattle Qty
Opening balance	**15,653,460**	**1,027**	**-**	**-**
Acquisitions	111,100	2	-	-
Births	95,400	477	-	-
Deaths	(330,200)	(28)	-	-
Donations	(10,000)	(1)	-	-
Losses from change in fair value	(484,657)	-	-	-
Transfers to inventory	(2,410,100)	(144)	-	-
Disposals	(518,800)	(80)	-	-
Closing Balance	**12,106,203**	**1,253**	**-**	**-**

	Fair Value - 2024		Fair Value - 2024	
	Cattle R	Cattle Qty	Cattle R	Cattle Qty
Opening balance	**13,732,164**	**1,202**	**-**	**-**
Correction of error		**-**	**-**	**-**
	13,732,164	**1,202**	-	-
Acquisitions	91,000	2	-	-
Births	105,800	462	-	-
Previously stated	-	530		
Correction of error	-	(68)		
Deaths	(575,000)	(34)	-	-
Donations	(17,200)	(1)	-	-
Losses from change in fair value	4,207,946	-		
Transfers to inventory	(1,606,650)	(118)	-	-
Disposals	(284,600)	(486)	-	-
Closing Balance	**15,653,460**	**1,027**	**-**	**-**

The decrease is mainly due to decrease in the market value prices of animals and higher than the previous year transfers to abattoir. No title or other restrictions are placed on biological assets, no biological assets were pledged as security for liabilities and there are no commitments for the acquisition of biological assets.

Biological assets are located at Adam Kok Farms. The primary activities revolving around biological assets are livestock breeding and livestock genetic improvement programme.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by Entity staff.
- A contract is entered into with a Veterinarian for medication and vaccination.
- Livestock is regularly vaccinated.

The effective date of the assessments and valuation was 30 June 2025. Valuations were performed by an independent professional veterinarian, Dr M.J. Guma , a registered veterinarian in terms of Veterinary and Para-Veterinary Professions Act No. 19 of 1982. At birth Biological assets are recorded at a value of R200. The fair value adjustment is done at

12. Consumer deposits

Opening Balance	4,081,243	3,648,876	4,081,243	3,648,876
Additions	370,551	432,367	370,551	432,367
Closing Balance	**4,451,794**	**4,081,243**	**4,451,794**	**4,081,243**

Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid or accrued on Consumer Deposits held.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*
13. Employee benefit liabilities				
Long-term Service Liability	4,182,000	2,475,000	4,182,000	2,475,000
Post-retirement Medical Aid Benefits Liability	1,135,000	921,000	1,135,000	921,000
Staff leave Provision	83,420,290	79,992,934	77,884,045	74,383,285
	88,737,290	**83,388,934**	**83,201,045**	**77,779,285**
The movements in provisions are reconciled as follows:				
Long-term Service				
Balance at beginning of year	2,475,000	3,970,000	2,475,000	3,970,000
Transfer from non-current	4,182,000	2,475,000	4,182,000	2,475,000
Expenditure incurred	(2,475,000)	(3,970,000)	(2,475,000)	(3,970,000)
	4,182,000	**2,475,000**	**4,182,000**	**2,475,000**
Medical Aid				
Balance at beginning of year	921,000	331,000	921,000	331,000
Transfer from non-current	1,135,000	921,000	1,135,000	921,000
Expenditure incurred	(921,000)	(331,000)	(921,000)	(331,000)
	1,135,000	**921,000**	**1,135,000**	**921,000**
Staff leave Provision				
Balance at beginning of year	79,992,934	80,703,213	74,383,285	75,706,890
Contribution	8,121,003	5,777,570	7,890,539	4,922,901
Expenditure incurred	(4,693,647)	(6,487,848)	(4,389,779)	(6,246,505)
	83,420,290	**79,992,934**	**77,884,045**	**74,383,285**

Staff Leave

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date but limited to 48 leave days. This provision will be realised as employees take leave, when employment is terminated or any circumstance approved by the council.

14. Payables from exchange transactions				
Trade payables	235,875,351	258,867,095	233,891,420	259,408,320
Payments received in advance	14,972,955	15,825,226	14,972,955	15,825,226
Retentions	92,531,129	80,132,309	92,531,129	80,132,309
Staff bonus Provision	15,662,247	14,409,872	14,306,424	13,014,107
Other Creditors	19,885,245	15,291,330	5,712	177,744
VAT Output Accrual	254,180,434	243,058,588	254,180,434	243,058,588
	633,107,361	**627,584,420**	**609,888,074**	**611,616,294**

Staff Bonuses

Staff Bonuses accrue to the staff of the entity on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

15. Payables from Non-exchange Transactions				
Sundry Creditors	3,007,943	2,988,386	3,007,943	2,988,386
Salaries control accounts	2,835,427	212,621	2,835,427	212,621
SURUDEC - Baziya Sustainable Village Project	446,974	446,974	-	-
ECDC	-	-	-	-
	6,290,344	**3,647,981**	**5,843,370**	**3,201,007**
16. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
National: WSIG Funds	5,478,798	-	5,478,798	-
ECDC	6,068,396	4,541,221	-	-
	11,547,194	**4,541,221**	**5,478,798**	**-**

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. See Note 28 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

17. VAT Payable				
SARS - VAT Payable	1,886,437	4,660,773	-	-
	1,886,437	**4,660,773**	-	-
18. Finance Lease Liabilities				
Capitalised Lease Liability - At amortised cost	4,226,257	3,052,789	3,776,810	2,446,018
Current Portion - Capitalised lease liability - At amortised cost	(2,020,856)	(2,036,643)	(1,720,101)	(1,804,511)
Total long term liabilities - at amortised cost using the effective interest rate method.	**2,205,401**	**1,016,146**	**2,056,709**	**641,507**
Future minimum lease payments of the finance lease				
- within one year	2,020,856	1,804,511	1,720,101	1,804,511
- in second to fifth year inclusive	2,205,401	1,008,231	2,056,709	641,507
	4,226,257	**2,812,742**	**3,776,810**	**2,446,018**

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

Controlling Entity

Xerox Contract: The Municipality as Lessee

Finance Leases relate to five lease contracts for office equipment started on 1 December 2024 and 1 February 2025 when effective interest rate on Finance Leases was 11.25% and 11% respectively. Further three contracts for office equipment started on 1 June 2025 when effective interest rate on Finance Leases was 10.75%. The municipality does not have an option to purchase the leased equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets. The municipality has a 36 months finance lease agreements with Bytes Document Automation (a division of Altron and a distributor of Xerox) for the following significant classes of assets:

- Office Equipment - Multi-purpose Photocopiers

The average monthly instalment is R111 407.

Avis Contract: The Municipality as Lessee

Finance Leases relate to lease contract for four motor vehicles for VIP councillors which started on 9 November 2022 when effective interest rate on Finance Leases was 9.75%. The municipality does not have an option to purchase the leased equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets. The municipality has a 36 months finance lease agreements with Zeda Cars Leasing Pty (Ltd) trading as Avis Fleet for the following significant classes of assets:

- Motor Vehicles - Four VIP Vehicles

The average monthly instalment is R163 647.

Controlled Entity

Lease no. one:- The minimum lease periods is 36 months with the final lease payments made on 30 June 2026.
Lease no: two:- The minimum lease periods is 36 months with the final lease payments made on 31 March 2028

Supplier	Description of the leased item	Effective	Escalation
Emalangeni Technologies	ThinkPad Smart PC's	11.7%	0%

19. Employee benefit liabilities

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	96,878,000	82,177,000	96,878,000	82,177,000
Present value of the defined benefit obligation-partly or wholly funded	29,814,000	27,211,000	29,814,000	27,211,000
	126,692,000	109,388,000	126,692,000	109,388,000
Actuarial Gain / (Loss)				
Health Care Benefits	(197,000)	-	(197,000)	-
Long Service Awards	(473,000)	2,601,000	(473,000)	2,601,000
	(670,000)	2,601,000	(670,000)	2,601,000

Historical analysis

	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
Post-employment medical benefits					
Defined benefit obligation	98,013,000	83,098,000	73,023,000	113,008,000	108,825,000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(98,013,000)	(83,098,000)	(73,023,000)	(113,008,000)	(108,825,000)
Experience adjustments:	-	-	-	-	-
Plan liabilities	-	-	-	-	-
Plan assets	-	-	-	-	-
Defined Benefit Plan - Long Service Awards					
Defined benefit obligation	33,996,000	29,686,000	27,084,000	39,741,000	42,594,000
Plan assets	-	-	-	-	-
Surplus/deficit in the plan	(33,996,000)	(29,686,000)	(27,084,000)	(39,741,000)	(42,594,000)
Experience adjustments:	-	-	-	-	-
Plan liabilities	-	-	-	-	-
Plan assets	-	-	-	-	-

POST-RETIREMENT HEALTH CARE BENEFITS LIABILITY				
Opening balance	82,177,000	72,692,000	82,177,000	72,692,000
Contributions by plan participants	15,836,000	9,816,000	15,836,000	9,816,000
Assumed in an entity combination	(921,000)	(331,000)	(921,000)	(331,000)
	97,092,000	82,177,000	97,092,000	82,177,000

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by ARCH Actuarial Consulting (Pty) Ltd (2024: ARCH Actuarial Consulting (Pty) Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

19. Employee benefit liabilities (Continued)

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees)	85,571,000	70,985,000	85,571,000	70,985,000
In-service non-members (Employees)	7,621,000	7,890,000	7,621,000	7,890,000
Continuation members (Retirees, widowers and orphans)	4,821,000	4,223,000	4,821,000	4,223,000
	98,013,000	**83,098,000**	**98,013,000**	**83,098,000**

The liability in respect of past service has been estimated as follows:

In-service members (Employees)	736	707	736	707
In-service non-members (Employees)	364	420	364	420
Continuation members (Retirees, widowers and orphans)	11	11	11	11
	1,111	**1,138**	**1,111**	**1,138**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Fedhealth
- Sizwe - Hosmed
- LA Health
- Medshield
- Samwumed
- GEMS
- Keyhealth
- Medihelp

The current-service cost for the period ending 30 June 2025 is estimated to be R5 432 000 whereas the cost for the ensuing year is estimated to be R6186 000 (30 June 2024: R4 778 000 and R5 432 000 respectively).

Net expense recognised in the statement of financial performance

Past service cost	83,098,000	73,023,000	83,098,000	73,023,000
Current service cost	5,432,000	4,778,000	5,432,000	4,778,000
Interest cost	10,207,000	9,166,000	10,207,000	9,166,000
Actuarial (gains) losses	197,000	(3,538,000)	197,000	(3,538,000)
Expected subsidy (benefit) payments	(921,000)	(331,000)	(921,000)	(331,000)
	98,013,000	**83,098,000**	**98,013,000**	**83,098,000**

Key assumptions used

Assumptions used at the reporting date:				
Discount rates used	11.40%	12.58%	11.40%	12.58%
CPI inflation rate	5.30%	6.31%	5.30%	6.31%
Medical aid contribution inflation rate	7.10%	7.81%	7.10%	7.81%
Net discount rate (medical aid contributions)	4.00%	4.21%	4.00%	4.21%
Maximum subsidy inflation rate	4.70%	5.48%	4.70%	5.48%
Maximum subsidy inflation rate	6.40%	6.51%	6.40%	6.51%
Expected Retirement age				
Expected Retirement Age - Males and Females	62	62	62	62

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	**98,013,000**	**83,098,000**	**98,013,000**	**83,098,000**
Unfunded Accrued Liability	**98,013,000**	**83,098,000**	**98,013,000**	**83,098,000**
Total Benefit Liability	**98,013,000**	**83,098,000**	**98,013,000**	**83,098,000**

The amounts recognised in the Statement of Financial Performance are as follows:

Current Service Cost	5,432,000	4,778,000	5,432,000	4,778,000
Interest Cost	10,207,000	9,166,000	10,207,000	9,166,000
Actuarial Losses / (Gains)	197,000	(3,538,000)	197,000	(3,538,000)
	15,836,000	**10,406,000**	**15,836,000**	**10,406,000**

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	One percentage point increase	One percentage point increase	One percentage point increase	One percentage point increase
Increase: -				
Effect on the aggregate of current service cost and the interest cost	5,963,000	15,232,000	5,963,000	15,232,000
Effect on defined benefit obligation	106,474,000	90,562,000	106,474,000	90,562,000
Decrease: -				
Effect on the aggregate of current service cost and the interest cost	4,765,000	12,367,000	4,765,000	12,367,000
Effect on defined benefit obligation	87,624,000	74,225,000	87,624,000	74,225,000

The municipality expects to make a contribution of R3 294 000 (2024: R5 432 000) to the Defined Benefit Plans during the next financial year.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

19. Employee benefit liabilities (Continued)

LONG SERVICE AWARDS LIABILITY				
Balance at the beginning of the year	27,211,000	23,114,000	27,211,000	23,114,000
Contributions to provision	6,785,000	6,572,000	6,785,000	6,572,000
Transfer to Current Provisions	(4,182,000)	(2,475,000)	(4,182,000)	(2,475,000)
	29,814,000	27,211,000	29,814,000	27,211,000

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long service Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 25 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by ARCH Actuarial Consulting (Pty) Ltd (2024: ARCH Actuarial Consulting (Pty) Ltd), fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1 100 (2024: 1 127) employees were eligible for long-service awards. The current-service cost for the year ending 30 June 2025 is estimated to be R3 294 000, (30 June 2024: R2 933 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	9.2%	10.6%	9.2%	10.6%
CPI inflation rate	3.4%	4.9%	3.4%	4.9%
General earnings inflation rate	4.4%	5.9%	4.4%	5.9%
Net discount rate	4.6%	4.5%	4.6%	4.5%
Expected Retirement Age - Males and Females	62	62	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	29,686,000	27,084,000	29,686,000	27,084,000
Current Service Costs	3,294,000	2,933,000	3,294,000	2,933,000
Interest Costs	3,018,000	2,702,000	3,018,000	2,702,000
Benefits paid	(2,475,000)	(3,970,000)	(2,475,000)	(3,970,000)
Actuarial Losses / (Gains)	473,000	937,000	473,000	937,000
	33,996,000	**29,686,000**	**33,996,000**	**29,686,000**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	**33,996,000**	**29,686,000**	**33,996,000**	**29,686,000**
Unfunded accrued liability	**33,996,000**	**29,686,000**	**33,996,000**	**29,686,000**
Total Benefit Liability	**33,996,000**	**29,686,000**	**33,996,000**	**29,686,000**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service	3,294,000	2,933,000	3,294,000	2,933,000
Interest cost	3,018,000	2,702,000	3,018,000	2,702,000
Actuarial Losses / (Gains)	473,000	(3,970,000)	473,000	(3,970,000)
	6,785,000	**1,665,000**	**6,785,000**	**1,665,000**

The history of experienced adjustments is as follows:

Present value of Defined Benefit Obligation	33,996,000	29,686,000	33,996,000	29,686,000

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:				
Effect on the aggregate of current service cost and the interest cost	3,480,000	5,946,000	3,480,000	5,946,000
Effect on defined benefit obligation	35,394,000	31,053,000	35,394,000	31,053,000
Decrease				
Effect on the aggregate of current service cost and the interest cost	3,121,000	5,345,000	3,121,000	5,345,000
Effect on defined benefit obligation	32,687,000	28,407,000	32,687,000	28,407,000

The municipality expects to make a contribution of R3 469 000 (2024: R3 294 000) to the defined benefit plans during the next financial year.

20. Accumulated surplus

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	9,371,431,220	8,505,975,214	9,344,169,063	8,472,955,322
	9,371,431,220	**8,505,975,214**	**9,344,169,063**	**8,472,955,322**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	**2025**	**2024 Restated***	**2025**	**2024 Restated***
21. Revaluation Surplus				
Opening Balance	17,977,458	17,977,458	17,977,458	17,977,458
Increase / (Decrease)	-	-	-	
Land	-	-	-	-
Buildings	-	-	-	-
	17,977,458	**17,977,458**	**17,977,458**	**17,977,458**

Land and building are subsequently accounted for using revaluation model and are revalued every 5 years. The most recent valuation was performed in 2022 financial year. The revaluation reserve is not reduced as the asset is being used however it will be reduced on disposal of an asset to the extent of the revaluation reserve raised in the past.

22. Service charges				
Sale of water	241,152,776	246,960,603	241,396,388	247,357,575
Sewerage and sanitation charges	72,190,956	66,707,659	72,190,956	66,707,659
	313,343,732	**313,668,262**	**313,587,344**	**314,065,234**

The amounts disclosed above for revenue from charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

23. Rental of facilities and equipment				
Rental Revenue	542,674	253,219	-	-
	542,674	**253,219**	**-**	**-**

Rental revenue earned on facilities and equipment is in respect of hall, office rentals, storage fees and parking rented out.

24. Interest earned				
Bank Accounts	5,441,434	6,158,788	5,441,434	6,158,788
Investments	79,026,310	56,475,157	78,750,279	55,877,604
	84,467,744	**62,633,945**	**84,191,713**	**62,036,392**
Outstanding Billing Debtors	59,120,618	43,590,231	59,261,086	43,705,015
	59,120,618	**43,590,231**	**59,261,086**	**43,705,015**
	143,588,362	**106,224,176**	**143,452,799**	**105,741,407**

25. Operational revenue				
Ntinga Operations	23,785,712	20,442,755	-	-
Refunds	3,000	117,683	3,000	117,683
Sundry Income	1,965,528	533,314	1,965,528	533,314
Forfeits	172,033	-	172,033	-
Foreign exchange gain	-	235,756	-	235,756
	25,926,273	**21,329,508**	**2,140,561**	**886,753**

Refund relates to refund for excess paid on repairing of motor vehicles. The **foreign exchange gain** is a result of changes in exchanges rates on Microsoft transactions for software licences. **Forfeits** relate to unallocated, unclaimed deposits that are older than 3 years and have been recognised as revenue.

26. Income from Agency Services				
Commission Received	260,686	223,956	135,865	145,773
	260,686	**223,956**	**135,865**	**145,773**

The amounts disclosed above is generated from commission fees received from third parties for deducting and paying over the amounts (Garnish orders) deducted from employees.

27. Contract Revenue				
Construction contracts	81,883,432	105,756,423	81,883,432	105,756,423
	81,883,432	**105,756,423**	**81,883,432**	**105,756,423**

Contract revenue is recognised using the stage of completion method. The stage of completion was determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where contract costs exceeded contract value and there was no variation order, contract revenue was recognised to the extent of contract costs that were recoverable from the principal. The housing programme revenue is exempted from a VAT levy.

Construction contracts	**2025 Revenue recognised**	**2024 Revenue recognised**	**2025 Revenue recognised**	**2024 Revenue recognised**
Ingquza 500 (390)	12,487,100	26,935,372	12,487,100	26,935,372
Lutshaya 300 Ph1	-	2,580,660	-	2,580,660
PSJ Lutshaya Ph2	-	2,622,660	-	2,622,660
OR Tambo 132 (64)	361,980	499,380	361,980	499,380
Maladini104 Ph2	-	596,093	-	596,093
Ingquza76(36)	-	690,360	-	690,360
Lutshaya 300 (135)	585,220	9,683,244	585,220	9,683,244
KSD Mandela 400 (200)	-	1,930,000	-	1,930,000
Ingquza 500 Destitute	20,112,521	13,308,859	20,112,521	13,308,859
PSJ 806 (295)	9,066,700	4,697,800	9,066,700	4,697,800
PSJ 806 350	6,045,816	12,960,296	6,045,816	12,960,296
KSD 261 Houses	14,360,354	4,749,549	14,360,354	4,749,549
KSD ORT 385 (96)	1,821,560	2,001,000	1,821,560	2,001,000
Qweqwe 300(150)	-	2,453,270	-	2,453,270
Qweqwe 1000 (150)	9,107,172	11,969,692	9,107,172	11,969,692
Military Veterans 84	520,795	1,459,285	520,795	1,459,285

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

27. Contract Revenue (Continued)

Construction contracts	2025 Revenue recognised	2024 Revenue recognised	2025 Revenue recognised	2024 Revenue recognised
OR Tambo 500 (50)	400,000	-	400,000	-
Bolani 97	-	2,212,704	-	2,212,704
Buhlanyanga -100	-	865,000	-	865,000
Mhlontlo 619 (350)	982,800	2,797,200	982,800	2,797,200
Mthonjane 350 (62)	-	744,000	-	744,000
KSD Matheko 65	701,510	-	701,510	-
PSJ Lutshaya 300 (115) 85 Units	2,357,140	-	2,357,140	-
Mhlontlo 151 Units	1,009,115	-	1,009,115	-
PSJ LM Lubala 91(58)	501,700	-	501,700	-
PSJ 806	619,850	-	619,850	-
Nyandeni LM 500	842,100	-	842,100	-
	81,883,433	**105,756,423**	**81,883,433**	**105,756,423**

28. Transfers and subsidies received

Operating grants				
Equitable share	1,193,994,000	1,124,309,050	1,193,994,000	1,124,309,050
SITA Skills Development Grant	1,207,071	1,223,564	1,207,071	1,223,564
Other Subsidies	7,751,865	274,099	-	-
	1,202,952,936	**1,125,806,713**	**1,195,201,071**	**1,125,532,614**
Conditional grants				
National: EPWP	3,846,000	4,767,000	3,846,000	4,767,000
National: FMG	2,000,000	2,000,000	2,000,000	2,000,000
National: MIG	720,325,000	713,603,000	720,325,000	713,603,000
National: WSIG	94,521,202	72,000,000	94,521,202	72,000,000
National: Department of Roads and Transport	3,296,000	3,155,000	3,296,000	3,155,000
National: RBIG	291,113,000	120,700,000	291,113,000	120,700,000
National: MSIG	2,086,107	-	2,086,107	-
	1,117,187,309	**916,225,000**	**1,117,187,309**	**916,225,000**
	2,320,140,245	**2,042,031,713**	**2,312,388,380**	**2,041,757,614**

In terms of MFMA circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

National: EPWP Funds				
Current-year receipts	3,846,000	4,767,000	3,846,000	4,767,000
Conditions met - transferred to revenue:	(3,846,000)	(4,767,000)	(3,846,000)	(4,767,000)
	-	-	-	-

The Financial Management Grant is paid by the National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2004. No funds have been withheld.

National: FMG Funds				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts	2,000,000	2,000,000	2,000,000	2,000,000
Conditions met - transferred to revenue:	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
	-	-	-	-
National: WSIG Funds				
Balance unspent at beginning of year	-	28,379,833	-	28,379,833
Conditions not met - withheld	-	(28,379,833)	-	(28,379,833)
Current-year receipts	100,000,000	72,000,000	100,000,000	72,000,000
Conditions met - transferred to revenue	(94,521,202)	(72,000,000)	(94,521,202)	(72,000,000)
	5,478,798	**-**	**5,478,798**	**-**

Conditions have been met, the unspent grant was reprioritised for disaster relief interventions. Refer to note 15 for unspent grant.

National: Regional Bulk Infrastructure Grant (RBIG)				
Balance unspent at beginning of year	-	10,093,596	-	10,093,596
Conditions not met - withheld	-	(10,093,596)	-	(10,093,596)
Current-year receipts	291,113,000	120,700,000	291,113,000	120,700,000
Conditions met - transferred to revenue	(291,113,000)	(120,700,000)	(291,113,000)	(120,700,000)
	-	**-**	**-**	**-**

Conditions have been met, the grant was fully spent during the current year.

National: Department Roads and Transport				
Current-year receipts	3,296,000	3,155,000	3,296,000	3,155,000
Conditions met - transferred to revenue	(3,296,000)	(3,155,000)	(3,296,000)	(3,155,000)
	-	**-**	**-**	**-**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

28. Transfers and subsidies received (Continued)

National: MIG

Balance unspent at beginning of year	-	70,485,109	-	70,485,109
Conditions not met - withheld	-	(70,485,109)	-	(70,485,109)
Current-year receipts	720,325,000	713,603,000	720,325,000	713,603,000
Conditions met - transferred to revenue	(720,325,000)	(713,603,000)	(720,325,000)	(713,603,000)
	-	-	-	-

Conditions have been met, the grant was fully spent during the current year.

National: MDG

Balance unspent at beginning of year	-	3,032,512	-	3,032,512
Conditions not met - withheld	-	(3,032,512)	-	(3,032,512)
	-	-	-	-

This grant was received for the building and maintenance of water and sanitation infrastructure in the district.

National: SITA Skills Development Grant

Current-year receipts	1,207,071	1,223,564	1,207,071	1,223,564
Conditions met - transferred to revenue: Operating expenses	(1,207,071)	(1,223,564)	(1,207,071)	(1,223,564)
	-	-	-	-

No funds have been withheld.

National: MSIG

Current-year receipts	2,086,107	-	2,086,107	-
Conditions met - transferred to revenue	(2,086,107)	-	(2,086,107)	-
	-	-	-	-

No funds have been withheld.

29. Other Revenue

Covid_19 refunds	1,128,070	-	1,128,070	-
Recoverable fruitless and wasteful expenditure	48,249	-	48,249	-
	1,176,319	**-**	**1,176,319**	**-**

30. Employee related costs

Basic Salaries	484,115,689	467,494,363	453,592,782	435,688,204
Bonuses (13th Cheque)	34,034,640	30,964,896	31,611,364	28,624,118
Medical aid - company contributions	29,192,245	25,508,204	29,192,245	25,508,204
UIF	2,868,088	2,833,213	2,316,775	2,266,746
SDL	6,111,785	5,767,826	6,111,785	5,767,826
Bargaining Council Levy	138,704	131,951	138,704	131,951
Leave pay provision charge	8,074,193	4,629,625	7,822,412	3,774,955
Overtime payments	7,598,978	6,197,955	6,920,058	5,405,889
Night Shift allowance	1,042,142	300,743	1,042,142	300,743
Sunday allowance	8,624,020	3,376,002	8,624,020	3,376,002
Standby allowance	8,904,647	7,282,063	8,904,647	7,282,063
Shift allowance	1,736,122	1,416,273	1,736,122	1,416,273
Scarcity allowance	583,741	387,202	583,741	387,202
Long-service awards	3,127,128	2,902,888	3,127,128	2,902,888
Acting allowances	687,357	872,407	687,357	872,407
Travel Allowances	41,405,026	40,540,483	41,405,026	40,540,483
Housing benefits and allowances	21,911,355	19,554,565	21,911,355	19,554,565
Telephone allowance	5,805,854	4,365,491	5,805,854	4,365,491
Contributions: Group Life Insurance	24,858,555	26,148,801	24,858,555	26,148,801
Defined Benefit Plan expense	4,511,000	3,410,000	4,511,000	3,410,000
Pensions - Company Contributions	67,625,468	62,112,356	63,855,415	58,172,628
Other Allowances	3,617,463	3,230,108	-	-
	766,574,200	**719,427,415**	**724,758,487**	**675,897,439**

Employee Related Costs (Employee Cost transferred to Water processing cost)

Basic Salaries	25,604,912	34,037,500	25,604,912	34,037,500
Bonuses (13th Cheque)	1,908,685	2,352,113	1,908,685	2,352,113
Medical aid - company contributions	1,844,282	2,023,903	1,844,282	2,023,903
UIF	159,054	265,261	159,054	265,261
SDL	377,128	489,409	377,128	489,409
Bargaining Council Levy	10,707	16,786	10,707	16,786
Leave pay provision charge	68,127	745,391	68,127	745,391
Overtime payments	6,855,175	7,461,272	6,855,175	7,461,272
Long-service awards	61,648	163,733	61,648	163,733
Travel Allowances	-	278,348	-	278,348
Housing benefits and allowances	2,110,992	2,556,691	2,110,992	2,556,691
Telephone allowance	54,000	36,600	54,000	36,600

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*
30. Employee related costs (Continued)				
Contributions: Group Life Insurance	1,432,405	2,186,897	1,432,405	2,186,897
Pensions - Company Contributions	3,980,087	5,137,967	3,980,087	5,137,967
	44,467,203	**57,751,871**	**44,467,203**	**57,751,871**
	811,041,403	**777,179,286**	**769,225,690**	**733,649,310**
REMUNERATION OF SECTION 57 EMPLOYEES:				
Remuneration of Municipal Manager				
Annual Remuneration	1,494,294	1,503,912	1,494,294	1,503,912
Car Allowance	552,000	519,000	552,000	519,000
Bonuses	100,000	90,381	100,000	90,381
Backpay	88,563	82,500	88,563	82,500
Contributions to UIF, Salga, Group life and SDL**	-	109,520	-	109,520
	2,234,857	**2,305,313**	**2,234,857**	**2,305,313**
Remuneration of Chief Financial Officer				
Annual Remuneration	1,046,238	959,898	1,046,238	959,898
Car Allowance	195,600	195,600	195,600	195,600
Bonuses	62,954	69,159	62,954	69,159
Backpay	67,464	62,954	67,464	62,954
Medical Allowance	141,001	141,001	141,001	141,001
Pension Allowance	109,696	109,966	109,696	109,966
Contributions to UIF, Salga, Group life and SDL**	-	81,007	-	81,007
Cellphone Allowance	-	30,000	-	30,000
	1,622,953	**1,649,584**	**1,622,953**	**1,649,584**
Remuneration of the Director: Strategic Planning and Governance				
Annual Remuneration	1,397,983	1,336,934	1,397,983	1,336,934
Car Allowance	240,000	220,000	240,000	220,000
Backpay	153,872	69,142	153,872	69,142
Leave Benefits	-	308,135	-	308,135
Cellphone Allowance	-	18,500	-	18,500
Contributions to UIF, Salga, Group life and SDL**	-	90,978	-	90,978
	1,791,854	**2,043,689**	**1,791,854**	**2,043,689**
Remuneration of the Director: Infrastructure Water and Sanitation				
Annual Remuneration	1,259,316	801,626	1,259,316	801,626
Backpay	59,653	428,362	59,653	428,362
Car Allowance	428,362	61,348	428,362	61,348
Contributions to UIF, Salga, Group life and SDL**	-	57,316	-	57,316
	1,747,332	**1,348,652**	**1,747,332**	**1,348,652**
Remuneration of Director: Community Services				
Annual Remuneration	1,446,802	1,300,508	1,446,802	1,300,508
Car Allowance	180,000	150,000	180,000	150,000
Bonuses	101,998	69,142	101,998	69,142
Backpay	67,447	-	67,447	-
Contributions to UIF, Salga, Group life and SDL**	-	82,736	-	82,736
	1,796,247	**1,602,386**	**1,796,247**	**1,602,386**
Remuneration of the Director: Corporate Services				
Annual Remuneration	1,024,225	969,083	1,024,225	969,083
Backpay	67,464	499,594	67,464	499,594
Car Allowance	503,955	69,159	503,955	69,159
Contributions to UIF, Salga, Group life and SDL**	-	80,686	-	80,686
	1,595,644	**1,618,522**	**1,595,644**	**1,618,522**
Remuneration of the Director: Rural and Economic Development				
Annual Remuneration	1,071,758	938,520	1,071,758	938,520
Car Allowance	193,483	128,989	193,483	128,989
Bonuses	60,484	57,633	60,484	57,633
Backpay	55,938	-	55,938	-
Contributions to UIF, Salga, Group life and SDL**	-	69,207	-	69,207
Cellphone Allowance	-	22,500	-	22,500
Housing Subsidy	193,483	128,989	193,483	128,989
	1,575,146	**1,345,837**	**1,575,146**	**1,345,837**
Remuneration of the Director: Internal Audit				
Annual Remuneration	-	503,255	-	503,255
Car Allowance	-	75,000	-	75,000
Bonuses (13th Cheque)	-	100,651	-	100,651
Contributions to UIF, Salga, Group life and SDL**	-	40,135	-	40,135
Leave Benefits	-	267,443	-	267,443
Cellphone Allowance	-	12,500	-	12,500
	-	**998,984**	**-**	**998,984**

The contract of the director expired on 30 November 2023 and this post was converted to a General Manager level post in the new organisational structure and renamed to "Chief Audit Executive" which is not section 56 post.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

30. Employee related costs (Continued)

Remuneration of the Chief Executive Officer - Ntinga				
Basic Salary	1,476,649	1,511,958	-	-
Travel Allowance	244,005	220,464	-	-
Annual Bonus - 13th Cheque	121,399	98,189	-	-
Pension	189,383	193,115	-	-
	2,031,436	**2,023,726**	**-**	**-**
Remuneration of the Chief Financial Officer - Ntinga				
Basic Salary	1,069,859	1,041,710	-	-
Travel Allowance	176,689	198,321	-	-
Annual Bonus - 13th Cheque	87,908	46,734	-	-
Pension	137,136	134,471	-	-
	1,559,500	**1,421,235**	**-**	**-**
Remuneration of the Corporate Service Manager - Ntinga				
Basic Salary	1,069,859	1,041,710	-	-
Travel Allowance	176,689	198,321	-	-
Annual Bonus - 13th Cheque	87,908	46,734	-	-
Pension	137,136	134,471		
	1,471,593	**1,421,235**	**-**	**-**
Remuneration of the Senior Manager Trading Enterprises - Ntinga				
Basic Salary	1,078,569	1,267,347	-	-
Travel Allowance	127,236	196,819	-	-
Annual Bonus - 13th Cheque	45,643	-		
Leave gratuity	80,052	-		
Pension	100,231	161,604		
	1,431,731	**1,625,771**	**-**	**-**
Remuneration of the Company Secretary - Ntinga				
Basic Salary	901,743	941,884	-	-
Travel Allowance	148,873	99,545	-	-
Annual Bonus - 13th Cheque	71,543	62,315	-	-
Pension	115,547	117,319	-	-
	1,237,706	**1,221,063**	**-**	**-**
31. Remuneration of councillors and Board Members				
Executive Mayor	1,225,409	1,161,796	1,225,409	1,161,796
Deputy Executive Mayor	879,010	869,315	879,010	869,315
Speaker	862,823	860,555	862,823	860,555
Chief Whip	870,295	870,295	870,295	870,295
Mayoral Committee Members	6,589,122	6,589,122	6,589,122	6,589,122
Councillors	12,465,955	10,794,476	12,465,955	10,794,476
Traditional Leaders	234,898	228,715	234,898	228,715
	23,127,512	**21,374,274**	**23,127,512**	**21,374,274**

31. Remuneration of councillors and Board Members (Continued)

Board of Directors - Ntinga				
Sitting allowances and re-imbursive travel costs	1,130,694	1,210,707	-	-
Accomodation and travel costs	24,267	140,314	-	-
	1,154,961	**1,351,021**	**-**	**-**
	24,282,473	**22,725,295**	**23,127,512**	**21,374,274**

In-kind benefits

No in-kind benefits were received by the councillors during the current year.

32. Depreciation and amortisation				
Property, plant and equipment	315,381,550	307,390,929	313,014,712	303,666,141
Intangible assets	667,052	190,662	649,864	105,976
	316,048,602	**307,581,591**	**313,664,576**	**303,772,117**
33. Impairment Loss				
Receivables from exchange transactions impairr	59,406	230,404,058	-	230,404,058
Asset impairment adjustment	20,802,830	41,270,624	20,548,960	39,941,887
Derecognised assets	-	-	-	-
	20,862,236	**271,674,682**	**20,548,960**	**270,345,945**

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*
34. Written offs				
Services Bad debts	302,878,630	3,957	302,878,630	3,957
Lapsed Vehicle Maintenance plan	-	288,366	-	288,366
	302,878,630	**292,323**	**302,878,630**	**292,323**
35. Finance Costs				
Employee benefit obligation: Interest Cost	13,225,000	11,868,000	13,225,000	11,868,000
Finance Leases	287,045	371,323	287,045	371,323
Interest paid on Overdue accounts	5,147,837	6,223,622	4,544,202	5,631,278
	18,659,882	**18,462,945**	**18,056,247**	**17,870,601**
36. Contracted services				
Professional Services	14,774,436	13,867,040	13,905,930	13,393,711
Outsourced Services	102,633,159	75,791,442	100,959,363	74,410,368
Contractors	13,859,173	12,970,326	13,719,442	12,835,859
	131,266,768	**102,628,808**	**128,584,735**	**100,639,938**
37. Repairs and Maintenance				
Land and Buildings	4,972,788	2,589,324	4,972,788	2,589,324
Infrastructure - Sanitation	242,350	609,525	242,350	609,525
Infrastructure - Water	16,676,129	24,143,935	16,676,129	24,143,935
Other Assets	7,203,011	16,170,326	6,366,862	14,946,805
	29,094,278	**43,513,110**	**28,258,129**	**42,289,589**
38. Transfers and Subsidies				
Transfers				
Ntinga Development Agency	-	-	51,353,214	52,770,606
	-	**-**	**51,353,214**	**52,770,606**
Subsidies				
Community projects	109,922,504	183,554,322	101,334,371	180,574,285
Free Basic Services	107,756,742	93,852,928	107,756,742	93,852,928
Water Carting	7,621,942	25,958,678	7,621,942	25,958,678
Social Aid	16,965,127	13,129,815	16,965,127	13,129,815
	242,266,315	**316,495,743**	**233,678,182**	**313,515,706**
	242,266,315	**316,495,743**	**285,031,396**	**366,286,312**

Community Projects
Community Projects are in respect of local economic development projects within the municipality's area of jurisdiction.

Free Basic Services
Free Basic Services are programmes aimed at providing free basic service levels to indigent households.

Local Municipalities
Local Municipalities are municipalities within the jurisdiction of OR Tambo district municipality.

Municipal Entities
Municipal Entities are entities under control of the municipality to enable the entities to fulfil their mandates. The municipality currently has one municipal entity which is Ntinga Development Entity.

Social Aid
Social Aid constitutes social assistance programmes aimed at improving the social condition of people within the municipality's area of jurisdiction.

39. Inventory Consumed				
Water Sales	96,053,482	92,804,609	96,053,482	92,804,609
Materials and Supplies	14,199,769	2,934,588	14,199,769	2,934,588
Inventory Consumed - Ntinga	17,346,811	17,852,442	-	-
	127,600,062	**113,591,639**	**110,253,251**	**95,739,197**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Water is purchased from the Department of Water Affairs.

40. Inventory Losses				
Commercial losses	6,509,341	7,988,300	6,509,341	7,988,300
Physical losses	24,334,678	29,793,287	24,334,678	29,793,287
Materials and Supplies	7,722,730	-	7,722,730	-
	38,566,749	**37,781,587**	**38,566,749**	**37,781,587**

Commercial losses
Commercial losses relate to water losses occurred due to unauthorised connections, tampering of meters in urban areas as well as areas where there are no meters and the municipality cannot reliable measure the consumption.

Physical losses
Physical losses occur due to inter alia, leakages and faulty meters. Faulty meters and leakages are replaced/repaired as soon as they are reported. Refer to note 2 and note 66.

Materials and Supplies
Materials and supplies losses relate to obsolete inventory that was disposed of in the current year.

41.Contract Costs				
Construction contracts	81,883,432	105,756,423	81,883,432	105,756,423
	81,883,432	**105,756,423**	**81,883,432**	**105,756,423**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*
Construction contracts				
Ingquza 500 (390)	12,487,100	26,935,372	12,487,100	26,935,372
Lutshaya 300 Ph1	-	2,580,660	-	2,580,660
PSJ Lutshaya Ph2	-	2,622,660	-	2,622,660
OR Tambo 132 (64)	361,980	499,380	361,980	499,380
Maladini104 Ph2	-	596,093	-	596,093
Ingquza76(36)	-	690,360	-	690,360
Lutshaya 300 (135)	585,220	9,683,244	585,220	9,683,244
KSD Mandela 400 (200)	-	1,930,000	-	1,930,000
Ingquza 500 Destitute	20,112,521	13,308,859	20,112,521	13,308,859
PSJ 806 (295)	9,066,700	4,697,800	9,066,700	4,697,800
PSJ 806 350	6,045,816	12,960,296	6,045,816	12,960,296
KSD 261 Houses	14,360,354	4,749,549	14,360,354	4,749,549
KSD ORT 385 (96)	1,821,560	2,001,000	1,821,560	2,001,000
Qweqwe 300(150)	-	2,453,270	-	2,453,270
Qweqwe 1000 (150)	9,107,172	11,969,692	9,107,172	11,969,692
Military Veterans 84	520,795	1,459,285	520,795	1,459,285
OR Tambo 500 (50)	400,000	-	400,000	-
Bolani 97	-	2,212,704	-	2,212,704
Buhlanyanga -100	-	865,000	-	865,000
Mhlontlo 619 (350)	982,800	2,797,200	982,800	2,797,200
Mthonjane 350 (62)	-	744,000	-	744,000
KSD Matheko 65	701,510	-	701,510	-
PSJ Lutshaya 300 (115) 85 Units	2,357,140	-	2,357,140	-
Mhlontlo 151 Units	1,009,115	-	1,009,115	-
PSJ LM Lubala 91(58)	501,700	-	501,700	-
PSJ 806	619,850	-	619,850	-
Nyandeni LM 500	842,100	-	842,100	-
	81,883,433	**105,756,423**	**81,883,433**	**105,756,423**

Construction costs comprise contractors, professional service providers costs and other implementation fees. The contract costs form the basis of the construction revenue recognised.

Construction contracts	2025 Closing Balance	2025 Expenditure Recognised	2024 Closing Balance	2024 Expenditure Recognised
Ingquza 500 (390)	56,495,520	12,487,100	42,363,607	26,935,372
Lutshaya 300 Ph1	8,074,080	-	8,074,080	2,580,660
PSJ Lutshaya Ph2	8,225,020	-	8,225,020	2,622,660
OR Tambo 132 (64)	883,260	361,980	499,380	499,380
Maladini104 Ph2	8,134,335	-	8,134,335	596,093
Ingquza76(36)	6,383,043	-	6,383,043	690,360
Maladini 104 (Ph1)	8,809,949	-	8,809,949	-
Ingquza76(40)	6,212,961	-	6,212,961	-
PSJ Lutshaya 300 Ph 3B	3,455,325	-	3,455,325	-
Lutshaya 300 (135)	10,268,464	585,220	9,683,244	9,683,244
KSD Mandela 400 (200)	1,930,000	-	1,930,000	1,930,000
Ingquza 500 Destitute	33,421,380	20,112,521	13,308,859	13,308,859
PSJ 806 (295)	13,221,000	9,066,700	4,697,800	4,697,800
PSJ 806 350	19,006,112	6,045,816	12,960,296	12,960,296
KSD 261 Houses	20,215,096	14,360,354	4,749,545	4,749,549
KSD ORT 385 (96)	3,822,500	1,821,560	2,001,000	2,001,000
Qweqwe 300(150)	2,453,270	-	2,453,270	2,453,270
Qweqwe 1000 (150)	25,525,784	9,107,172	11,969,692	11,969,692
Military Veterans 84	1,980,078	520,795	1,459,283	1,459,285
OR Tambo 500 (50)	400,000	400,000	-	-
Bolani 97	2,212,704	-	2,212,704	2,212,704
Buhlanyanga -100	865,000	-	865,000	865,000
Mhlontlo 619 (350)	3,780,000	982,800	2,797,200	2,797,200
Mthonjane 350 (62)	744,000	-	744,000	744,000
KSD Matheko 65	701,510	701,510	-	-
PSJ Lutshaya 300 (115) 85 Units	2,357,140	2,357,140	-	-
Mhlontlo 151 Units	1,009,115	1,009,115	-	-
PSJ LM Lubala 91(58)	501,700	501,700	-	-
PSJ 806	619,850	619,850	-	-
Nyandeni LM 500	842,100	842,100	-	-
	252,550,297	**81,883,433**	**163,989,593**	**105,756,423**

NB: No retention is withheld on the housing projects as contractors are required to provide insurance covers on acceptance of appointments.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
42. Operational Costs				
Advertising, Publicity and Marketing	1,710,204	2,238,093	1,632,764	2,114,020
Assets less than capital threshold	96,150	-	96,150	-
Bank Charges, Facility and Card Fees	1,031,907	911,712	567,682	523,995
Bargaining council	8,442,200	8,175,316	8,442,200	8,175,316
Cleaning Materials	915,439	1,372,240	791,597	1,198,933
Communication	11,654,512	11,206,885	9,964,547	9,506,834
Customer Discounts	-	1,461,831	-	1,461,831
Courier and delivery service	44,368	28,127	44,368	28,127
Deeds	47,734,743	50,677,885	47,734,743	50,677,885
Municipal Services	1,793,828	1,694,545	30,571	27,000
Entertainment	-	-	-	-
External Audit Fees	14,974,452	14,219,119	12,813,803	12,019,888
External computer services	12,983,520	23,228,097	12,015,450	22,316,766
Foreign Exchange Losses	271,702	-	271,702	-
Hire charges	17,694,755	13,141,210	17,570,118	12,986,355
Insurance underwriting	2,070,943	4,044,308	1,296,810	3,249,435
Learnership and Internships	3,174,680	2,140,139	1,367,775	1,866,527
Licences	951,029	1,054,978	951,029	1,054,978
Other Operational Costs	143,084	837,063	-	-
Parking Fees	315,120	308,000	315,120	308,000
Printing, publications and books	5,496,661	2,485,160	5,346,549	2,195,551
Professional bodies, membership and subscriptio	239,400	191,423	199,527	146,787
Registration Fees	1,037,804	523,258	1,037,804	523,258
Travelling and Subsistence	34,268,589	33,875,751	33,746,250	33,121,224
Uniform and protective clothing	2,800,966	966,700	2,781,498	925,640
Vehicle Tracking	652,718	445,891	652,718	445,891
Wet fuel	11,838,346	13,946,527	10,816,794	12,582,701
Workmen's Compensation	606,966	2,182,103	-	2,182,103
	182,944,086	**191,356,361**	**170,487,569**	**179,639,045**
43. Gains / (Losses) on disposal of assets				
Losses				
Losses on sale of Furniture and office Equipment	368,715	152,603	368,715	152,603
Losses on sale of Computer equipment	140,313	27,514	140,313	27,514
Infrastructure Assets	23,520,438	18,180,284	23,520,438	18,180,284
	24,029,466	**18,360,401**	**24,029,466**	**18,360,401**
Gains				
Gains on sale of Transport asset	(5,022,240)	(169,663)	(5,022,240)	(163,350)
Gains on sale of Machinery and Equipment	(114,646)	-	(114,646)	-
	(5,136,886)	**(169,663)**	**(5,136,886)**	**(163,350)**
	18,892,580	**18,190,738**	**18,892,580**	**18,197,051**
44. Reversal of Impairment				
PPE - Infrastructure Assets	6,872,616	4,477,664	6,872,616	4,477,664
Accounts Receivables	275,238,677	-	275,238,677	-
	282,111,293	**4,477,664**	**282,111,293**	**4,477,664**
45. Actuarial Gains / (Losses)				
Health Care Benefits	(197,000)	-	(197,000)	-
Long Service Awards	(473,000)	2,601,000	(473,000)	2,601,000
	(670,000)	**2,601,000**	**(670,000)**	**2,601,000**
46. Cash Generated from Operations				
Surplus for the year	865,456,007	334,470,238	871,213,740	339,550,027
Adjustments for:				
Depreciation and amortisation	316,048,602	307,695,444	313,664,576	303,772,117
(Gains) / Losses on sale of assets	19,199,841	18,190,736	18,892,580	18,197,051
Foreign Exchange Losses / (Gains)	271,702	(235,756)	271,702	(235,756)
Adjustments to Biological Assets	719,457	(3,663,546)	-	-
Gains on disposal of Biological Assets	-	(3,118,679)	-	-
Contributions to Post-retirement Health Care Benefits	15,836,000	10,406,000	15,836,000	10,406,000
Expenditure incurred from Post-retirement Health Care Benefits	(921,000)	(331,000)	(921,000)	(331,000)
Contribution to Long Service Awards liability	6,785,000	7,426,669	6,785,000	6,572,000
Expenditure incurred / Reduction on Long Service Awards liability	(2,475,000)	(3,970,000)	(2,475,000)	(3,970,000)
Movement in Leave Provision	3,500,760	(1,323,605)	3,500,760	(1,323,605)
Water Inventory Losses	38,566,749	37,781,587	38,566,749	37,781,587
Debt impairment - (Receivables from exchange transactions)	-	230,404,058	-	230,404,058
Reversal of Debtors Impairment	(275,238,677)	-	(275,238,677)	-
Debtors Written offs	302,878,630	292,323	302,878,630	292,323
Asset Impairment	20,802,830	41,270,624	20,548,960	39,941,887
Reversal of Asset Impairment	(6,872,616)	(4,477,664)	(6,872,616)	(4,477,664)

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024	2025	2024

46. Cash Generated from Operations (Continued)

Changes in working capital:

Decrease / (Increase) Inventories	(9,753,921)	(13,629,170)	(12,269,187)	(16,624,125)
Decrease / (Increase) in Receivables from exchange transactions	(152,461,096)	(439,124,342)	(147,857,247)	(440,191,616)
Decrease / (Increase) in Receivables from Non-Exchange transactions	134,680	(534,433)	134,680	(534,433)
Decrease / (Increase) in Prepayments	(8,001,882)	288,365	(8,001,882)	288,365
Decrease / (Increase) in VAT Receivable	4,654,439	37,965,920	4,654,439	37,965,920
(Decrease) / Increase in Payables from exchange transactions	(23,792,241)	193,387,386	(31,019,885)	191,177,569
(Decrease) / Increase in Payables from non-exchange	2,642,363	(1,537,347)	2,642,363	(1,537,347)
(Decrease) / Increase in Unspent Grants	5,386,802	(108,320,458)	5,478,798	(111,991,050)
(Decrease) / Increase in Consumer deposits	370,551	432,367	370,551	432,367
Increase in Taxes	(2,774,336)	(3,158,173)	-	-
	1,120,963,644	**636,587,545**	**1,120,784,034**	**- 635,564,676**

47. Change in Accounting Estimate

During the current financial year, the method for calculating impairment for accounts receivables and doubtful debts was changed resulting in the following impact:

	Old Method	New Method	Impact	Old Method	New Method	Impact
Impairment: Accounts Receivables	677,010,508	576,927,356	(100,083,152)	677,010,508	576,927,356	(100,083,152)
	677,010,508	**576,927,356**	**(100,083,152)**	**677,010,508**	**576,927,356**	**(100,083,152)**

The decrease is due to a change in the parameter for calculating impairment for customers with a payment rate between 0% and 25% which changed from 100% to 85%.

48. Financial instruments disclosure

ECONOMIC ENTITY - Categories of financial instruments

		2025	2024
Financial assets	**Classification**		**Restated***
Receivables from Exchange - Sewerage	Amortised cost	36,383,304	17,899,870
Receivables from Exchange - Water	Amortised cost	116,221,610	61,077,994
Receivables from Exchange - Other Receivables	Amortised cost	340,742,962	288,017,469
Receivables from Non-Exchange - Covid-19 Allowance	Amortised cost	512,142	-
Receivables from Non-Exchange - Sundry debtors	Amortised cost	953,935	5,987
Cash and cash equivalents - Call deposits	Amortised cost	692,619,051	506,382,439
Cash and cash equivalents - Bank Balances	Amortised cost	78,892,996	859,805
Cash and cash equivalents - Petty Cash	Amortised cost	11,292	17,950
		1,266,337,293	874,261,514
Financial liabilities			
Payables from exchange transactions - Trade Creditors	Amortised cost	235,875,351	258,867,095
Payables from exchange transactions - Retentions	Amortised cost	92,531,129	80,132,309
Payables from exchange transactions - Other Creditors	Amortised cost	19,885,245	15,291,330
VAT Output Accrual	Amortised cost	254,180,434	243,058,588
Payables from Non-Exchange transactions	Amortised cost	446,974	446,974
Cash and cash equivalents - Bank Balances	Amortised cost	-	32,068,607
		602,919,133	597,796,296

CONTROLING ENTITY - Categories of financial instruments

Financial assets			
Receivables from Exchange - Water	Amortised cost	118,563,734	63,370,231
Receivables from Exchange - Sewerage	Amortised cost	36,383,304	17,899,870
Receivables from Exchange - Other Receivables	Amortised cost	335,329,003	287,231,760
Receivables from Non-Exchange - Sundry debtors	Amortised cost	927,313	1,574,135
Receivables from Non-Exchange - Recoveries	Amortised cost	512,142	-
Cash and cash equivalents - Call deposits	Amortised cost	686,196,475	500,104,302
Cash and cash equivalents - Bank Balances	Amortised cost	78,469,717	-
		1,256,381,688	870,180,298
Financial liabilities - Amortised at cost			
Payables from exchange transactions - Trade Creditors	Amortised cost	233,891,420	259,408,320
Payables from exchange transactions - Retentions	Amortised cost	92,531,129	80,132,309
Payables from exchange transactions - Other Creditors	Amortised cost	5,712	177,744
VAT Output Accrual	Amortised cost	254,180,434	243,058,588
Cash and cash equivalents - Bank Balances	Amortised cost	-	32,068,607
		580,608,695	614,845,568

49. Related Party Transactions

All Related Party Transactions are conducted at arm's length, unless stated otherwise. These transactions are eliminated during the consolidation process in line with the requirements of GRAP 35.

Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.
OR Tambo Ntinga Development Agency is wholly controlled by the municipality.
OR Tambo Ntinga Development Agency is utilising free offices provided by the municipality.

Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	

49. Related Party Transactions (Continued)

Loans to Local Municipalities
Between 2008 and 2009 OR Tambo made payments amounting of R8 741 167.29 to Port St Johns municipality in a form of a loan. Due to continued cash flow problems at Port St Johns, its council offered a piece of land valued R8 800 000 to OR Tambo as a settlement of the loan. The official transfer of ownership of the land did not occur and in 2010 Port St Johns municipality indicated that the size of the land offered was reduced to 3.5 hectares. Based on this OR Tambo impaired the land value initially capitalised and reduced it to R2 200 000. In 2019/20 financial year this balance was reclassified as Long-term debtor and impaired in full.

Compensation of Related Parties
Compensation of Key Management Personnel and Councillors is set out in Notes 30 and 31 to the Annual Financial Statements. The names and positions of key management personnel are as follows:

Controlling entity (ORT DM)		Controlled entity (Ntinga)	
Mase B.P.	Municipal Manager	Mbiko L.	Chief Executive Officer
Ndakisa S.	Chief Financial Officer	Sentwa S.	Chief Financial Officer
Matomela B.	Director: Strategic Planning and Governance	Mrhwetyana-Zembe D.	Corporate Service Manager
Nkohla V.	Director: Rural Economic Development Programme	Maphathwana X.	Acting Senior Manager Trading Enterprises
Madzidzela L.	Director: Community Services	Ndlodlwana S.	Company Secretary
Gqiba S.D.	Director: Infrastructure, Water and Sanitation		
Nombasa L.	Director: Corporate Services		

Purchases from Related Parties
The municipality did not buy goods from any companies which can be considered to be Related Parties.

Other Related Party Transactions

Grants paid by the Municipality:
Grants paid to Ntinga OR Tambo Development Agency include funds for administration costs and operations at Adam Kok Farms. A breakdown of Ntinga OR Tambo Development Agency transactions is as follows:

Ntinga OR Tambo Development Agency - Operational Grants	51,353,214	52,770,606
	51,353,214	**52,770,606**

The municipality did not make any cash transfers to the local municipalities in current year however in-kind transfers and subsidies disclosed under note 38 were made to local municipalities within the jurisdiction of OR Tambo District.

In-kind donations and assistance
The municipality provides Internal audit support and risk management function to Ntinga Development Agency at no cost. Office accommodation and related municipal services are provided by the municipality at no cost to the Entity.

Service Delivery services arrangements with Ntinga Development Agency
- The Entity is assigned a function of repairing and maintaining water schemes in rural and peri-urban areas. The entity is a paymaster for water scheme operators appointed by the municipality. The entity is reimbursed for these functions.

50. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
- Infrastructure	1,233,239,338	873,573,367	1,233,163,634	872,820,519
Not yet contracted for and authorised by accounting officer				
- Infrastructure	-	-	-	-
Total commitments				
Authorised capital expenditure	**1,233,239,338**	**873,573,367**	**1,233,163,634**	**872,820,519**

This committed expenditure relates to Infrastructure and will be financed from capital expenditure budget. The prior year commitments balance was restated from R886 113 970 to R872 820 519.

51. Contingencies

Controlling Entity

Contingent Liabilities

General Claims:		
- Keightley and Sigaba - Mvezo Plant and Civils filed a claim against the municipality for breach of cession agreement.	970,000	970,000
- Makade Incorporate - Magoda Development Planners a claim against the municipality for non-payment of the work done on housing programme.	2,457,058	-
- Keightley Inc. - Lingabantu Construction filed a claim for damages and loss of profit resulting from the delay in payment of a retention fee that was later paid after a court judgement was issued against the municipality.	16,129,025	16,129,025
- Ilizwe Planning Consultancy - The applicant demands payment for the services rendered	-	1,800,000
Other Claims:		
Claims for damage suffered due to loss of life		
- Jafta Attorneys - Claims for three children drowned in the trench in Payne's Farm	10,050,000	10,050,000
Total Contingent Liabilities	**29,606,083**	**28,949,025**

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
Contingent Assets				
Covid-19 Allowances to be recovered				
Covid-19 Allowances relate to allowances paid to employees with respect to the time worked during Covid-19 level 3. The council took a resolution on the 23 May 2024 that the allowances recovered from employees.		-		-
Late Cancellations and payments to ex-employee to be recovered		**15,157**		**63,407**
Penalties for late cancelations		15,157		63,407
Payment to ex-employee		-		-
Total Contingent Assets		**15,157**		**63,407**
Controlled Entity				
Ayanda Mgedezi V Ntinga OR Tambo Development Agency Soc Ltd - The plaintiff is suing Ntinga for malicious arrest and prosecution stemming from a charge of theft layed with the police. At the time of the charges the plaintiff was an employee with the position of Dairy Manager and Administrative Bookeeper at Ikwezi Dairy Farm. The former employee is accused of stealing milk to the amount of R37272.60 between 01 - 30 October 2012 and 01 January 2013 to 31 March 2013.		3,055,000		3,055,000
		3,055,000		**3,055,000**

52. Prior-year adjustments

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

Statement of Financial Position	As previously reported	Correction of error	Restated	Reference	As previously reported	Correction of error	Restated
Inventories	13,121,670	99,243	13,220,913	**P_01**	12,251,492	98,885	12,350,377
Receivables from Exchange Transactions	199,665,705	167,329,628	366,995,333	**P_02**	199,008,132	169,493,729	368,501,861
Receivables from Non-exchange Transactions	18,863,108	(18,857,117)	5,991	**P_03**	18,812,084	(17,237,949)	1,574,135
Prepayments	507,022	-	507,022		247,614	-	247,614
Statutory Receivables	38,916,684	(24,932,101)	13,984,583	**P_04**	38,653,684	(24,669,101)	13,984,583
Cash and Cash Equivalents	475,191,586	3,003	475,194,589	**P_05**	468,035,695	-	468,035,695
Property, Plant and Equipment	8,387,194,330	91,049,286	8,478,243,616	**P_06**	8,343,355,952	90,935,433	8,434,291,385
Intangible assets	245,501	-	245,501		211,952	-	211,952
Heritage Assets	247,025	-	247,025		247,025	-	247,025
Biological Assets	15,653,460	(0)	15,653,460		-	-	-
Consumer Deposits	(4,081,243)	-	(4,081,243)		(4,081,243)	-	(4,081,243)
Employee Benefit Liabilities	(83,388,934)	-	(83,388,934)		(77,779,285)	-	(77,779,285)
Payables from Exchange Transactions	(356,462,907)	(275,782,287)	(632,245,194)	**P_07**	(337,984,914)	(273,631,380)	(611,616,294)
Payables from Non-exchange Transactions	(44,647,977)	40,999,996	(3,647,981)	**P_08**	(44,201,002)	40,999,995	(3,201,007)
Unspent Conditional Grants and Receipts	-	(4,541,221)	(4,541,221)	**P_08**	-	-	-
Current Portion of Long-term Liabilities	(2,036,643)	0	(2,036,643)		(1,804,511)	0	(1,804,511)
Finance Lease Liabilities	(1,016,146)	(0)	(1,016,146)		(641,507)	(0)	(641,507)
Employee Benefit Liabilities	(109,388,000)	-	(109,388,000)		(109,388,000)	-	(109,388,000)
Revaluation Surplus	(17,977,458)	-	(17,977,458)		(17,977,458)	-	(17,977,458)
Accumulated Surplus	(8,530,606,783)	24,631,569	(8,505,975,214)	**P_09**	(8,486,965,710)	14,010,388	(8,472,955,322)
	-	(0)	(0)		-	(0)	(0)

Statement of Financial Performance	As previously reported	Correction of error	Restated		As previously reported	Correction of error	Restated
Service Charges	(314,065,234)	396,972	(313,668,262)	**P_10**	(314,065,234)	-	(314,065,234)
Rental of Facilities and Equipment	(253,219)	-	(253,219)		-	-	-
Interest Earned - External Investments	(62,630,942)	(3,003)	(62,633,945)	**P_05**	(62,036,392)	-	(62,036,392)
Interest Earned - Outstanding Debtors	(43,705,015)	114,784	(43,590,231)	**P_05**	(43,705,015)	-	(43,705,015)
Operational revenue	(21,464,372)	134,864	(21,329,508)	**P_11**	(886,753)	-	(886,753)
Income from Agency Services	(223,956)	-	(223,956)		(145,773)	-	(145,773)
Contract Revenue		(105,756,423)	(105,756,423)	**P_12**	-	(105,756,423)	(105,756,423)
Government Grants and Subsidies Received	(2,042,031,713)	-	(2,042,031,713)		(2,041,757,614)	-	(2,041,757,614)
Other Revenue	-	-	-		-	-	-
Employee Related Costs	719,310,937	116,478	719,427,415	**P_13**	675,897,439	-	675,897,439
Remuneration of Councillors and Board Member	22,725,295	-	22,725,295		21,374,274	-	21,374,274
Depreciation and Amortisation	339,933,762	(32,352,171)	307,581,591	**P_14**	336,010,435	(32,238,318)	303,772,117
Impairment Losses	154,027,405	117,647,277	271,674,682	**P_15**	152,698,668	117,647,277	270,345,945
Bad Debts Written off	292,323	-	292,323		292,323	-	292,323
Finance Costs	15,941,556	2,521,389	18,462,945	**P_16**	15,234,428	2,636,173	17,870,601
Contracted Services	156,935,418	(54,306,610)	102,628,808	**P_17**	148,522,392	(47,882,454)	100,639,938
Repairs and Maintenance	-	43,513,110	43,513,110	**P_18**	-	42,289,589	42,289,589
Transfers and subsidies	295,594,381	20,901,362	316,495,743	**P_19**	351,545,343	14,740,969	366,286,312
Inventory Consumed	81,143,775	32,447,864	113,591,639	**P_20**	79,769,495	15,969,702	95,739,197
Inventory Losses	31,733,715	6,047,872	37,781,587	**P_21**	31,733,715	6,047,872	37,781,587
Contract Costs	-	105,756,423	105,756,423	**P_12**	-	105,756,423	105,756,423
Operational Costs	199,835,035	(8,478,674)	191,356,361	**P_22**	176,909,484	2,729,561	179,639,045
Gains / (Losses) on disposal of assets	18,190,736	0	18,190,736		18,197,051	-	18,197,051
Reversal of Impairment	(4,468,088)	(9,576)	(4,477,664)	**P_23**	(4,468,088)	(9,576)	(4,477,664)
Actuarial Gains / (Losses)	(2,601,000)	-	(2,601,000)		(2,601,000)	-	(2,601,000)
Gains / (Losses) on disposal of Biological Assets	(3,118,679)	-	(3,118,679)		-	-	-
Biological Assets - Gains	(4,313,746)	-	(4,313,746)		-	-	-
Biological Assets - Losses	650,200	-	650,200		-	-	-
Surplus for the year	**(462,561,426)**	**128,691,939**	**(333,869,487)**		**(461,480,822)**	**121,930,795**	**(339,550,027)**

	Economic Entity			Controlling Entity		
Figures in Rand						

52. Prior-year adjustments (Continued)

Cash Flow Statement	As previously reported	Correction of error	Restated	As previously reported	Correction of error	Restated
Service Charges	192,681,714	(60,827,026)	131,854,688	1,464,892	(60,827,026)	(59,362,134)
Interest income	69,149,026	65,023,556	134,172,582	1,930,054,929	65,023,556	1,995,078,485
Other receipts	23,178,187	(194,521,061)	(171,342,874)	(1,206,288,478)	(132,734,644)	(1,339,023,122)
Transfers and subsidies	2,049,958,961	(61,348,233)	1,988,610,728	(3,366,428)	(288,365)	(3,654,793)
Suppliers and Employees	(1,346,770,360)	273,058,822	(1,073,711,538)	(351,545,343)	150,212,534	(201,332,809)
Finance Costs	(4,073,556)	(2,636,173)	(6,709,729)	631,555,762	(2,636,173)	628,919,589
Transfers and Subsidies	(351,545,343)	(14,740,969)	(366,286,312)	-	(14,740,969)	(14,740,969)
Net cash flows from operating activities	**632,578,629**	**4,008,916**	**636,587,545**	1,001,875,334	4,008,913	1,005,884,247
Purchase of property, plant and equipment	(625,584,020)	(4,008,913)	(629,592,933)	-	-	-
Proceeds on Disposal of Fixed Assets	191,176	-	191,176	(624,332,552)	(4,008,913)	(628,341,465)
Purchase of Biological assets	(91,000)	-	(91,000)	-	-	-
Proceeds on Disposal of Biological assets	3,420,479	-	3,420,479	-	-	-
Net cash flows from investing activities	**(622,063,365)**	**(4,008,913)**	**(626,072,278)**	(624,332,552)	(4,008,913)	(628,341,465)
Acquisitions of Long term loans	169,592	-	169,592	(3,342,973)	-	(3,342,973)
(Repayments) of Long term loans	(3,342,973)	-	(3,342,973)	-	-	-
Net cash flows from financing activities	**(3,173,381)**	**-**	**(3,173,381)**	(3,342,973)	-	(3,342,973)
Net increase/(decrease) in cash and cash equivalents	7,341,883	-	7,341,884	468,035,695	(0)	374,199,809
Cash and cash equivalents at the beginning of the year	467,849,700	-	467,849,700	-	-	-
Cash and cash equivalents at the end of the year	**475,191,583**	**-**	**475,191,584**	**468,035,695**	**(0)**	**374,199,809**

Explanations

P_01 - Inventories

Ntinga	358	Correction of prior year inventory
OR Tambo	98,885	Restatement as a result of correction of Water inventory cost.
	99,243	

P_02 - Receivables from Exchange Transactions

Ntinga	(134,864)	Reversal of duplicated invoice
OR Tambo	18,448,736	Reclassified to receivables from non-exchange transactions
OR Tambo	(1,210,787)	Reclassification of reimbursement for legal costs awarded by the court
OR Tambo	267,727,689	Reclassification of VAT input accrual
OR Tambo	921,134	VAT adjustment resulting from omitted accruals
OR Tambo	(116,393,043)	Impairment of government debtors that considered in the prior year
Consolidation	263,000	Re-classification of Ntinga VAT Input Accrual to Receivables from Exchange
Consolidation	(2,292,237)	Elimination of Service debtors
	167,329,628	

P_03 - Receivables from Non-exchange Transactions

OR Tambo	(18,448,736)	Reclassified from receivables from exchange transactions
OR Tambo	1,210,787	Reclassification of reimbursement for legal costs awarded by the court
Consolidation	(1,619,168)	Ntinga unspent grant incorrectly eliminated against Transfer and subsidies in the prior year
	(18,857,117)	

P_04 - Statutory Receivables

OR Tambo	(24,669,101)	Net of VAT accruals reclassified to Receivables and Payables from exchange.
Consolidation	(263,000)	Re-classification of Ntinga VAT Input Accrual to Receivables from Exchange
	(24,932,101)	

P_05 - Interest Earned

Ntinga	(3,003)	Recognition of omitted interest earned
Consolidation	114,784	Elimination of interest charged on outanding services debtors

P_06 - Property, Plant and Equipment

Ntinga	113,853	Correction of prior year depreciation
OR Tambo	90,935,433	Restatement as result of completed project omitted in the prior year
	91,049,286	

P_07 - Payables from Exchange Transactions

Ntinga	(1,953,341)	Correction VAT liability
OR Tambo	(44,366,107)	Accruals omitted in the prior year
OR Tambo	4,650,224	Post Employee related creditors paid in the prior year
OR Tambo	(243,058,588)	Reclassification of VAT output accrual
Consolidation	6,653,288	Unspent Grants eliminated in the prior years
Consolidation	2,292,237	Elimination of Services charges creditor
	(275,782,287)	

P_08 - Payables from Non-exchange Transactions

OR Tambo	40,999,995	Correction of understated balance
Consolidation	(4,541,220)	ECDC liability disclosed as ORT unspent grant in Ntinga's books

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity

52. Prior-year adjustments (Continued)

P_09 - Accumulated Surplus

Ntinga	1,970,989	Unrecorded prior year liabilities
OR Tambo	7,676,678	Water Inventory adjustments
OR Tambo	34,798,802	Omitted accruals
OR Tambo	(4,650,224)	Long service creditor writen-off
OR Tambo	693,327	Correction of National Housing grant
OR Tambo	116,393,043	Government debtors not considered in the prior year
OR Tambo	(91,908,851)	Correction EUL Range
OR Tambo	599,372	Correction of WIP
OR Tambo	1,254,234	Correction of asset impairment
OR Tambo	(9,576)	Correction of asset impairment
OR Tambo	(41,693,327)	Correction of National Housing grant
OR Tambo	(9,143,091)	Reversal of ORT debt impairment in Ntinga's books
Consolidation	8,650,193	Unspent Grants eliminated in the prior years
	24,631,569	

P_10 - Service Charges

Consolidation	396,972	Elimination of Services charges
	396,972	

P_11 - Operational revenue

Ntinga	134,864	Correction duplicated transaction in revenue
	134,864	

P_12 - Contract Revenue

OR Tambo	(105,756,423)	Recognition of construction revenue as a result of change in accounting treatment of Human Settement contract.
	(105,756,423)	

P_13 - Employee Related Costs

Ntinga	116,478	Reclassification of Labour costs included in the Operational Costs
	116,478	

P_14 - Depreciation and Amortisation

Ntinga	(113,853)	Correction of prior year depreciation
OR Tambo	(32,238,318)	Prior year depreciation from infrastructure (water treatment works) that has been capitalized to inventory
	(32,352,171)	

P_15 - Impairment Losses

OR Tambo	116,393,043	Impairment of government debtors that considered in the prior year
OR Tambo	1,254,234	Correction of prior year impairment on infrastructure assets
	117,647,277	

P_16 - Finance Costs

OR Tambo	2,636,173	Interest charged on outstanding Workmen's Compensation
	2,636,173	

P_17 - Contracted Services

OR Tambo	(42,289,589)	Reclassification of Repairs and Maintenance
OR Tambo	(5,592,865)	Accruals omitted in the prior year
Consolidation	(6,424,156)	Reclassification of contracted services transactions from Operational costs
	(54,306,610)	-

P_18 - Repairs and Maintenance

OR Tambo	42,289,589	Reclassification of Repairs and Maintenance from Contracted services
Consolidation	1,223,521	Reclassification of Repairs from Contracted services
	43,513,110	

P_19 - Transfers and subsidies

OR Tambo	14,740,969	Reclassification as a result of correction of Water inventory cost calculation
Consolidation	6,160,393	Correction of unspent grant eliminated against Transfer and Subsidies
	20,901,362	

P_20 - Inventory Consumed

OR Tambo	15,969,702	Change in inventory cost calculation
Consolidation	16,478,162	Reclassification of Inventory Consumed classified as Contracted Services
	32,447,864	

P_21 - Inventory Losses

OR Tambo	6,047,872	Change in inventory cost calculation
	6,047,872	

P_22 - Operational Costs

OR Tambo	2,729,561	Accruals omitted in the prior year
Ntinga	582,743	Accruals omitted in the prior year
Consolidation	(11,790,978)	Reclassification of Ntinga expenditure
	(8,478,674)	

P_23 - Reversal of Impairment

OR Tambo	(9,576)	Correction of PPE impairment reversal
	(9,576)	

	Economic Entity	Controlling Entity
Figures in Rand		

52. Prior-year adjustments (Continued)

Cash Flow Statement
Cash Flow Statement was affected by the changes mentioned above.

Capital Commitments
Capital commitments have been restated from R886 113 970 to R872 820 519.

53. Comparative figures
The comparative figures were restated as a result of the effect of Prior Period Errors (Note 52).

54. Risk management

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. Maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities.

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.

Financial liabilities - Amortised at cost	2025	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	235,875,351	235,875,351	-	-
Payables from exchange transactions - Retentions	92,531,129	92,531,129	-	-
Payables from exchange transactions - Other Creditors	19,885,245	19,885,245	-	-
Payables from Non-Exchange transactions	446,974	446,974	-	-
Consumer Deposits	4,451,794	4,451,794	-	-
Long-term and Current portion of Finance Lease Liabilities	2,020,856	2,020,856	2,205,401	-

Financial liabilities - Amortised at cost	2024	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	258,867,095	258,867,095	-	-
Payables from exchange transactions - Retentions	80,132,309	80,132,309	-	-
Payables from exchange transactions - Other Creditors	15,291,330	15,291,330	-	-
Payables from Non-Exchange transactions	446,974	446,974	-	-
Consumer Deposits	4,081,243	4,081,243	-	-
Long-term and Current portion of Finance Lease Liabilities	2,036,643	2,036,643	1,016,146	-

Credit risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Financial assets exposed to credit risk at year end were as follows:

Financial assets - Amortised at cost	2025	2024
Receivables from Exchange - Sewerage	36,383,304	17,899,870
Receivables from Exchange - Water	116,221,610	61,077,994
Receivables from Exchange - Other Receivables	340,742,962	288,017,469
Receivables from Non-Exchange - Short-term Loans	512,142	-
Receivables from Non-Exchange - Sundry debtors	953,935	5,987
Cash and cash equivalents - Call deposits	692,619,051	506,382,439
Cash and cash equivalents - Bank Balances	78,892,996	32,068,607
Cash and cash equivalents - Petty Cash	11,292	17,950

Interest rate risk
Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances. The municipality limits its counterparty exposures from its money market investment operations by only dealing with registered banks (Absa Bank, First National Bank, Nedbank, Investec and Standard Bank). No investments with a tenure exceedina twelve months are made.

Consumer Debtors comprise of a large number of service debtors, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly. The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates. The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.
Interest Rate Sensitivity Analysis
The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:
Surplus for the year ended 30 June 2025 would have increased / decreased by (R531 586 521) (30 June 2024: R3 338 695). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

54. Risk management (Continued)

Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly. Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank, Standard Bank and Investec. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

• The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;

• A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;

• The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;

• Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties They have been included in the Provision for Impairment of Consumer Debtors.

55. Going concern

Based on the assessment performed by management at end of June 2025, the overall financial position of the municipality has improved and the financial ratios are showing positive signs as compared to previous years. Management believes that the Municipality will continue operating in the foreseeable future.

56. Events after the reporting date

There were not significat events occurred subsequent to the year end,

57. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

58. Unauthorised expenditure

Opening balance	267,349,820	104,400,727	267,349,820	104,400,727
Add: Unauthorised expenditure current year - per vote	547,274,650	264,984,965	547,274,650 -	264,984,965 -
Less: Amounts written off	(241,905,968)	(102,035,872)	(241,905,968)	(102,035,872)
	572,718,502	**267,349,820**	**572,718,502**	**267,349,820**

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

Non-cash items	434,405,757	241,905,968	434,405,757	241,905,968
Cash items	112,868,893	23,078,997	112,868,893	23,078,997
	547,274,650	**264,984,965**	**547,274,650**	**264,984,965**
Analysed as follows: Non-cash items				
Depreciation and amortisation	142,664,576	191,989,943	142,664,576	191,989,943
Write-offs	215,919,966	-	215,919,966	-
Loss on derecognition of infrastructure assets	23,520,438	18,180,284	23,520,438	18,180,284
Water Losses	38,566,749	31,733,715	38,566,749	31,733,715
Loss on disposal of property, plant and equipmer	509,028	2,026	509,028	2,026
Employee benefit obligation: Interest Cost	13,225,000	-	13,225,000	-
	434,405,757	**241,905,968**	**434,405,757**	**241,905,968**
Analysed as follows: Cash items				
Inventory Consumed	18,106,017	-	18,106,017	-
Employee-related costs	94,762,876	23,078,997	94,762,876	23,078,997
	112,868,893	**23,078,997**	**112,868,893**	**23,078,997**
Unauthorised expenditure: Budget overspending - per municipal department				
Rural and Economic Development Planning	3,973,417	-	3,973,417	-
Finance and Administration	24,057,800	-	24,057,800	-
Infrastructure, Water and Sanitation	515,207,029	264,984,965	515,207,029	264,984,965
Environmental	4,036,405	-	4,036,405	-
	547,274,650	**264,984,965**	**547,274,650**	**264,984,965**

Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
Figures in Rand	2025	2024 Restated*	2025	2024 Restated*

58. Unauthorised expenditure (Conntinued)

Cases under investigations
The council resolved that unauthorised expenditure amounting to R23 078 997 (2023/24) on employee related costs should not be written-off until the committee is provided with satisfactory reasons for under budgeting.

Amount written off
After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R241 905 968 being depreciation expense that exceeded its budget.

59. Fruitless and wasteful expenditure

Opening balance	43,599,215	70,237,342	41,552,701	70,237,342
Restatements	-	705,294	-	705,294
Restated balance	**43,599,215**	**70,942,637**	**41,552,701**	**70,942,637**
Add: Fruitless expenditure current year	4,715,552	6,329,483	4,670,132	5,725,200
Add: Fruitless expenditure on capital projects	728,471	-	728,471	-
Less: Amounts recoverable (Covid-19 Allowance	-	(11,989,877)	-	(11,989,877)
Less: Amount recoverable - prior period	(90,434)	-	(90,434)	-
Less: Amounts written off	(4,437,336)	(23,125,259)	(2,995,105)	(23,125,259)
	44,515,467	**42,156,984**	**43,865,764**	**41,552,701**

Details of fruitless and wasteful expenditure - Current year

Interest and penalties	4,589,622	6,235,561	4,544,202	5,631,278
Amounts paid to ex-employees	-	63,247	-	63,247
Costs for late cancellation	125,930	30,675	125,930	30,675
	4,715,552	**6,329,483**	**4,670,132**	**5,725,200**

Cases under investigations
During the Council meeting held on the 27 March 2025, the council resolved that unauthorised expenditure amounting to R23 078 997 on employee related costs should not be written-off until the committee is provided with satisfactory reasons for under budgeting. Furthermore, in the council meeting held on the 30 July 2025 the council resolved that Fruitless and Wasteful Expenditure amounting to R609 218 should not be written-off until the committee completes its investigation.

Amount written off
After the Council committee investigations, Council adopted the council committee recommendation to write-off an amount of R2 995 105 being interest incurred on mainly Eskom and KSD accounts.

Recoverable Amount
After investigations, the council decided to adopt the council committee recommendations to recover an amount of R90 434 (R27 187: Costs for late cancellations and R63,247 amounts paid to ex-employees) from the municipal officials, ex-employees and councillors after it was proven without reasonable doubt that they were liable. The municipality had already recovered R48 696 of the amount paid to ex-employees as at 30 June 2025.

Controlled Entity

Incidents	Disciplinary steps taken/criminal proceedings
Interest and penalties were incurred in relation to over due amounts for South African Revenue Services - VAT (R430,086) and O.R. Tambo District Muniipality - Water provisioning (R 114,784) and Office of Auditor General (R 59,409)	Processes to have amnesty in relation to these amounts are being followed with these institutions.

60. Irregular Expenditure

Restated Opening balance	653,060,462	1,057,306,409	653,060,462	1,057,306,409
Add: Irregular Expenditure - current year	47,088,306	122,120,918	47,088,306	122,120,918
Irregular Expenditure relating to contracts awarded in the current period	-	-	-	-
Irregular Expenditure relating to contracts awarded in prior periods	47,088,306	122,120,918	47,088,306	122,120,918
Restatements - Irregular Expenditure current year	-	-	-	-
Irregular Expenditure relating to contracts awarded in the current period	-	-	-	-
Irregular Expenditure relating to contracts awarded in prior periods	-	-	-	-
Less: Amounts written off	(239,041,293)	(526,366,865)	(236,210,463)	(526,366,865)
Amounts written off - current period	(30,104,020)	-	(30,104,020)	-
Amounts written off - prior periods	(208,937,273)	(526,366,865)	(206,106,443)	(526,366,865)
	461,107,475	**653,060,462**	**463,938,305**	**653,060,462**

Incidents/cases reported in the current year include those listed

Three written quotations not invited	-	-	-	-
Competitive bidding process not followed	47,088,306	122,120,918	47,088,306	122,120,918
Awards to close family member	-	-	-	-
Awards to other state officials	-	-	-	-
	47,088,306	**122,120,918**	**47,088,306**	**122,120,918**

Cases under investigations
The Council resolved that Irregular expenditure amounting to R6 946 439 pertaining to six outstanding vouchers should not be written off until further verification and satisfactory reasons have been provided to the committee.

Amount written off
After the Council committee investigations, council adopted the council committee recommendation to write-off an amount of R236 210 463 being R30 104 020 current year and R206 106 443 prior year as it was proven without reasonable doubt that there was value for the funds irregular spent.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*
61. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government - SALGA				
Opening balance	-	-	-	-
Current year subscription / fee	8,442,200	8,175,316	8,442,200	8,175,316
Amount paid - current year	(8,442,200)	(8,175,316)	(8,442,200)	(8,175,316)
	-	**-**	**-**	**-**
Audit fees				
Opening balance	2,342,266	1,551,736	42,744	-
Current year subscription / fee	14,704,427	16,198,805	14,704,427	13,822,872
Amount paid - current year	(15,425,593)	(15,331,864)	(14,704,427)	(13,780,128)
Amount paid - previous years	(42,744)	-	(42,744)	-
Correction of error	-	(76,411)	-	-
	1,578,356	**2,342,266**	**-**	**42,744**

The balance unpaid represents the audit fee for an audit conducted during May and June 2025 and is payable by 31 July 2025.

61. Additional disclosure in terms of Municipal Finance Management Act				
PAYE and UIF				
Opening balance	995,792	125,803	-	-
Current year subscription / fee	160,141,992	153,903,366	151,896,789	145,595,703
Amount paid - current year	(160,113,510)	(153,033,377)	(151,896,789)	(145,595,703)
	1,024,274	**995,792**	**-**	**-**

The balance represents PAYE, SDL and UIF deducted from the June 2025 payroll. These amounts were paid during July 2025.

Pension and Medical Aid Deductions				
Opening balance	114,077	114,077	-	-
Current year subscription / fee	119,585,469	146,002,925	115,175,378	141,453,045
Amount paid - current year	(119,217,793)	(146,002,925)	(115,175,378)	(141,453,045)
	481,753	**114,077**	**-**	**-**
VAT				
VAT receivable	9,330,144	13,984,583	9,330,144	13,984,583
VAT Payable	(1,122,701)	(4,397,774)	-	-
	8,207,443	**9,586,809**	**9,330,144**	**13,984,583**

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

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

30 June 2025	**Outstanding more than 90 days**	**Total**	**Outstanding more than 90 days**	**Total**
Knock R.	62,068	62,068	62,068	62,068
	62,068	**62,068**	**62,068**	**62,068**

30 June 2024	**Outstanding more than 90 days**	**Total**	**Outstanding more than 90 days**	**Total**
Knock R.	76,619	76,619	76,619	76,619
Ngqongwa N.	142	142	142	142
Sokanyile T.	226	226	226	226
	76,987	**76,987**	**76,987**	**76,987**

Non-Compliance with the Municipal Finance Management Act

The municipality incurred non-compliance to the following section of the indicated chapters of the MFMA during the year under review:
- Section 65(2)(e):- Service providers were not always paid within 30 days as required.
- Section 62(1)(d):- Fruitless and Wasteful expenditure amounting to R4 670 132 disclosed in note 61 which is mostly interest on overdue accounts was incurred during the year.
- Section 62(1)(d):- Unauthorised expenditure amounting to R547 274 650 disclosed in note 60 which is mostly non-cash expenditure was incurred during the year.

62. Awards to close family members of persons in service of state

In terms of the Municipal Supply Chain Management Regulation 45, the Municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including the name of the person, the capacity in which that person is in the service of the state, and the amount of the award.
Management did not identify any cases where tenders were awarded to persons in the service of the state or close family members of the persons in the service of the state during the current financial year.

63. Deviation from supply chain management regulations
Paragraph 12(1) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of written/verbal quotations, formal written quotations and a competitive bidding process, depending on the specified threshold values.

Paragraph 36 of the above mentioned gazette also provides that the accounting officer may dispense with the official procurement process in certain circumstances provided that he/she records the reasons for any deviations, reports them to the next meeting of the Council and include as a note to the financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12 (1) as stated above. The reasons for the deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviations from the normal supply chain management regulation. These deviations have also been reported to Council. The reasons for the deviations were mainly due to emergency cases, sole/single suppliers and impracticality in following the official procurement processes.

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*

63. Deviation from supply chain management regulations (Continued)

Incident				
Emergency in terms of SCM Policy	2,237,478	910,226	2,237,478	910,226
Impractical to obtain quotations	15,156,537	13,232,933	1,453,337	247,091
Sole provider of goods and services in area	7,031,320	14,331,700	7,031,320	14,331,700
	24,425,335	**28,474,859**	**10,722,135**	**15,489,017**

Controlling Entity (ORT DM): The impractical deviations relate to maintenance of municipal vehicles that are still under warranty terms and conditions which require them to serviced at approved dealership workshops. Emergency deviations represent the expenditure incurred on repairing Port Saint Johns infrastructure damaged floods and subseauently declared a disaster area by the National Government.

The following deviations do not have a fixed contract value, they were made on rate or quotation basis:

Impracticality:- Fuel Contracts
Meyers Motors Umtata (Pty) Ltd, SLM Connexions,

Impracticality:- Repairs and Maintenance of vehicles and escalators
Toyota (Buffalo Toyota), New Age Fleet Maintenance, NTT Motors, Eastern Cape Panel City Panel beaters, Griqua Truck, Land rover and Volvo East London, Cybaex (Pty) Ltd, Fezmo trading enterprise, Fleet Dynamic, Kanu Equipment, Khandazonke trading enterprise, Lidz Auto tune motors, Meyers Motor Umtata (Pty) Ltd, Rencor Engineering and Simac Auto Electrical Services.

Impracticality:- professional bodies and training
University of Wits Watersrand, Manufacturing Indaba and IMMSA

Sole provider:- professional bodies and training
IMSA, EAP association, IMPSA, CIGFARO, MILLA SA, SAIEH, Bussynet Advanced Trading, Africa Travel Blaq Origin cc, Institute of Municipal People Practitionery of SA, Prestige conference, SABPP, SA Monitoring & Evaluation Association and The Water Academy.

Impracticality:- rental of parking space
Umthatha Club

Emergency:- Other
Cybaex, Trollec and Target Line

Controlled Entity (Ntinga): These are deviations approved by the Accounting Officer and ratified by the Board of Directors. They were also presented to the Council of the parent municipality. Most of them relate to procurement of livestock from farmers and auctions where it was impractical to follow normal procurement processes such as requesting for at

64. Separate Financial Statements
The OR Tambo DM does not meet all the requirement for preparing separate Financial Statement in line with paragraph 5 of GRAP 35 read in conjunction with paragraph 18 of GARP 34 therefore cannot elect to prepare separate financial statements. OR Tambo DM is not a subsidiary of another entity, therefore may not elect not to consolidate the Ntinga and OR Tambo DM AFS as there is no other parent entity that will prepare consolidation other that OR Tambo DM itself.

65. Consolidated Financial Statements
In line with requirements of GRAP 35 the OR Tambo DM will prepare Consolidated Annual Financial Statements as it has a wholly subsidiary (Ntinga) and it is itself (OR Tambo DM) not a subsidiary of another entity.

66. Disclosure of Interests in Other Entities
The OR Tambo DM did not have any in other entities except for Ntinga development Agency which is accounted for in terms of GRAP 35 (Consolidated Financial Statements) at end of June 2025

The significant judgements and assumptions - Methodology used to determine that OR Tambo DM has control of another entity

OR Tambo DM used the "Rights to relevant activities" method to determine the control of Ntinga development Agency and this is evidenced by the fact that OR Tambo DM has:

- Rights to give policy direction to board of directors to direct the relevant activities of Ntinga Development Agency
- Rights to appoint, reassign or remove Board members of Ntinga Development Agency
- Rights to approve or veto operating and capital budgets relating to the relevant activities of Ntinga Development Agency
- Rights to direct Ntinga Development Agency to enter into, or veto any changes to, transactions for its benefits.
- Rights to veto key changes to Ntinga Development Agency, such as the sale of a major asset

Interests in controlled entities
- Ntinga Development Agency is wholly owned by the OR Tambo DM and does not have a controlled entity therefore on consolidation the economic entity only comprise of OR Tambo DM and Ntinga Development Agency.
- Ntinga Development Agency can only access or use assets, and settle its own liabilities and not those of the economic entity while the OR Tambo DM can access the assets of the economic entity to settle liabilities.

- OR Tambo DM as the only holder of Ntinga development Agency is the ultimately responsible for the risks associated with its interests in Ntinga development Agency.

- There were no changes in the ownership interest in Ntinga development Agency that do not result in a loss of control during the current financial year

67. Living and Non-living resources

Non-living resources

Water
OR Tambo DM purchases water from the Department of Water Affairs, stored in reservoirs and sold or distributed to the community. This water is accounted for in line with GRAP 12 because it has not been extracted from its natural source.

Minerals, oils and gas and other non-regenerative resources
OR Tambo DM's land has not been explored to determine whether it contains deposits of minerals, oil and gas, or other non-regenerative resources. The land owned by the municipality is therefore disclosed under Property, Plant and Equipment in line with GRAP 17. There is no available evidence that the OR Tambo DM's land contain minerals, oils and gas and other non-regenerative resources therefore municipality does not have non-living resources.

Living resources

All OR Tambo DM's living resources are in the custodianship of its municipal entity (Ntinga Development Agency) and will be accounted for in the Consolidated Annual Financial Statement in line with GRAP 27.

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity 2025	Economic Entity 2024 Restated*	Controlling Entity 2025	Controlling Entity 2024 Restated*
	Lost Units	**Value**	**Lost Units**	**Value**
30 June 2025 - Unaccounted Water Losses	3,170,707	30,844,019	3,170,707	30,844,019
30 June 2024 - Unaccounted Water Losses	4,497,306	39,206,455	4,497,306	37,781,587

Water Losses occur due to inter alia , leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

Volumes in KL / year				
Water Inventory - opening balance	73,252	83,626	73,252	83,626
System Input volume	24,174,472	26,742,532	24,174,472	26,742,532
Billed Consumption	(9,874,117)	(11,046,936)	(9,874,117)	(11,046,936)
Free Basic Water provided	(11,113,938)	(11,208,664)	(11,113,938)	(11,208,664)
Water Inventory - closing balance	(88,962)	(73,252)	(88,962)	(73,252)
Commercial Losses	(669,148)	(942,255)	(669,148)	(942,255)
Physical Losses	(2,501,559)	(3,555,051)	(2,501,559)	(3,555,051)
	-	-	-	-
Percentage Distribution Loss	-13%	-17%	-13%	-17%

68. Segment Reporting

Controlling Entity

Factors used to identify reportable segment
In Identifying the reportable segments the municipality assessed all its activities in all departments to determine whether they meet the definition of a segment or not. At the end of this process the municipality came to a conclusion that only three activities that meet the definition of a segment, and these are water services, Sanitation services as well as Fire and Rescue services.

Aggregation of Segments
Water and Sanitation segments have been aggregated because certain expenditure items for these items are not separated and based on that fact that these services are similar in nature, management took a decision to group these activities under one segment.

Services rendered by segments

Water and Sanitation
Water and Sanitation segment provides water and sanitation services to King Sabata Dalindyebo, Mhlontlo, Nyandeni, Port Saint Johns and Ingquza Hill municipalities. Consumers and billed on a monthly basis for the availability of the service and consumption.

Fire and Rescue
Fire and Rescue segment provides fire and emergency services to King Sabata Dalindyebo, King Mhlontlo, Nyandeni, Port Saint Johns and Ingquza Hill municipalities. This services is provided for free.

Controlled Entity
The Entity is organised into four strategic goals and under these goals there are four main segments with main activities and geographical location described as follows:
- Umzikantu Red Meat Abattoir. It is based in Mthatha and its main activity is the provision of slaughter services as well as meat sales.
- Adam Kok Farms. Farms are based in Kokstad and are operated for livestock and crop production.
- Kei Fresh Produce Market. The market is based in Mthatha. It is platform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out at a fee.
- The Entity's mandate includes the repairs and maintenance of water schemes. The function is funded by the parent municipality and the Entity is paid for work done. The Entity is also acting as a paymaster for operators appointed by the parent municipality and generates revenue in the form of implementation fees.

Segments are aggregated for reporting purposes.
'Information reported about these segments is used for evaluating the segments' performance and for making decisions about the allocation of resources.

Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2025	2024 *Restated
64. Segment Reporting (Continued)								
REVENUE								
Revenue from Exchange Transactions								
Service Charges	313,587,345	-	-	-	-	(243,612)	313,343,732	313,668,262
Rental of Facilities and Equipment	-	-	-	250,000	292,674	-	542,674	253,219
Interest Earned - External Investments	59,261,086	-	-	-	-	25,206,658	84,467,744	62,633,945
Interest Earned - Outstanding Debtors	-	-	-	95,400	-	59,025,218	59,120,618	43,590,231
Operational revenue	-	-	19,728,484	6,450	-	6,191,339	25,926,273	21,329,508
Income from Agency Services	-	-	-	-	124,821	135,865	260,686	223,956
Contract Revenue						81,883,432	81,883,432	105,756,423
Total revenue from exchange transactions	**372,848,431**	**-**	**19,728,484**	**351,850**	**417,495**	**90,315,468**	**565,545,159**	**547,455,544**
Revenue from Non-exchange Transactions								
Government Grants and Subsidies Received	1,105,959,202	-	-	-	-	1,214,181,043	2,320,140,245	2,042,031,713
Other Revenue	-	-	-	-	-	1,176,319	1,176,319	-
Total revenue from non-exchange transactions	**1,105,959,202**	**-**	**-**	**-**	**-**	**1,215,357,362**	**2,321,316,564**	**2,042,031,713**
Total revenue	**1,478,807,633**	**-**	**19,728,484**	**351,850**	**417,495**	**1,305,672,830**	**2,886,861,723**	**2,589,487,257**
EXPENDITURE								
Employee Related Costs	(287,660,509)	(50,381,731)	(5,383,308)	(6,383,446)	(2,545,963)	(414,219,241)	(766,574,200)	(719,427,415)
Remuneration of Councillors	-	-	-	-	-	(24,282,473)	(24,282,473)	(22,725,295)
Depreciation and Amortisation	(309,317,927)	(705,751)	(146,570)	-	(553,584)	(5,324,770)	(316,048,602)	(307,581,591)
Impairment Losses	(20,548,960)	-	(24,910)	(31,129)	(37,118)	(220,118)	(20,862,236)	(271,674,682)
Bad Debts Written off	(302,878,630)	-	-	-	-	-	(302,878,630)	(292,323)
Finance Costs	(4,544,202)	-	-	-	-	(14,115,680)	(18,659,882)	(18,462,945)
Contracted Services	(23,597,770)	(148,990)	-	-	-	(107,520,008)	(131,266,768)	(102,628,808)
Repairs and Maintenance	(16,747,479)	-	-	-	-	(12,346,799)	(29,094,278)	(43,513,110)
Transfers and subsidies	(213,757,665)	(2,777,984)	-	-	-	(25,730,666)	(242,266,315)	(316,495,743)
Inventory Consumed	(96,053,482)	-	-	-	-	(31,546,580)	(127,600,062)	(113,591,639)
Inventory Losses	(38,566,749)	-	-	-	-	-	(38,566,749)	(37,781,587)
Contract Costs	-	-	-	-	-	(81,883,432)	(81,883,432)	(105,756,423)
Operational Costs	(71,341,494)	(279,360)	(17,968,747)	(2,541,410)	(3,021,342)	(87,791,733)	(182,944,086)	(191,356,361)
Total expenditure	**(1,385,014,867)**	**(54,293,816)**	**(23,523,535)**	**(8,955,986)**	**(6,158,008)**	**(804,981,500)**	**(2,282,927,713)**	**(2,251,287,922)**
Operating surplus	**93,792,766**	**(54,293,816)**	**(3,795,051)**	**(8,604,136)**	**(5,740,513)**	**500,691,330**	**603,934,010**	**338,199,335**
Gains / (Losses) on Disposal of Property, Plant and Equipment	(18,630,774)	-	-	-	-	(261,806)	(18,892,580)	(18,190,738)
Reversal of Impairment	282,111,293	(42,509)	-	-	-	42,509	282,111,293	4,477,664
Actuarial Gain / (Loss)	(265,276)	(46,575)	-	-	-	(358,149)	(670,000)	2,601,000
Gains / (Losses) on disposal of Biological Assets	-	-	-	-	-	(307,260)	(307,260)	-
Adjustments to Biological Assets	-	-	-	-	-	95,400	95,400	4,313,746
Biological Assets - Gains	-	-	-	-	-	-	-	3,118,679
Biological Assets - Losses	-	-		(814,857)		-	(814,857)	(650,200)
	263,215,243	**(89,084)**	**-**	**-**	**-**	**(789,306)**	**261,521,996**	**(4,329,849)**
Surplus for the year	**357,008,009**	**(54,382,900)**	**(3,795,051)**	**(8,604,136)**	**(5,740,513)**	**499,902,023**	**865,456,006**	**333,869,485**

Segment Statement of Financial Position as at 30 June 2025 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2025	2024 *Restated
64. Segment Reporting (Continued)								
CURRENT ASSETS								
Inventories	1,125,687	-	154,943	-	-	7,742,700	9,023,330	13,220,913
Receivables from Exchange Transactions	159,221,184	-	251,210	514,773	82,869	333,277,841	493,347,877	366,995,333
Receivables from Non-exchange Transactions	-	-	-	-	-	1,466,077	1,466,077	5,991
Prepayments	247,612	-	-	-	-	8,261,292	8,508,904	507,022
VAT Receivable	6,151,862	25,701	-	-	-	3,152,581	9,330,144	13,984,583
Cash and Cash Equivalents	-	-	460,201	5,721	177,244	770,880,173	771,523,339	475,194,589
	166,746,345	**25,701**	**866,354**	**520,494**	**260,113**	**1,124,780,664**	**1,293,199,671**	**869,908,432**
NON-CURRENT ASSETS								
Property, Plant and Equipment	8,793,259,982	20,063,034	1,533,913	5,565,189	8,462,954	129,718,472	8,958,603,544	8,478,243,616
Intangible Assets	-	-	-	-	-	2,190,913	2,190,913	245,501
Heritage Assets	-	-	-	-	-	247,025	247,025	247,025
Biological Assets	-	-	-	-	-	12,106,203	12,106,203	15,653,460
	8,793,259,982	**20,063,034**	**1,533,913**	**5,565,189**	**8,462,954**	**144,262,613**	**8,973,147,685**	**8,494,389,601**
TOTAL ASSETS	**8,960,006,327**	**20,088,735**	**2,400,267**	**6,085,683**	**8,723,067**	**1,269,043,277**	**10,266,347,356**	**9,364,298,033**
CURRENT LIABILITIES								
Consumer Deposits	4,451,794	-	-	-	-	-	4,451,794	4,081,243
Employee Benefit Liabilities	32,942,182	5,783,737	-	-	-	50,011,371	88,737,290	83,388,934
Payables from Exchange Transactions	-	-	176,326	686,098	2,372,674	629,872,263	633,107,361	627,584,420
Payables from Non-exchange Transactions	-	-	-	-	-	6,290,344	6,290,344	3,647,981
Unspent Conditional Grants and Receipts	5,478,798	-	-	-	-	6,068,396	11,547,194	4,541,221
VAT Payable	-	-	-	-	-	1,886,437	1,886,437	4,660,773
Current Portion of Finance Lease Liabilities						2,020,856	2,020,856	2,036,643
	42,872,774	**5,783,737**	**176,326**	**686,098**	**2,372,674**	**696,149,668**	**748,041,277**	**729,941,216**
NON-CURRENT LIABILITIES								
Long - term liabilities	2,028,208	4,628				172,565	2,205,401	1,016,146
Employee Benefit Liabilities	50,161,760	8,807,020				67,723,220	126,692,000	109,388,000
	52,189,968	**8,811,647**	**-**	**-**	**-**	**67,895,785**	**128,897,401**	**110,404,146**
TOTAL LIABILITIES	**95,062,742**	**14,595,385**	**176,326**	**686,098**	**2,372,674**	**764,045,454**	**876,938,678**	**840,345,362**
Net Assets	**8,864,943,586**	**5,493,350**	**2,223,941**	**5,399,585**	**6,350,393**	**504,997,824**	**9,389,408,678**	**8,523,952,672**
Accumulated surplus / (Deficit)	8,864,943,586	5,493,350	2,223,941	5,399,585	6,350,393	487,020,366	9,371,431,220	8,505,975,214
Revaluation Surplus	-	-	-	-	-	17,977,458	17,977,458	17,977,458
	8,864,943,586	**5,493,350**	**2,223,941**	**5,399,585**	**6,350,393**	**504,997,824**	**9,389,408,678**	**8,523,952,672**

Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2024
64. Segment Reporting (Continued)							
REVENUE							
Revenue from Exchange Transactions							
Service Charges	313,668,261	-	-	-	-	-	313,668,262
Rental of Facilities and Equipment	-	-	-	-	253,219	-	253,219
Interest Earned - External Investments	43,705,015	-	-	-	-	18,928,930	62,633,945
Interest Earned - Outstanding Debtors	-	-	-	-	-	43,590,231	43,590,231
Operational revenue	-	-	19,658,527	8,031,239	-	(6,360,258)	21,329,508
Income from Agency Services	-	-	-	-	78,183	145,773	223,956
Contract Revenue						105,756,423	105,756,423
Total revenue from exchange transactions	**357,373,276**	**-**	**19,658,527**	**8,031,239**	**331,402**	**162,061,099**	**547,455,544**
Revenue from Non-exchange Transactions							
Government Grants and Subsidies Received	1,018,294,050	`	-	-	-	1,023,463,564	2,042,031,713
Other Revenue	-	-	-	-	-	-	-
Total revenue from non-exchange transactions	**1,018,294,050**	**-**	**-**	**-**	**-**	**1,023,463,564**	**2,042,031,713**
Total revenue	**1,375,667,326**	**-**	**19,658,527**	**8,031,239**	**331,402**	**1,185,524,663**	**2,589,487,257**
EXPENDITURE							
Employee Related Costs	(255,581,608)	(46,844,633)	(4,784,408)	(6,409,056)	(2,572,460)	(403,235,250)	(719,427,415)
Remuneration of Councillors	-	-	-	-	-	(22,725,295)	(22,725,295)
Depreciation and Amortisation	(302,949,141)	(591,695)	(176,370)	(557,740)	(678,623)	(2,628,022)	(307,581,591)
Impairment Losses	(270,345,946)	-	-	(1,328,736)	-	-	(271,674,682)
Bad Debts Written off	(292,323)	-	-	-	-	-	(292,323)
Finance Costs	(5,631,278)	-	-	-	-	(12,831,667)	(18,462,945)
Contracted Services	(7,687,168)	(58,500)	-	-	-	(94,883,140)	(102,628,808)
Repairs and Maintenance	(23,644,025)	-				(19,869,085)	(43,513,110)
Transfers and subsidies	(300,141,188)	(3,807,628)	-	-	-	(12,546,927)	(316,495,743)
Inventory Consumed	(95,235,416)	-	-	-	-	(18,356,223)	(113,591,639)
Inventory Losses	(37,781,587)	-	-	-	-	-	(37,781,587)
Contract Costs	-	-				(105,756,423)	(105,756,423)
Operational Costs	(72,290,598)	(374,790)	(17,953,313)	(4,077,218)	(2,915,471)	(93,744,971)	(191,356,361)
Total expenditure	**(1,371,580,279)**	**(51,677,246)**	**(22,914,091)**	**(12,372,750)**	**(6,166,554)**	**(786,577,003)**	**(2,251,287,922)**
Operating surplus	**4,087,047**	**(51,677,246)**	**(3,255,564)**	**(4,341,511)**	**(5,835,152)**	**398,947,660**	**338,199,335**
Actuarial Gain / (Loss)	(18,147,752)	(35,444)	-	-	-	(7,543)	(18,190,738)
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	4,477,664	4,477,664
Gains / (Losses) on Disposal of Property, Plant and Equipment	980,826	180,268	-	-	-	1,439,905	2,601,000
Biological Assets - Adjustments	-	-	-	-	-	4,313,746	4,313,746
Biological Assets - Losses	-	-	-	(650,000)	-	3,768,679	3,118,679
Reversal of Impairment	-	-	-	-	-	(650,200)	(650,200)
	(17,166,925)	**144,825**	**-**	**(650,000)**	**-**	**13,342,251**	**(4,329,849)**
Surplus for the year	**(13,079,878)**	**(51,532,421)**	**(3,255,564)**	**(4,991,511)**	**(5,835,152)**	**412,289,912**	**333,869,485**

Segment Statement of Financial Position as at 30 June 2023 - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2024
64. Segment Reporting (Continued)							
CURRENT ASSETS							
Inventories	615,388	-	182,489	145,225	-	12,277,811	13,220,913
Receivables from Exchange Transactions	81,404,303	-	522,709	-	-	285,068,321	366,995,333
Receivables from Non-exchange Transactions	241	-	-	-	-	5,750	5,991
Prepayments	247,613	-		-	-	259,409	507,022
VAT Receivable	8,020,208	62,673	-	-	-	5,901,701	13,984,583
Cash and Cash Equivalents	-	-	752,272	226,780	102,693	474,112,845	475,194,589
	90,287,753	**62,673**	**1,457,470**	**372,005**	**102,693**	**777,625,837**	**869,908,432**
NON-CURRENT ASSETS							
Property, Plant and Equipment	8,411,441,305	16,428,526	1,633,351	28,881,331	4,744,992	15,114,111	8,478,243,616
Intangible Assets	-	-	-	-	-	245,501	245,501
Heritage Assets	-	-	-	-	-	247,025	247,025
Biological Assets	-	-	-	-	-	15,653,460	15,653,460
	8,411,441,305	**16,428,526**	**1,633,351**	**28,881,331**	**4,744,992**	**31,260,097**	**8,494,389,601**
TOTAL ASSETS	**8,501,729,058**	**16,491,199**	**3,090,821**	**29,253,336**	**4,847,685**	**808,885,934**	**9,364,298,033**
CURRENT LIABILITIES							
Consumer Deposits	4,081,243	-	-	-	-	-	4,081,243
Employee Benefit Liabilities	29,330,248	5,390,673	-	-	-	48,668,013	83,388,934
Payables from Exchange Transactions	-	-	-	-	-	627,584,420	627,584,420
Payables from Non-exchange Transactions	241	-	-	-	-	3,647,740	3,647,981
Unspent Conditional Grants and Receipts	-	-	-	-	-	4,541,221	4,541,221
VAT Payable	-	-	-	-	-	4,660,773	4,660,773
Current Portion of Long-term Liabilities	1,799,622	3,515	-	-	-	233,506	2,036,643
	35,211,354	**5,394,188**	**-**	**-**	**-**	**689,335,674**	**729,941,216**
NON-CURRENT LIABILITIES							
Long - term liabilities	639,769	1,250	-	-	-	205,535	1,016,146
Employee Benefit Liabilities	41,249,764	7,581,388	-	-	-	60,556,848	109,388,000
	41,889,534	**7,582,638**	**-**	**-**	**-**	**60,762,383**	**110,404,146**
TOTAL LIABILITIES	**77,100,887**	**12,976,825**	**-**	**-**	**-**	**750,098,057**	**840,345,362**
Net Assets	**8,424,628,171**	**3,514,374**	**3,090,821**	**29,253,336**	**4,847,685**	**58,787,877**	**8,523,952,672**
Accumulated surplus / (Deficit)	8,424,628,171	3,514,374	3,090,821	29,253,336	4,847,685	40,810,419	8,505,975,214
Revaluation Surplus	-	-	-	-	-	17,977,458	17,977,458
	8,424,628,171	**3,514,374**	**3,090,821**	**29,253,336**	**4,847,685**	**58,787,877**	**8,523,952,672**

Segment Statement of Financial Performance - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & RESCURE	OTHER DEPARTMENTS	TOTALS
64. Segment Reporting (Continued)				
REVENUE				
Revenue from Exchange Transactions				
Service Charges	313,587,345	-	-	313,587,345
Interest Earned - External Investments	-	-	84,191,713	84,191,713
Interest Earned - Outstanding Debtors	59,261,086	-	-	59,261,086
Operational revenue	-	-	2,140,561	2,140,561
Income from Agency Services	-	-	135,865	135,865
Contract Revenue	-	-	81,883,432	81,883,432
Total revenue from exchange transactions	**372,848,431**	**-**	**168,351,571**	**541,200,002**
Revenue from Non-exchange Transactions				
Transfer revenue				
Government Grants and Subsidies Received	1,105,959,202	-	1,206,429,178	2,312,388,380
Other Revenue	-	-	1,176,319	1,176,319
Total revenue from non-exchange transactions	**1,105,959,202**	**-**	**1,207,605,497**	**2,313,564,699**
Total revenue	**1,478,807,633**	**-**	**1,375,957,068**	**2,854,764,701**
EXPENDITURE				
Employee Related Costs	(286,957,041)	(50,381,731)	(387,419,715)	(724,758,487)
Remuneration of Councillors	-	-	(23,127,512)	(23,127,512)
Depreciation and Amortisation	(309,317,927)	(705,751)	(3,640,898)	(313,664,576)
Impairment Losses	(20,548,960)	-	-	(20,548,960)
Bad Debts Written off	(302,878,630)	-	-	(302,878,630)
Finance Costs	(4,544,202)	-	(13,512,045)	(18,056,247)
Contracted Services	(23,597,770)	(148,990)	(104,837,975)	(128,584,735)
Repairs and Maintenance	(16,747,479)	-	(11,510,650)	(28,258,129)
Transfers and subsidies	(213,757,665)	(2,777,984)	(68,495,747)	(285,031,396)
Inventory Consumed	(96,053,482)	-	(14,199,769)	(110,253,251)
Inventory Losses	(38,566,749)	-	-	(38,566,749)
Contract Costs	-	-	(81,883,432)	(81,883,432)
Operational Costs	(71,341,494)	(279,360)	(98,866,715)	(170,487,569)
Total expenditure	**(1,384,311,399)**	**(54,293,816)**	**(807,494,458)**	**(2,246,099,673)**
Operating surplus	**94,496,234**	**(54,293,816)**	**568,462,610**	**608,665,028**
Gains / (Losses) on disposal of assets	(18,630,774)	(42,509)	(219,298)	(18,892,580)
Reversal of Impairment and other provisions	282,111,293	-	-	282,111,293
Actuarial Gains / (Losses)	(265,276)	(46,575)	(358,149)	(670,000)
	263,215,243	**(89,084)**	**(577,446)**	**262,548,713**
Surplus for the year	**357,711,477**	**(54,382,900)**	**567,885,164**	**871,213,741**

Segment Statement of Financial Position as at 30 June 2025 - Contolling Entity

Figures in Rand

	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
64. Segment Reporting (Continued)				
CURRENT ASSETS				
Inventories	1,125,687	-	7,132,273	8,257,960
Receivables from Exchange Transactions	159,221,184	-	331,054,857	490,276,041
Receivables from Non-exchange Transactions	-	-	1,439,455	1,439,455
Prepayments	247,612	-	8,001,882	8,249,496
VAT Receivable	6,151,862	25,701	3,152,581	9,330,144
Cash and Cash Equivalents	-	-	764,666,192	764,666,192
	166,746,345	**25,701**	**1,115,447,240**	**1,282,219,288**
NON-CURRENT ASSETS				
Property, Plant and Equipment	8,793,259,982	20,063,034	103,503,087	8,916,826,103
Intangible Assets	-	-	2,185,996	2,185,996
Heritage Assets	-	-	247,025	247,025
	8,793,259,982	**20,063,034**	**105,936,108**	**8,919,259,124**
TOTAL ASSETS	**8,960,006,327**	**20,088,735**	**1,221,383,348**	**10,201,478,412**
CURRENT LIABILITIES				
Consumer Deposits	4,451,794	-	-	4,451,794
Employee Benefit Liabilities - Current portion	32,942,182	5,783,737	44,475,126	83,201,045
Payables from Exchange Transactions	-	-	609,888,074	609,888,074
Payables from Non-exchange Transactions	-	-	5,843,370	5,843,370
Unspent Conditional Grants and Receipts	5,478,798	-	-	5,478,798
Current Portion of Finance Lease Liabilities	1,696,264	3,870	19,966	1,720,101
	44,569,038	**5,787,608**	**660,226,536**	**710,583,182**
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	2,028,208	4,628	23,873	2,056,709
Employee Benefit Liabilities	50,161,760	8,807,020	67,723,220	126,692,000
	52,189,968	**8,811,647**	**67,747,093**	**128,748,709**
TOTAL LIABILITIES	**96,759,006**	**14,599,255**	**727,973,629**	**839,331,891**
Net Assets	**8,863,247,321**	**5,489,480**	**493,409,719**	**9,362,146,521**
Accumulated surplus / (Deficit)	8,863,247,321	5,489,480	475,432,261	9,344,169,063
Revaluation Surplus	-	-	17,977,458	17,977,458
	8,863,247,321	**5,489,480**	**493,409,719**	**9,362,146,521**

Segment Statement of Financial Performance - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & RESCURE	OTHER DEPARTMENTS	2024 Restated*
64. Segment Reporting (Continued)				
REVENUE				
Revenue from Exchange Transactions				
Service Charges	314,065,233	-	-	314,065,234
Interest Earned - External Investments	-	-	62,036,392	62,036,392
Interest Earned - Outstanding Debtors	43,705,015	-	-	43,705,015
Operational revenue	-	-	886,753	886,753
Income from Agency Services	-	-	145,773	145,773
Contract Revenue	-	-	105,756,423	105,756,423
Total revenue from exchange transactions	**357,770,248**	**-**	**168,825,341**	**526,595,590**
Revenue from Non-exchange Transactions				
Transfer revenue				
Government Grants and Subsidies Received	1,018,294,050	-	1,023,463,564	2,041,757,614
Other Revenue	-	-	-	-
Total revenue from non-exchange transactions	**1,018,294,050**	**-**	**1,023,463,564**	**2,041,757,614**
Total revenue	**1,376,064,298**	**-**	**1,192,288,905**	**2,568,353,204**
EXPENDITURE				
Employee Related Costs	(254,878,140)	(46,844,633)	(374,174,666)	(675,897,439)
Remuneration of Councillors	-	-	(21,374,274)	(21,374,274)
Depreciation and Amortisation	(302,949,141)	(591,695)	(231,281)	(303,772,117)
Impairment Losses	(270,345,946)	-	-	(270,345,945)
Bad Debts Written off	(292,323)	-	-	(292,323)
Finance Costs	(5,631,278)	-	(12,239,323)	(17,870,601)
Contracted Services	(7,687,168)	(58,500)	(92,894,270)	(100,639,938)
Repairs and Maintenance	(23,644,025)	-	(18,645,564)	(42,289,589)
Transfers and subsidies	(300,141,188)	(3,807,628)	(62,337,496)	(366,286,312)
Inventory Consumed	(95,235,416)	-	(503,781)	(95,739,197)
Inventory Losses	(37,781,587)	-	-	(37,781,587)
Contract Costs	-	-	(105,756,423)	(105,756,423)
Operational Costs	(72,290,598)	(374,790)	(106,973,657)	(179,639,045)
Total expenditure	**(1,370,876,810)**	**(51,677,246)**	**(795,130,735)**	**(2,217,684,790)**
Operating surplus	**5,187,488**	**(51,677,246)**	**397,158,170**	**350,668,414**
Actuarial Gain / (Loss)	980,826	180,268	(13,856)	2,601,000
Gains / (Losses) on Disposal of Property, Plant and Equipment	(18,147,752)	(35,444)	1,439,905	(18,197,051)
Reversal of Impairment	-	-	4,477,664	4,477,664
	(17,166,925)	**144,825**	**5,903,714**	**(11,118,387)**
Surplus for the year	**(11,979,438)**	**(51,532,421)**	**403,061,884**	**339,550,027**

Segment Statement of Financial Position as at 30 June 2024 - Controlling Entity

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	2024 Restated*
64. Segment Reporting (Continued)				
CURRENT ASSETS				
Inventories	615,388	-	11,734,989	12,350,377
Receivables from Exchange Transactions	81,404,303	-	287,097,558	368,501,861
Receivables from Non-exchange Transactions	241	-	1,573,894	1,574,135
Prepayments	247,613	-	-	247,614
VAT Receivable	8,020,208	62,673	5,901,701	13,984,583
Cash and Cash Equivalents	-	-	468,035,695	468,035,695
	90,287,753	**62,673**	**774,343,837**	**864,694,265**
NON-CURRENT ASSETS				
Property, Plant and Equipment	8,411,441,305	16,428,526	6,421,554	8,434,291,385
Intangible Assets	-	-	211,952	211,952
Heritage Assets	-	-	247,025	247,025
	8,411,441,305	**16,428,526**	**6,880,531**	**8,434,750,362**
TOTAL ASSETS	**8,501,729,058**	**16,491,199**	**781,224,368**	**9,299,444,627**
CURRENT LIABILITIES				
Consumer Deposits	4,081,243	-	-	4,081,243
Employee Benefit Liabilities - Current portion	29,330,248	5,390,673	43,058,364	77,779,285
Payables from Exchange Transactions	-	-	611,616,294	611,616,294
Payables from Non-exchange Transactions	241	-	3,200,766	3,201,007
Unspent Conditional Grants and Receipts	-	-	-	-
Current Portion of Finance Lease Liabilities	1,799,622	3,515	1,374	1,804,511
	35,211,354	**5,394,188**	**657,876,798**	**698,482,340**
NON-CURRENT LIABILITIES				
Finance Lease Liabilities	639,769	1,250	488	641,507
Employee Benefit Liabilities	41,249,764	7,581,388	60,556,848	109,388,000
	41,889,534	**7,582,638**	**60,557,336**	**110,029,507**
TOTAL LIABILITIES	**77,100,887**	**12,976,825**	**718,434,134**	**808,511,847**
Net Assets	**8,424,628,171**	**3,514,374**	**62,790,234**	**8,490,932,780**
Accumulated surplus / (Deficit)	8,424,628,171	3,514,374	62,790,234	8,472,955,322
	-	-	-	17,977,458
	8,424,628,171	**3,514,374**	**62,790,234**	**8,490,932,780**