Midvaal Local Municipality
(Demarcation code GT422)
Annual Financial Statements
for the year ended 30 June 2026
Auditor-General of South Africa (AGSA)
Chartered Accountants (S.A.)
Registered Auditors

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General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The main business operations of the municipality is to engage in local government activities, which includes planning and promotion of integrated development planning, land use management, economic and environmental development and supplying of the following services to the community. General Services - All types of services rendered by the municipality, excluding the supply of housing to the community. Waste Management Services - the collection and disposal of waste. Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers of the municipality in licensed areas. Waste Water Management - Collection and purification of waste water. Water Services - Supply of purified water.
Legislation governing the municipality's operations	Division of Revenue Act (Act 1 of 2007) Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of South Africa (Act 108 of 1998) Municipal Property Rates Act (Act of 6 2004)

Executive mayor and chairperson of mayoral commitee

Portfolio	**Councillor**
Executive Mayor and Chairperson of Mayoral Committee	Ald. Peter John Teixeira
Speaker	Ald. Alan Ross McLoughlin
Chief WIP	Ald. Philippus Christoffel Pretorius
MMC - Corporate	Cllr. Mokete Ishmael Motsamai
MMC - Community	Cllr. Marry-Anne Myburgh
MMC - Engineering	Cllr. Reginald James Hubbard
MMC - Development and Planning	Cllr. Thembekile Martha Maduna
MMC - Finance	Ald. Patricia Daphne Hutcheson
MMC - Public Safety and Roads	Cllr. Chantal Lynette Gomes

Executive management

Position	**Name**
Municipal Manager	Mr P Magodi
Executive Director: Engineering	Ms L Thwala
Executive Director: Corporate Services	Mr S Cave
Executive Director: Development and Planning	Mr K Mokwena
Executive Director: Community Services	Ms A Ntengenyane
Executive Director: Public Safety and Roads	Mr E Lensley

General Information

Council Members

Nr	Surname	Initials	Nr	Surname	Initials
1	Swart	P	2	Janse van Rensburg	S
3	Jordaan	BJ	4	Myburgh	M
5	Pretorius	PD	6	Sithole	TS
7	Visser	LTH	8	Ndebele	MM
9	Hubbard	RJ	10	Mokhomo	DT
11	Maimane	MA	12	Kruger	MC
13	Viljoen	GJ	14	Pretorius	PC
15	Dickinson	AH			

Grading of local authority	Grade 4 Local Municipality
Registered head office	25 Mitchell Street Meyerton Gauteng 1961
Postal address	P.O.Box 9 Meyerton 1960
Bankers	Nedbank
Auditors	Auditor-General of South Africa (AGSA)
Demarcation code	GT422
Legal representative	Panel of attorneys appointed for cost effectiveness: Lusenga Attorneys Inc, Seleka Attorneys Inc, Klopper Jonker Inc, Madhlopa & Thenga Inc, AV Theron & Swanepoel, Madiba Motsai Masitemyame & Githiri Attorneys, Katlego Ralikhuvhana Mokgola Inc, Ramatshila-Mugeri Attorney, Mamatela Attorneys, Enderstein Malumbete Inc, Mkhabela Huntley Attorneys Inc, Blignaut Neerhoo Inc, Mdau & Netshipise Attorneys, Cheadle Thompson & Haysom Inc, Majang & Associates Inc, Mmakola Matsimela Inc, Matabena Inc, Bright Rikhotso Inc, Cavanagh & Richards Attorneys Inc

Abbreviations

AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
CFO	Chief Financial Officer
DBSA	Development Bank of South Africa
DSCAR	Department of Sport, Arts, Culture and Recreation
DPCI	Directorate for Priority Crime Investigation
ECL	Expected credit losses
EIR	Effective interest rate
ED	Executive Director
GFS	Government Finance Statistics
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communication Technology
INEP	Integrated Electrification Programme
IWA	International Water Association
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
LGD	Loss given default
NDPG	Neighbourhood Development Partnership Grant
PD	Probability of default
PPE	Property, Plant and Equipment
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	Supply Chain Management
VAT	Value-Added Tax
WSIG	Water and Sanitation Infrastructure Grant

Accounting Officer's Responsibilities and Approval

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

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

I, as the accounting officer acknowledges 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 us to meet these responsibilities, we 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. In the year under review , the systems of internal control have been boosted by municipal ICT infrastructure upgrade and migration. The improved firewall protections, access protocols, encryptions and password complexities have enabled the accounting officer to fulfil this responsibility. 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 operational 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. This assurance is further supported by the fact that all MSCOA version and patch upgrades were implemented in line with National Treasury's requirements. 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 2027 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. An assessment to this effect has been confirmed by Gauteng Provincial Treasury, as an independent structure and Ratings Afrika being a ratings agency that specialises in ratings and gauging financial soundness and governance. The annual financial statements are prepared on the basis that the municipality is a going concern and that Midvaal Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's senior management team, external auditors and other oversight governance structures of Council.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 38 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 Governments determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented separately.The annual financial statements set out on pages 13 to 127 which have been prepared on the going concern basis, were approved and signed by the accounting officer:

Accounting Officer
Mr. P Magodi

Meyerton

31 August 2026

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2026.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 47,563,136 (2025: surplus R 68,295,049).

2. Going concern

I draw attention to the fact that at 30 June 2026, the municipality had a surplus of R 47,563,136 and that the municipality's total assets exceed its liabilities by R 2,667,947,130 .

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

The municipality has assessed that no going concern issues have been noted and that the municipality can continue in operational existence for the foreseeable future.

The financial indicators are as follows:

	2025/26	2024/25
Current ratio (norm 2:1)	2.48:1	2.84:1
Cost coverage ratio (norm 3 months or more)	3.32 months	3.83 months
Creditors days (norm 30 days)	30 days	30 days
Debtors collection rate	91.49%	90.35%

3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year, that may need to be adjusted for or disclosed in the Annual Financial Statements.

4. Accounting policies

The annual financial statements prepared in accordance with the Municipal Finance Management Act and effective standards of Generally Recognised Accounting Practices, including any interpretations of such Statements issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - March 2012) and the hierachy approved in Directive 5 issued by the Accounting Standards Board.

5. Integrity management

Values reflect the core guidelines of Midvaal Local Municipal (MLM) and by following it enusres, we remain on the right path. A customer centric approach shapes the values of Midvaal. This defines the character of Midvaal Local Municipality and the foundation on which leadership and employees behave and conduct themselves and guides the way in which decisions are made. Furthermore, our change in approach requires us to prioritise values that create a new behaviour within Midvaal Local Municipality.

The Values of MLM are:
- Equity
- Accessibility and Communication
- Collaboration
- Innovation
- Safety and Security
- Forward-thinking
- Decisive decision making

5. Integrity management (continued)

Council's stance to fraud and corruption is zero tolerance. In line with this, the efficient application of instructions contained in the policies and procedures of Midvaal, is one of the most important duties to be applied by every employee in the execution of their daily tasks.

The Human Resource Value System is to provide a quality intergrated human resources service by creating a safe, healthy and supportive environment when MLM staff are valued, respected and able to realize their full potential.

These values include:
- Integrity
- Innovation
- Diversity
- Team Spirit
- Accountable
- Realizing Potential

Following a review of the existing integrity management maturity, MLM developed the Integrity Management Strategy and Implementation Plan.

We believe that by focusing on the following 5 key objectives we will improve the culture and manage our ethics risks:
1. Set a strong ethical tone with clear standards;
2. Develop a professional workforce in a respectful workplace;
3. Actively manage operational fraud, corruption and ethics risks;
4. Ensure effective consequence management; and
5. Work with communities and service providers.

The Ethics Management Framework refers to all interventions at stretegic , systems and operational levels, which is intended to improve ethics. The generic Ethics Management Framework, developed by The Ethics Institute and adopted by Midvaal, is aligned to the King IV report on Good Corporate Governance and the Public Service Integrity Management Framework.

The 4 main pillars of this framework focus on the following:

1. Leadership Commitment

2. Governance Structures

3. Management of ethics

   3.1 Ethics Risk Assessment

   3.2 Ethics Strategy

   3.3 Code and Policies

   3.4 Instituionalisation (Creating an ethcial culture)

   3.5 Monitoring and Reporting

4. Independent assessment and external reporting

The Integrity Management Policy & Plan, approved by Council Resolution C2359/08/2020 dated 27 August 2020 is still relevant with no amendments required to the policy for the period under review, due to no legislative changes and/or amendments.

The main principles included in the Policy and Plan are the following:

5. Integrity management (continued)

1. Creating a culture which is ethical and intolerant to fraud and corruption;
2. Deterrence of fraud and corruption;
3. Preventing fraud and corruption which cannot be deterred;
4. Detection of fraud and corruption;
5. Investigating detected fraud and corruption;
6. Taking appropriate action in the event of such irregularities, e.g. disciplinary action (consequence management), recovery of losses, to the extent required, and prosecution; and
7. Applying sanctions, that includes blacklisting and prohibition from further employment.

Council has a very strong attitude towards legislative compliance, specifically supply chain management principles and also the proper functioning of the Audit, Performance, Integrity & Risk Management Committee, referred to as the Committee, Municipal Public Accounts Committee (MPAC) and the Financial Disciplinary Board (FDB). These committees are functioning without councillor and/or political interference.

Where required, matters are reported to the relevant external authorities for further investigation. Appropriate and relevant consequence management is initiated to prevent recurrence, as and when required/identified.

The components of the Policy and Plan also focuses on the following:
1. The organisation;
2. Employees;
3. Stakeholders;
4. Enforcement;
5. Implementation.

All staff, including senior management and councillors, are obliged to annually declare specific personal assets and private business interests. These Annual Financial Declarations are subjected to verification and where identified life-style audits are done.

Declarations include the following:
1. Shares and other financial interests (not bank accounts with financial institutions);
2. Directorships and partnerships (also those held by the spouse and close family members);
3. Remunerated work outside of the municipality;
4. Consultancies and retainerships;
5. Sponsorships;
6. Gifts and hospitality from a source other than a family member (exceeding the value of R350 over a 12 month period);
7. Land and property registered in their name;
8. Vehicle(s) owned (registered) in their name;
9. Participation in elections.

There are certain behaiviours that are destructuve to ethical governance and should be avoided and others that are supportive of ethical governance and should be promoted.

The Local Government: Municipal Structures Amendment Act, Act 3 of 2021, sets out the Code of Conduct for Councillors and the Local Government: Municipal Systems Act, Act 32 of 2000 sets out the Code of Conduct for Municipal Staff Members. While these codes contain vital principles of general conduct, they are predominantly a list of "do's" and "don'ts" that councillors and staff members must abide by in terms of their personal conduct. As the names say, they are Codes of Conduct.

The Code of Ethical Leadership in Local Government contains some elements of personal conduct, it is predominantly about the role that leaders should play to ensure ethicaland effective municipalities. So instead of being a code of personal conduct, it is a governance code, like the Kind Code for Corporate Governance. It guides leaders on how to create a well-governed and effective organisations.

This Code therefore aims to be a tool to help municipal leaders navigate this challenging terrain. It clarifies what practices have been proven by research to undermine ethical governance and should therefore be avoided and what practices are enabling and should be persued. This code has been developed for municipal leaders who want to be part of the solution - who want to build a better local government and a better South Africa.

The objective of the seven principles of the Code is to achieve an ethical culture and trust to maintain a well-functioning municipality.

Accounting Officer's Report

5. Integrity management (continued)

All incidents reported via the Ethics Hotline are attended to in terms of Coucil's policy. The status of reported cases is as follows:

The status of reported cases is as follows:

	2022/2023	2023/2024	2024/2025	2025/2026
Total Number of Cases reported	38	23	14	16
Total Number of Cases resolved	24	11	7	8
Total Number of Cases under investigation	14	12	7	8
% Resolved	63%	48%	50%	50%

The primary reported transgressions are summarized as follows:
1. Recruitment/Appointment related irregulaties
2. Meter tempering and/or illegal by-passing of electricity/water meters
3. Transgression of Code of Conduct for Municipal Staff
4. Alleged fraudulent issuing of Certificates of Occupancy
5. Alleged Indigent Burial Irregularity
6. Building Control and Land Use Contraventions

Consequence management principles are initiated, including criminal and/or civil prosecution according to Council's policies, processes and procedures, aligned with the relevant legislative requirements.

Frequent engagements are taking palce to follow up on matters reported for further investigation to other prosecuting authorities, i.e. Directorate for Priority Crime Investigation (DPCI) and the Commercial High Court.

Audit, Performance, Integrity and Risk Management Committee Annual Report

REPORT OF THE AUDIT, PERFORMANCE, INTEGRITY & RISK MANAGEMENT COMMITTEE

During the financial year ended 30 June 2026, the Audit, Performance, Integrity and Risk Management Committee convened seven times to discharge its statutory responsibility in terms of the MFMA and its responsibilities in terms of its Charter.

1. Legislative Framework

Section 166(1) of the Local Government Municipality Finance Management Act, Act 56 of 2003 as amended, referred to as the MFMA, requires from each Municipality to have an Audit Committee.

In terms of Section 166(2)(a) of the MFMA, the Audit Committee is an independant advisory body which must amongst others advise the Municipal Council on matters relating to:
a. Internal financial control and internal audits
b. Risk management
c. Accounting policies
d. The adequacy, reliability and accuracy of financial reporting and information.
e. Performance management
f. Effective governance
g. Compliance with this Act, the Annual Division of Revenue Act, and any other applicable legislation
h. Performance evaluation, and
i. Any other issues referred to it by the Municipality, Audit, Performance, Integrity and Risk Management Committee Charter

2. Standing Items

As part of the Committee's oversight role, service delivery was included as a standing item on the agenda of all meetings.This is an effort to support and assist the Municipality to avoid unnecessary poor performance of maintenance of the infrastructure and in so doing avoid any uprising, protests, and unrests by members of the community.
The following matters will always be discussed under this item:
a. Maintenance of roads
b. Electricity shortage
c. Water shortage
d. Grass cutting
e. Beautifying of the municipal area
f. Implementation of new projects and monitoring thereof
g. Developments of significance in the Midvaal Local Municipality:
h. Land invasions in the area of Midvaal Local Municipality
i. Waste management (including Landfill Sites)

3. Comprehensive Agenda

The meeting Agenda was structured to cover all aspects of the municipal operations and the Committee's madate. The Agenda covered items such as:

Legislative Section
a. Auditor General (SA) Reports issued and audit related matters
b. Internal Financial Control
c. Internal Audits
d. Risk Management
e. Performance Management
f. Effective governancce - includes Intergrity Management
g. Compliance with the MFMA, the Annual Division of Revenue Act and any other applicable legislation
h. Performance Evaluation
i. Any other issues referred to it by the municipality

4. Overview

As an overview only, and not to be regarded as an exhaustive list, the Committee carried out the following duties:

Audit, Performance, Integrity and Risk Management Committee Annual Report

4.1. Internal Audit Function

The Committee has played an oversight role in respect of the internal audit function, which is currently outsourced. Amongst others, the Committee:
a. Reviewed and approved the Internal Audit Charter;
b. Approved the Internal Audit Plan;
b. Ensured that the internal audit plan was risk-based and addressed the strategic and operational risks of the municipality;
c. Ensured that Internal Audit adheres to the Global Internal Audit Standards and Code of Conduct;
d. Considered all the Chief Audit Executives Quaterly Reports and were satisfied that no material issues were identified;
e. Reviewed the Internal Audit Action plan and progress made;
f. Did not receive any complaints relating to internal audit of the municipality.

4.2. External Audit and Related Matters

The AG (Auditor General of South Africa) conducts the external audit of the municipality. The Committee played an oversight role in respect of the external audit process to ensure its effectiveness.
Amongst others the Committee:
a. Approved the AG's Engagement Letter;
b. Noted the AG's key focus areas for audit;
c. Noted the AG's audit strategy;
d. Reviewed the quality and effectiveness of the external audit process;
e. Reviewed the AG's Management Report and management's responses thereto;
f. Reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made;
g. Noted the Emphasis of Matter Items raised by the AG and Managements responses thereto.

4.3. Risk Management Assurance and Ethics

The Committee formed an integral component of the risk management framework.
Amongst others the Committee:
a. Monitored financial reporting risks, internal financial controls, fraud risks and ICT risks, as these relate to financial reporting;
b. The Committee played an oversight role in respect of risk management, combined assurance and ethics;
c. Reviewed the Strategic and Operational Risk Register;
d. Reviewed the Risk Management Policy, Risk Management Strategy and the Risk Management Implementation Plans;
e. Reviewed the risk assessment report for 2025-2026 financial year;
f. Reviewed the Integrity Management: Progress Reports;
g. Reviewed Risk Appetite and Tolerance Levels set;
h. Noted the Risk Maturity Improvement Plan and Progress made.

4.4. Annual Financial Statements and Annual Report

The Committee reviewed the Annual Financial Statements, Annual Report and the Performance Reports of the municipality.
Amongst others the Committee:
a. Provided inputs to the Annual Financial Statements prior to its release to the AG for audit;
b. Reviewed the principles, policies and accounting practices and standards adopted in the preparation of the annual financial statements and commented thereon;
c. Monitored compliance with all statutory/legal/regulatory requirements;
d. Reviewed the underlying assumptions on which the Draft buget was based, for it being sound, realistic and achievable.

Furthermore no complaints relating to the accounting practices or the contents or auditing of the annual financial statements, or any related matter, were received by the Committee.

4.5. Compliance with MFMA, the Annual Division of Revenue Act, and any other applicable legislation

Audit, Performance, Integrity and Risk Management Committee Annual Report

Amongst others the Committee:
a. Noted issues of non-compliance regarding the license conditions of the landfill site have been addressed

4.6. Performance Management

Amongst others the Committee:
a. Reviewed the Performance Reports on Predetermined Objectives;
b. Reviewed Financial and Non-Financial Performance Reports;
c. Noted the mid-year Performance Assessment.

Committee members' attendance of the meetings

The committee convened seven times in the year under review to discharge its responsibilities.

Members	Designation	13 Aug 2025 1st Ordinary	27 Aug 2025 1st Special	29 Oct 2025 2nd Special	26 Nov 2025 2nd Ordinary	27 Jan 2026 3rd Special	11 Feb 2026 3rd Ordinary	19 May 202 4th Ordinar
Mrs T.L Pino	Chairperson	Yes	Yes	Yes	Contract terminated	Contract terminated	Contract terminated	Contract terminated
Mr A. Lambat	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr S. Maharaj	Member	Yes	No	Yes	Yes	Yes	Yes	Yes
Mr M. Radebe	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr Y. Chamda	Chairperson effective May 2026	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Expression of gratitude

I would like to thank:
a. All the members of the committee for their inputs, contributions and active participation at the meetings;
b. The Municipal manager and the Senior Management for their inputs into the robust discussions at the meetings;
c. The staff who are dedicated and "Proud to be Midvaal";
d. The support from the speaker and Council;
e. All other role players in making Midvaal the best municipality in Gauteng Province.

Mr Y Chamda
BA (Hons) Public Governance & Development, MPM&Dr
Chair of the Audit, Performance. Integrity and Risk Managment Committee

Date: 31 August 2026

Statement of Financial Position as at 30 June 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	439,344,033	464,001,229
Trade and other receivables from exchange transactions	4	217,012,912	270,662,231
Receivables from non-exchange transactions	5	148,886,702	146,492,077
Inventory	6	36,311,132	36,250,571
VAT Receivable	7	24,692,616	25,389,918
Total Current Assets		**866,247,395**	**942,796,026**
Non-Current Assets			
Property, plant and equipment	8	2,497,836,803	2,387,317,354
Investment property	9	49,234,032	49,234,032
Intangible assets	10	11,036,953	12,693,324
Heritage Assets	11	18,701	18,701
Total Non-Current Assets		**2,558,126,489**	**2,449,263,411**
Total Assets		**3,424,373,884**	**3,392,059,437**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	12	266,309,171	265,268,366
Borrowings	13	32,811,007	27,886,732
Consumer deposits	14	24,432,010	24,692,899
Lease liabilities	15	15,617,416	11,599,851
Employee benefits	19	2,524,000	2,098,743
Unspent conditional grant	16	2,429,924	400,541
Income received in advance from developer contribution	17	4,803,073	1,750,616
Total Current Liabilities		**348,926,601**	**333,697,748**
Non-Current Liabilities			
Borrowings	13	226,574,112	221,885,121
Provisions	18	111,614,977	80,071,601
Lease liabilities	15	50,050,064	34,107,382
Employee benefits	19	19,261,000	21,102,745
Total Non-Current Liabilities		**407,500,153**	**357,166,849**
Total Liabilities		**756,426,754**	**690,864,597**
Net Assets		**2,667,947,130**	**2,701,194,840**
Community Wealth / Equity			
Accumulated surplus		2,667,947,130	2,701,194,840

* See Note 47

Statement of Financial Performance for the year ended 30 June 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Exchange Revenue			
Services charges – Electricity	20	689,827,659	592,323,057
Services charges - Water	20	294,621,312	281,574,302
Services charges – Waste water management	20	71,356,394	70,006,471
Services charges – Waste management	20	71,188,699	64,379,446
Sales of goods and rendering of services	21	8,490,184	7,600,058
Interest earned from receivables	22	16,730,502	23,041,225
Interests on investments	23	37,149,279	44,001,866
Operational revenue	24	2,562,824	5,347,789
Hire of facilities	25	1,382,912	1,115,015
Total Exchange Revenue		**1,193,309,765**	**1,089,389,229**
Non-Exchange Revenue			
Property rates	26	384,421,349	351,320,412
Transfers and subsidies – Operational	27	227,977,670	202,090,733
Transfers and subsidies – Capital	27	103,126,821	139,904,402
Fines, penalties and forfeits	28	37,494,228	39,050,536
Interest earned from receivables	22	20,323,487	18,718,747
Inventory surplus	29	32,326	41,609
Total Non-Exchange Revenue		**773,375,881**	**751,126,439**
Total Revenue		**1,966,685,646**	**1,840,515,668**
Expenditure			
Bulk purchases	30	567,400,476	507,510,479
Employee related cost	31	426,626,503	408,908,286
Inventory consumed	32	225,579,037	206,456,250
Contracted services	33	214,168,404	194,128,151
Impairment losses on financial and statutory assets	34	170,078,449	173,059,039
Depreciation and amortisation	35	154,349,271	118,197,066
Operational cost	36	98,864,009	95,620,496
Interest	37	36,493,908	31,907,704
Remuneration of councillors	38	16,135,151	15,452,341
Losses on disposal	39	7,734,919	19,206,402
Transfers and subsidies	40	1,692,383	1,774,405
Total Expenditure		**1,919,122,510**	**1,772,220,619**
Surplus for the year		**47,563,136**	**68,295,049**

* See Note 47

Statement of Changes in Net Assets at 30 June 2026

Figures in Rand		Accumulated surplus	Total net assets
Opening balance as previously reported		2,632,803,621	**2,632,803,621**
Adjustments			
Correction of errors	47	96,170	**96,170**
Balance at 1 July 2024 as restated*		**2,632,899,791**	**2,632,899,791**
Surplus for the year		68,295,049	**68,295,049**
Total changes		68,295,049	**68,295,049**
Opening balance as previously reported		2,701,194,856	**2,701,194,856**
Adjustments			
Change in accounting policy		(80,810,862)	**(80,810,862)**
Restated* Balance at 1 July 2025 as restated*		**2,620,383,994**	**2,620,383,994**
Surplus for the year		47,563,136	**47,563,136**
Total changes		47,563,136	**47,563,136**
Balance at 30 June 2026		**2,667,947,130**	**2,667,947,130**

Note(s)

* See Note 47

Cash Flow Statement for the year ended 30 June 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from non exchange transactions		693,697,409	658,608,243
Cash receipts from exchange transactions		1,029,550,428	952,443,903
Interest		37,149,279	44,001,866
Payments			
Employees		(443,188,843)	(419,082,038)
Finance charges		(29,535,686)	(24,827,535)
Suppliers		(1,098,372,002)	(1,036,301,392)
Net cash from(used) operating activities	41	**189,300,585**	**174,843,047**
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		-	800,425
Payments			
Intangible assets		(491,218)	(3,815,921)
Capital assets		(212,464,183)	(235,078,922)
Net cash flows from investing activities		**(212,955,401)**	**(238,094,418)**
Cash flows from financing activities			
Receipts			
Increase in borrowing long-term		37,500,000	67,950,000
Increase in consumer deposits		-	-
Increase in other liabilities		3,091,749	7,381,914
Payments			
Decrease in borrowing long-term		(27,886,733)	(22,884,362)
Decrease in other liabilities		(11,841,086)	(9,724,660)
Net cash flows from financing activities		**863,930**	**42,722,892**
Net increase/(decrease) in cash		**(22,790,886)**	**(20,528,479)**
Cash and cash equivalents at year begin		464,001,229	484,529,708
		441,210,343	**464,001,229**

* See Note 47

Comparison of Budget and Actual Amounts for the year ended 30 June 2026

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Financial performance							
Revenue							
Exchange revenue							
Services charges – Electricity	705,878,638	-	705,878,638	689,827,659	(16,050,979)	97.73 %	
Services charges – Water management	322,105,651	-	322,105,651	294,621,312	(27,484,339)	91.47 %	
Services charges – Waste water management	74,628,015	-	74,628,015	71,356,394	(3,271,621)	95.62 %	
Services charges – Waste management	70,940,785	4,000,000	74,940,785	71,188,699	(3,752,086)	94.99 %	
Sales of Goods and Rendering of Services	9,741,930	-	9,741,930	8,490,184	(1,251,746)	87.15 %	reduced fire services attended to and sale of tender documents reduced due to online availability
Interest earned from Receivables	28,439,577	-	28,439,577	16,730,502	(11,709,075)	58.83 %	Due to implementation of interest wavers
Interest on investments	48,821,661	-	48,821,661	37,149,279	(11,672,382)	76.09 %	Interest rates reduced and less surplus to invest
Rental from Fixed Assets	1,230,422	1,000,000	2,230,422	1,382,912	(847,510)	62.00 %	Renovations to facilities halted revenue collection
Operational Revenue	5,035,964	-	5,035,964	2,562,824	(2,473,140)	50.89 %	Decrease in insurance refunds and SDL
	1,266,822,643	**5,000,000**	**1,271,822,643**	**1,193,309,765**	**(78,512,878)**	**79.42 %**	
Non-exchange revenue							
Property Rates	423,566,388	(10,000,000)	413,566,388	384,421,349	(29,145,039)	92.95 %	

Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Fines, Penalties and Forfeits	88,471,335	(30,000,000)	58,471,335	37,494,228	(20,977,107)	64.12 %	Adherence by public to speed regulations.
Transfer and subsidies – Operational	218,111,096	15,276,657	233,387,753	227,977,670	(5,410,083)	97.68 %	
Interest Receivables	22,501,438	-	22,501,438	20,323,487	(2,177,951)	90.32 %	
Other Gains	-	-	-	32,326	32,326	- %	
	752,650,257	**(24,723,343)**	**727,926,914**	**670,249,060**	**(57,677,854)**	**86.27 %**	
Total Revenue (excluding capital transfers and contributions)	**2,019,472,900**	**(19,723,343)**	**1,999,749,557**	**1,863,558,825**	**(136,190,732)**	**86.10 %**	
Expenditure							
Employee related costs	(476,021,320)	(2,171,548)	(478,192,868)	(426,626,503)	51,566,365	89.22 %	High staff turnover resulting in vacancies
Remuneration of Councillors	(15,431,083)	(903,954)	(16,335,037)	(16,135,151)	199,886	98.78 %	
Bulk Purchases - Electricity	(638,155,001)	28,528,705	(609,626,296)	(567,400,476)	42,225,820	93.07 %	
Inventory Consumed	(250,893,355)	1,846,067	(249,047,288)	(225,579,037)	23,468,251	90.58 %	
Impairment losses	(216,320,672)	25,938,057	(190,382,615)	(170,078,449)	20,304,166	89.34 %	changes in GRAP 104 attributed to this variance
Depreciation, Amortisation and Impairment	(126,860,752)	(28,031,946)	(154,892,698)	(154,349,271)	543,427	99.65 %	
Interest	(46,718,057)	4,037,000	(42,681,057)	(36,493,908)	6,187,149	85.50 %	Interest rates were favourable and borrowings incurred towards end of year
Contracted Services	(221,087,958)	(10,744,451)	(231,832,409)	(214,168,404)	17,664,005	92.38 %	
Transfers and subsidies	(2,661,920)	815,000	(1,846,920)	(1,692,383)	154,537	91.63 %	
Operational Cost	(116,552,721)	601,244	(115,951,477)	(98,864,009)	17,087,468	85.26 %	Continued enforcement of cost containment measures

Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Disposal of Fixed and Intangible Assets	-	-	-	(7,734,919)	(7,734,919)	- %	
Total Expenditure	**(2,110,702,839)**	**19,914,174**	**(2,090,788,665)**	**(1,919,122,510)**	**171,666,155**	**91.54 %**	
Deficit before capital transfers and contributions	**(91,229,939)**	**190,831**	**(91,039,108)**	**(55,563,685)**	**35,475,423**	**88.82 %**	
Transfers and subsidies - capital (monetary allocations)	106,313,950	(10,685,351)	95,628,599	95,943,310	314,711	100.33 %	
Transfers and subsidies - capital (in-kind)	-	7,183,511	7,183,511	7,183,511	-	100.00 %	
Surplus for the year	**15,084,011**	**(3,311,009)**	**11,773,002**	**47,563,136**	**35,790,134**	**94.50 %**	
Financial position							
Assets							
Current assets							
Cash and cash equivalents	389,814,865	(3,921,982)	385,892,883	439,344,033	53,451,150	113.85 %	
Trade and other receivables from exchange transactions (Filtered)	264,206,492	48,344,668	312,551,160	217,012,912	(95,538,248)	69.43 %	Impairment increased GRAP 104
Receivables from non-exchange transactions (Filtered)	134,139,020	22,073,325	156,212,345	148,886,702	(7,325,643)	95.31 %	
Inventory (Filtered)	16,982,760	-	16,982,760	36,311,132	19,328,372	213.81 %	Sewer and roads maintenance stock on hand now kept
VAT Receivable (Filtered)	12,857,908	-	12,857,908	24,692,616	11,834,708	192.04 %	Accruals at year-end
Total current assets	**818,001,045**	**66,496,011**	**884,497,056**	**866,247,395**	**(18,249,661)**	**136.89 %**	
Non-current assets							
Investment property	49,351,032	(117,000)	49,234,032	49,234,032	-	100.00 %	
Property, plant and equipment	2,460,261,410	130,571,224	2,590,832,634	2,497,836,803	(92,995,831)	96.41 %	
Heritage assets	18,701	-	18,701	18,701	-	100.00 %	
Intangible assets	18,597,719	(6,508,950)	12,088,769	11,036,953	(1,051,816)	91.30 %	
Total non-current assets	**2,528,228,862**	**123,945,274**	**2,652,174,136**	**2,558,126,489**	**(94,047,647)**	**96.93 %**	

Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Total assets	**3,346,229,907**	**190,441,285**	**3,536,671,192**	**3,424,373,884**	**(112,297,308)**	**116.91 %**	
Liabilities							
Current liabilities							
Borrowings	35,027,418	1,000,000	36,027,418	32,811,007	(3,216,411)	91.07 %	
Consumer deposits	23,831,091	-	23,831,091	24,432,010	600,919	102.52 %	
Trade and other payables from exchange transactions	293,427,621	2,714,111	296,141,732	266,309,171	(29,832,561)	89.93 %	Invoices submitted on time limited accruals
Trade and Other Payable Non-exchange Transactions (Filtered)	-	-	-	2,429,924	2,429,924	- %	
Lease liabilities	18,553,663	-	18,553,663	15,617,416	(2,936,247)	84.17 %	Not all leased assets delivered
Income received in advance from developer contribtions	3,371,653	(446,710)	2,924,943	4,803,073	1,878,130	164.21 %	
Employee benefits current portion	-	-	-	2,524,000	2,524,000	- %	
Total current liabilities	**374,211,446**	**3,267,401**	**377,478,847**	**348,926,601**	**(28,552,246)**	**106.38 %**	
Non-current liabilities							
Financial Liabilities	232,404,291	(1,000,000)	231,404,291	276,624,176	45,219,885	119.54 %	
Provisions	77,470,059	12,569,618	90,039,677	111,614,977	21,575,300	123.96 %	New licence resulted in cell 2 being excluded from calculation
Employee benefits	22,345,838	-	22,345,838	19,261,000	(3,084,838)	86.20 %	Split between current and non current portion
Total non-current liabilities	**332,220,188**	**11,569,618**	**343,789,806**	**407,500,153**	**63,710,347**	**109.90 %**	
Total liabilities	**706,431,634**	**14,837,019**	**721,268,653**	**756,426,754**	**35,158,101**	**108.14 %**	
Net assets	**2,639,798,273**	**175,604,266**	**2,815,402,539**	**2,667,947,130**	**(147,455,409)**	**109.14 %**	

Community wealth/ Equity

Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Accumulated Surplus/(Deficit) (Filtered)	2,611,799,211	178,915,275	2,790,714,486	2,667,947,130	(122,767,356)	95.60 %	
Cash flow							
Cash flow from operating activities							
Receipts							
Cash receipts from non exchange transactions	704,134,795	(7,756,000)	696,378,795	693,697,409	(2,681,386)	99.61 %	
Cash receipts from exchange transactions	1,114,969,179	17,858,694	1,132,827,873	1,029,550,428	(103,277,445)	90.88 %	
Interest	48,821,661	-	48,821,661	37,149,279	(11,672,382)	76.09 %	
	1,867,925,635	**10,102,694**	**1,878,028,329**	**1,760,397,116**	**(117,631,213)**	**88.86 %**	
Payments							
Employees	(490,233,770)	(4,294,135)	(494,527,905)	(443,188,843)	51,339,062	89.62 %	
Finance charges	(25,718,057)	(4,663,000)	(30,381,057)	(29,535,686)	845,371	97.22 %	
Suppliers	(1,251,569,588)	107,140,698	(1,144,428,890)	(1,098,372,002)	46,056,888	95.98 %	
	(1,767,521,415)	**98,183,563**	**(1,669,337,852)**	**(1,571,096,531)**	**98,241,321**	**94.27 %**	
Net cash from/(used) operating activities	**100,404,220**	**108,286,257**	**208,690,477**	**189,300,585**	**(19,389,892)**	**91.57 %**	
Cash flow from investing activities							
Receipts							
Proceeds on disposal of PPE	426,197	(50,000)	376,197	-	(376,197)	- %	
Payments							
Capital assets	(235,715,132)	(15,325,611)	(251,040,743)	(212,955,401)	38,085,342	84.83 %	
Net cash from/(used) investing activities	**(235,288,935)**	**(15,375,611)**	**(250,664,546)**	**(212,955,401)**	**37,709,145**	**84.83 %**	
Cash flow from financing activities							
Receipts							

Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	*Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Reason for the material variance
Borrowing long term/refinancing	65,240,000	-	65,240,000	40,591,749	(24,648,251)	62.22 %	
Payments							
Repayment of borrowing	(35,027,418)	(1,000,000)	(36,027,418)	(39,727,819)	(3,700,401)	110.27 %	
Net cash from/(used) financing activities	**30,212,582**	**(1,000,000)**	**29,212,582**	**863,930**	**(28,348,652)**	**86.25 %**	
Net Increase/ (Decrease) in cash held	**(104,672,133)**	**91,910,646**	**(12,761,487)**	**(22,790,886)**	**(10,029,399)**	**87.55 %**	
Cash/cash equivalents at the year begin:	494,456,394	(30,421,777)	464,034,617	464,001,229	(33,388)	99.99 %	
Cash/cash equivalents at the year end:	389,784,261	61,488,869	451,273,130	441,210,343	(10,062,787)	97.77 %	
Reconciliation to cash flow							

Accounting Policies

The annual financial statements of Midvaal Local Municipality for the year ended 30 June 2026 were authorised for issue by the Accounting Officer on 31 August 2026.

Basis of presentation

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

The annual financial statements include any applicable interpretations, guidelines and directives issued by the Accounting Standards Board.

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

Offsetting

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

1. Summary of significant accounting policies

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and the presentation currency. All monetary amounts are rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements are considered material if they could, individually or collectively, influence the decisions of users made on the basis of the financial statements. In assessing materiality, both the nature and magnitude of the item are considered in the context of the overall financial information presented.

Material variances are defined as any differences above 10% with a value exceeding R1,000,000. Explanations for material differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

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

1.4 Significant judgements and sources of estimation uncertainty

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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Receivables

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

The impairment for trade receivables is considered first for individually significant receivables and then calculated on a portfolio basis, for the remaining balance, including those individually significant receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment of Traffic Fines

Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears.

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value or current replacement cost, where applicable, of inventory at the end of each reporting period. A write down of inventory to the lower of cost or current replacement cost, where applicable, is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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

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

Impairment testing

The municipality reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the discounted cash-flow projection assumption may change, which may then impact our estimations, and may then require a material adjustment to the carrying value of assets.

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as inflation and interest.

Judgements are made by management in applying the criteria to designate assets as non-cash-generating units or cash-generating units. The designation is made on the basis as described in accounting policy 1.15 - Impairment of non-cash-generating assets.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. The provision is discounted when the time value of money is material. Additional disclosure of these estimates of provisions are included in note 18 - Provisions

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the future expected cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance. Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

Leave accrual

The provision for staff leave is based on accrued leave at year-end. The uncertainty is when the leave will be taken or if employment will be terminated.

Prepaid electricity

Pre-paid electricity is only recognised as income as electricity is consumed. The estimate is based on pre-paid electricity sold at year-end, but still unused.

Estimates of unused consumption of prepaid metered services, based on the consumption history, are made at year-end. Sales for prepaid metered services are recognised as revenue upon receipt of payment for these services, except at year-end when estimates for unused consumption up to reporting date are reversed from revenue and accrued as payment for services received in advance. These accruals are reversed in the new financial year to revenue again, deemed to be consumed after 30 June. In respect of estimates of consumption between the last date of purchase and the reporting date, an accrual for payments received in advance is made based on the average monthly consumption of consumers on the reporting date.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the municipality with similar assets, and whether the assets will be sold or used to the end of their economic lives and the condition at the time. The municipality considers all the facts and circumstances estimating the useful lives of assets, which included the consideration of financial, technical and other facts. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than the previously estimated useful lives.

The estimation of residual values of assets is also based on management's judgement 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.

The policy is also applicable to certain intangible assets and investment property.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement and long term benefit obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government bonds. Where there is no deep market in the government bonds with a sufficiently long maturity to match the estimated maturity of all the benefits paid, the municipality uses current market rates of the appropriate term to discount shorter payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Due to the long-term nature of the plan, the estimates are subjected to significant uncertainty.

Other key assumptions for post retirement and other long-term obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

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

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to 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 on-going 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 periods.

Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes, based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also considered in determining the volume of water on hand at year-end.

1.5 Investment property

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

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

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

Initial recognition and measurement

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

1.5 Investment property (continued)

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

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

Management applies the category below to distinguish Investment Property from Property Plant and Equipment:
- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating lease;
- Property that is being constructed or developed for future use as investment property.

Subsequent measurement – cost model

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

Item	**Useful life**
Investment Property	Indefinite

Derecognition/Disposal

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying amount and is recognised in the Statement of financial performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

1.6 Property, plant and equipment

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

Management applies the category below to distinguish Property, Plant and Equipment from Investment Property:

- Owner-occupied property (including held for future use);

- Owner-occupied property held for disposal;

- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation;

- Property held by the municipality for a strategic purpose

Initial recognition

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

1.6 Property, plant and equipment (continued)

- 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.

Initial measurement

Property, plant and equipment are initially recognised at cost on its acquisition date. 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.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset 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.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. 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.

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

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or service potential 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.

1.6 Property, plant and equipment (continued)

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost less their residual values over the estimated useful lives of the assets. Depreciation of an asset commences when the asset is ready for its intended use and ceases when the asset is derecognized. The depreciation method used reflects the pattern in which the assets' 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 that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Land		indefinite
Machinery and equipment		
• Office equipment	Straight-line	3 - 10
• Bins and containers	Straight-line	5 - 10
Furniture and office equipment	Straight-line	10
Transport assets		
• Specialised vehicles	Straight-line	10 -30
• Other vehicles	Straight-line	5
• Vehicles	Straight-line	5
IT equipment	Straight-line	3 - 10
• Computer Equipment	Straight-line	5 - 55
Infrastructure		
• Buildings	Straight-line	30
• Water	Straight-line	5 - 55
• Sewerage	Straight-line	10 - 60
• Landfill site	Straight-line	17
Community		
• Buildings	Straight-line	30
• Recreational facilities	Straight-line	20 - 30
• Security	Straight-line	5
Other assets		
• Buildings	Straight-line	30
Motor vehicles leased	Straight-line	5

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

The measurement and recognition of impairment losses are indicated in accounting policies 1.14 Impairment of cash-generating assets and 1.15 Impairment of non-cash generating assets.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

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 its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

1.6 Property, plant and equipment (continued)

Site rehabilitation and restoration costs

The municipality has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

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

1.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services.

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

Initial recognition and measurement

An intangible asset is recognised when:

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

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

Subsequent measurement

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

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The amortisation charge for each period is recognised in surplus or deficit. Amortisation begins when the asset is available for use.

An intangible asset with an indefinite useful life shall not be amortised.

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

Derecognition

Intangible assets are derecognised:

1.7 Intangible assets (continued)

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

The gain or loss arising from the derecognition of intangible assets is determined as the difference between the sales proceeds and the carrying value and is included in surplus or deficit when the asset is derecognised.

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 - 5 years
Servitudes		Indefinite

1.8 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.

The municipality has classified the mayoral chain as a heritage asset.

Initial recognition and measurement

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 measured at cost.

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

Subsequent measurement

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

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.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

Impairment

A heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

In assessing whether there is an indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use
- The absence of an active market for a revalued heritage asset.

Internal sources of information

- Evidence is available of physical damage or deterioration of a heritage asset
- A decision to halt the construction of the heritage asset before it is complete or in a usable form

1.9 Financial instruments - previous policy applied in the comparative period

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

Initial recognition and measurement

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

1.9.1 Classification of financial instruments

Financial assets

Financial assets are:
- Cash;
- a residual interest of another municipality; or
- a contractual right to:;
  - receive cash or another financial asset; or
  - exchange financial assets or financial liabilities under conditions that are potentially favourable to the municipality

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**
Trade and other receivables from exchange transactions	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

Receivables from exchange transactions exclude prepayments and advances.

Receivables from non-exchange transactions exclude Fines, Property rates, and VAT as these form part of statutory receivables (1.11)

Subsequent measurement for financial assets

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Financial liabilities

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

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

1.9 Financial instruments - previous policy applied in the comparative period (continued)

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
Borrowings	Financial liability at amortised cost
Trade and other payables from exchange transactions	Financial liability at amortised cost
Consumer deposits	Financial liability at amortised cost

1.9.2 Initial and subsequent measurement

Initial recognition and measurement

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

Subsequent measurement – Financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

1.9.3 Impairment of financial assets

Receivables

For receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable the government bond rate is used as the risk-free rate and adjusted for any risks specific to the receivables.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.9.4 Derecognition

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 assets 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.

Financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

Accounting Policies

1.10 Financial Instruments - GRAP 104 (Revised 2019) - current policy

Applied from 1 July 2025, being the effective date prescribed for the Municipality by regulation of the Miniter of Finance and the applicable Directive (see note "Changes in accounting policy"). References to paragraph numbers in this accounting policy relate to paragraphs in GRAP 104 (Revised 2019), its Appendices, or its Basis for Conclusions.

Initial Recognition

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

Classification and subsequent measurement

Financial assets

The following classes of financial assets are measured at amortised cost because (a) they are held with the objective to collect contractual cash flows, and (b) their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding:

- Trade and other receivables from exchange transactions

- Receivables from non-exchange transactions

- Cash and cash equivalents

Receivables that arise from legislation, supporting regulations or similar means - including property rates, traffic fines and VAT receivable - are statutory receivables accounted for in accordance with GRAP 108 Statutory Receivales. They are not financial instruments and are excluded from this note. Prepayments and advances included within trade and other receivables from exchange transactions are likewise outside the scope of GRAP 104(Revised 2019).

Financial liabilities

The Municipality classifies all financial liabilities as subsequently measures at amortised cost. This comprises trade and other payables from exchange transactions, borrowings and consumer deposits.

Lease liabilities are finance lease obligations recognised under GRAP 13 leases and are not financial liabilities within the scope of the GRAP 104(Revised 2019) financial-liabilities class, the categories of financial instruments table, or the liquidity risk maturity analysis in this note. For lease liabilities, refer to note 15.

Employee benefit obligations recognised under GRAP 25 Employee Benefits, including the leave accrual, advance payments received from consumers, unspent conditional grants, income received in advance from developer contributions, provisions and the output VAT accrual are not financial liabilities within the scope of GRAP 104(Revised 2019) and are excluded from this note.

Unallocated deposits relate to deposits received where the counterparty is not known. Without a known counterparty, there is no contractual obligation, and the balance is not in the scope of GRAP104.

Initial measurement

At initial recognition, the Municipality measures trade and other receivables from excgange transactions, receivables from non-exchange transactions and other payables from exchange transactions at their transaction price, as the credit period granted or received is 30 days or less, consistent with terms used in the public sector.

For all other financial assets and liabilities subsequently measured at amortised cost, the Municipality initially measures these at fair value plus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Write-off

The gross carrying amount of a financial asset is written off when the Municipality has no reasonable expectation of recovering the asset, in whole or in part. Write-offs are approved in accordance with the Municipality's approved credit control and debt collection policy. Upon write-off, the gross carrying amount is directly reduced by the approved write-off amount, the loss allowance is reduced by the portion previously recognised for that asset, and any remaining difference is recognised immediately in surplus or deficit.

Accounting Policies

Impairment - General approach

The Municipality applies the general approach and recognises a loss allowance for expected credit losses on cash and cash equivalents and on sundry debtors.

Except for credit-impaired financial assets, the Municipality measures the loss allowance for these instruments at an amount equal to lifetime expected credit losses if the credit risk on the instrument has increased significantly since initial recognition, and at an amount equal to 12-month expected credit losses if it has not or if the instrument has a low credit risk.

Impairement - Simplified approach

The Municipality applies the simplified approach and recognises a loss allowance for expected credit losses on trading service and customer service debtos at an amount equal to lifetime expected credit losses at all times, from initial recognition until derecognition.

The loss allowance is determined using a provision matrix. Receivables are grouped by similar credit risk characteristics into debtor categories, historical payment profiles are analysed across ageing buckets, and the resulting cumulative impairement probabilities are applied to the bucket exposure net of any deposit or guarantee held in lieu of a deposit.

Credit risk management practices

The Municipality's practices for determining significant increases in credit risk, its definition of default, how it determines that a financial asset is credit-impaired, and how financial instruments are grouped for measurement of expected credit losses, together with the specific inputs and assumptions applied in measuring expected credit losses, are set out in the Credit risk note.

Collateral

Consumer deposits, and guarantees held in lieu of deposits, are held as collateral against trading service and customer service debtors. In measuring expected credit losses the deposit held is applied against the longest outstanding ageing bucket first, where the deposit exceeds the exposure in that bucket, the remainder is applied against each successive bucket in turn until the deposit is exhausted.

Measurement of expected credit losses

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

For interest-bearing financial assets, the carrying amount at the reporting date already reflects the instrument's present value measured under the effective interest method. Because the contractual interest accrual rate and the discount rate are equal, the present value of expected loss cash flows equals the undiscounted amount and no seperate discounting adjustment is applied. For financial instruments on which no interest is levied, the expected credit loss is discounted using the prime interest rate prevailing at the reporting date, used as a benchmark rate with which to assess the time value of money. Refer to the Credit risk note for the resulting discount factors applied to the Municipality's exposures.

Expected credit losses on trading service and customer service debtors are calculated on the VAT-inclusive receivable balance. The portion of the loss allowance attributable to VAT is recognised against VAT output rather than in surplus or deficit.

Derecognition

The Municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, are settled or waived, or when it transfers to another party substantially all of the risks and rewards of ownership of the financial asset. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received is recognised in surplus or deficit.

The Municipality derecognises a financial liability when it is extinguished - that is when the obligation specified in the contract is discharged, cancelled, expires or is waived. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised in surplus or deficit.

Accounting Policies

1.11 Statutory receivables

1.11.1 Identification

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

The municipality has the following major categories under the ambit of statutory receivables:
- VAT receivables
- Property rates debtors
- Traffic fine debtors

1.11.2 Recognition

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

1.11.3 Initial and subsequent measurement

The municipality initially measures statutory receivables at their transaction amount.

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

1.11.4 Impairment

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

1.11 Statutory receivables (continued)

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios and qualitative factors (correspondence from attorneys).

Assessing and recognising impairment of receivables for traffic fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.11.5 Derecognition

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

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

1.11.6 Accrued interest

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

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable. (policy 1.22)

1.11.7 Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers) (policy 1.22).

1.12 Leases

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

When a lease includes both land and building elements, the municipality assesses the classification of each element separately. The leased assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses.

Municipality as lessee - Finance leases

Initial recognition and measurement

1.12 Leases (continued)

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Subsequent measurement

Subsequent to the initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the municipality's incremental borrowing rate. 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 as per stated accounting policy applicable to property, plant and equipment on policy 1.6.

Municipality as lessee - Operating leases

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

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

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

1.13 Inventories

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services or held for distribution in the ordinary course of operations.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the inventories can be measured reliably.

Initial recognition and measurement

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

Subsequent measurement

Subsequently inventories are measured at the lower of cost and net realisable value unless distributed through a non-exchange transaction or consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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

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. The cost of inventories is assigned using the first-in, first-out (FIFO) formula, except for water which is determined at cost at the reporting date due to it being measured at the lower of cost and current replacement cost.

1.13 Inventories (continued)

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

Redundant and slow-moving inventories are identified and written down/written off. Inventories identified for write down/write off, but for which a council resolution to authorise the write down/write off, has not yet been obtained, are provided for as a allowance for obsolete inventory for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise.

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). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it 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 is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in the reservoirs at year-end.

1.14 Impairment of cash-generating assets

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or a cash-generating asset as a cash-generating unit. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

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

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

1.14 Impairment of cash-generating assets (continued)

Identification

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

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

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

(a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

(d) Evidence is available of obsolescence or physical damage of an asset.

(e) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(f) A decision to halt the construction of the asset before it is complete or in a useable condition.

(g) Evidence is available from internal reporting that indicates that the economic performance of an asset is,or will be, worse than expected.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Value in use

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.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.14 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Impairment of cash-generating assets (continued)

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.15 Impairment of non-cash-generating assets

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

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

* Assets acquired by the municipality are mainly used as per the municipality's mandate for service delivery purposes to customers that pay for the services but also to indigents. As the assets that are used for service delivery are similar, assets that generate cash flows cannot be distinguished from the non-cash generating assets and therefore are distinguished as non-cash generating.
* In the event that the assets that generate cash flows can be clearly identified the assets will be designated as cash-generating.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

1.15 Impairment of non-cash-generating assets (continued)

Identification

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

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

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

Value in use

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

The present value of the remaining service potential of a non-cash-generating asset's is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.16 Disclosure in terms of Section 45 of the municipal Supply Chain Management Regulation

The notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child, or parent of such a person in the service of the state, or has been in the service of the state in the previous twelve months.

1.17 Employee benefits

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

Short-term employee benefits

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

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.

Post-employment benefits

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

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

1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Under these plans, the employer has a legal or constructive obligation to provide agreed benefits to current or former employees.

The entity recognizes a net defined benefit liability or asset in its statement of financial position. This is calculated as the present value of the defined benefit obligation minus the fair value of any plan assets.

The obligation is measured using the Projected Unit Credit Method, which considers each period of service as giving rise to an additional unit of benefit entitlement.

Components of Defined Benefit Cost:

Defined benefit cost is made up of the following components:
1) Service costs
2) Net interest revenue/expense
3) Remeasurements

1) Service cost
Service cost comprises the following costs:
a) Current Service cost
b) Settlement
c) Past service cost, made up of:
i. Plan amendments
ii. Curtailments

The remeasurements of the net defined liability (asset), to be recognised in surplus or deficit, comprise:
actuarial gains and losses
return on plan asset, excluding amounts in net interest on the net defined benefit liability (asset); and
any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability

Recognition and measurement: Plan assets

Fair Value of plan assets:

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

Plan assets exclude unpaid contributions due from the reporting entity to the fund, as well as any non-transferable financial instruments issued by the entity and held by the fund. Plan assets are reduced by any liabilities of the fund that do not relate to employment benefits, for example, payables and liabilities resulting from derivative financial instruments.
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 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 by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

1.17 Employee benefits (continued)

Long-service employee benefits

The municipality has an obligation to provide Long-service Employee Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the entity 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.

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

The municipality has an obligation to provide long term service allowance benefits to all of its employees.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.
- Payments made by the municipality are set-off against the liability

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- net interest cost is disclosed as part of the employee related cost in the financial statements
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Post-employment benefits: Defined contribution plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus and Deficit 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.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of financial position.

Bonus provisions

The entity recognises the expected cost of bonuses as a provision only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Accounting Policies

1.18 Unspent conditional grants

Unspent conditional grants are liabilities that are seperately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there is no contractual arrangements as required by GRAP104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent grant is reclassified as payables, which is considered a financial instrument. This liability always must be cash-backed.

The following provisions are set for the creation of utilisation of this creditor:

Unspent conditional grants are recognised as a liability when the grant is received. When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

The cash which backs up the creditor is invested until it is utilised.

1.19 Provisions

Provisions are liabilities of uncertain timings or amounts.

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Measurement
The best estimate of the expenditure required to settle the present obligation is the amount that a 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.

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.

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.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.19 Provisions (continued)

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

At year end a provision is raised for the rehabilitation of landfill sites. The provision is the net present value of the future cash flows to rehabilitate damaged land at year end.

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

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

1.20 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 non-occurrence 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 non-occurrence 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 the notes to the annual financial statements of the municipality.

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

1.22 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from service charges and other operational activities.

Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. Services rendered are recognised by reference to the stage of completion of the transaction at the reporting date. Services rendered are recognised also when transaction costs and cost to complete can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

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.

1.22.1 Revenue from exchange transactions

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of 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.

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

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. .

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;

1.22 Revenue (continued)

- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

1.22.2 Revenue from non-exchange transactions

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Government grants and subsidies

Unconditional grants

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

Conditional grants

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

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

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

Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

1.22 Revenue (continued)

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 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.23 Borrowing costs

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

Borrowing costs are recognised as an expense in the Statement of Financial Performance in the period in which they are incurred.

1.24 Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods, except where otherwise indicated.

1.25 Unauthorised expenditure

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality’s approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality’s budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.26 Fruitless and wasteful expenditure

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

1.26 Fruitless and wasteful expenditure (continued)

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

Additional disclosure for fruitless and wasteful expenditure is disclosed in note 50.2.

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 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 municipality'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.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Additional disclosure for irregular expenditure is disclosed in note 50.1.

1.28 Segment information

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met. Reports are used to identify reportable segments and the review thereof, e.g. monthly section 71 reports.

The municipality reports a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management.

The municipality does not disclose the geographical areas in which it operates as it is not relevant for decision-making purposes.

1.28 Segment information (continued)

Measurement

The municipality uses section 71 reports to assess performance. The measurement basis per the monthly reports is the same as the annual financial statements.

1.29 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2025 to 6/30/2026.

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

Comparative budget information is not required.

In general, a difference of 10% or more with a value limited to R1,000,000 is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the annual financial statements in determining whether a difference between the budgeted and actual amount is material.

All comparisons of the budget and actual amounts shall be presented on a comparative basis to the budget. Comparative information includes the following:
- the approved and final amounts;
- actual amounts and final budget amounts.

1.30 Related parties and related party transactions

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, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.30 Related parties and related party transactions (continued)

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

1.31 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

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

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

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

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

1.32 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

Revenue, expenses and assets are recognised net of the amounts of value-added tax. The net amount of value-added tax recoverable from, or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

1.33 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surplus realised during a specific financial year is credited against the accumulated surplus.

Prior year adjustments, relating to income and expenditure are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

1.34 Cash and cash equivalents

Cash includes cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

1.35 Consumer deposits

The municipality recognises consumer deposits as a current liability when the municipality becomes a party to the contract i.e. when the deposit is made. The consumer deposit is recognised as a liability as the municipality has an obligation to pay the money back to the consumer once the consumer account is closed. As the timing of when a consumer will close their account is unknown, the consumer deposits are classified as a current liability.

Consumer deposits are levied in line with council's policy to consumers when services are initially connected.

When services are terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

Accounting Policies

1.36 Change in accounting policies, estimates and errors

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 impracticable to determine the period-specific effects or the cumulative effect of the change in policy. 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 practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable 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 practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

Figures in Rand		2026	2025 Restated*

2. New standards and interpretations

2.1 Standards, amendments to standards and interpretations issued, but not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality’s accounting periods beginning on or after 1 July 2026 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Effective date to be determined	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Effective date to be determined	Unlikely there will be a material impact

3. Cash and cash equivalents

3.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

		2026	2025 Restated*
Call deposits and investments			
Bank guarantee		49,317,222	49,027,672
Call account - Nedbank		124,609,653	394,533,802
		173,926,875	**443,561,474**
Cash at bank			
Bank accounts	3.2	267,281,248	20,437,535
Less: expected credit losses		(1,866,310)	-
		265,414,938	**20,437,535**
Cash on hand			
Cashier Floats		2,220	2,220
Total		**439,344,033**	**464,001,229**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Call accounts are held with primary bank and are redeemable at any given time.

Cash at banks include an amount of R 2 429 923 (2025: R400,541) held to fund unspent conditional grants.

Bank Guarantees

Institution	Deposit held by :	2026	2025
Nedbank	Eskom	48,665,504	48,397,000
Nedbank	Eskom	241,331	240,000
Nedbank	South African Post Office	60,333	60,000
Absa	Eskom and SAPO	350,054	330,672
		49,317,222	**49,027,672**

Figures in Rand	2026	2025

3. Cash and cash equivalents (continued)

3.2 Bank accounts

The municipality has the following bank accounts:

Nedbank Limited	Cheque - Account number 1224797477	430,834	2,714,421
Nedbank Limited	Cheque - Account number 1224797469	266,850,414	17,723,114
Total		**267,281,248**	**20,437,535**

Credit quality of cash at bank and short term deposits (excluding cash on hand)

The credit quality of cash at bank and short term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

3.3 Difference between cash book and bank statement

2026

	Cash book	Bank statement	Difference
Nedbank Limited	430,834	430,834	-
Nedbank Limited	266,850,414	266,329,849	520,565
	267,281,248	**266,760,683**	**520,565**

2025

	Cash book	Bank statement	Difference
Nedbank Limited	2,714,421	2,714,421	-
Nedbank Limited	17,723,114	17,033,392	689,722
	20,437,535	**19,747,813**	**689,722**

Guarantees held in lieu of electricity and water deposits		
Bhawan Fmily Holdings	1,199,326	1,199,326
Heineken SA (Pty) Ltd	7,109,000	7,109,000
Ontec Systems (Pty) Ltd	20,000,000	13,000,000
Alley Roads - Riverstone Mall	8,478,708	8,478,708
	36,787,034	**29,787,034**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

3. Cash and cash equivalents (continued)

3.4 Impairment reconciliation of cash and cash equivalents

2026

	Opening balance	Change in accounting policy	Restated opening balance	Impairment reversed / debt written off	Closing balance
Cash and cash equivalents	-	1,962,716	1,962,716	(96,406)	**1,866,310**

4. Trade and other receivables from exchange transactions

		2026	2025
Trading service and customer service debtors	4.1	201,471,783	252,181,293
Other receivables from exchange transactions	4.2	15,541,129	18,480,938
Total		**217,012,912**	**270,662,231**

4.1 Trading service and customer service debtors

	2026			2025		
	Gross	Impairment	Total	Gross	Impairment	Total
Electricity	115,585,425	(37,142,006)	**78,443,419**	64,928,483	(13,590,374)	**51,338,109**
Waste management	65,595,920	(47,123,281)	**18,472,639**	58,359,852	(32,746,607)	**25,613,245**
Waste water management	59,528,747	(43,205,382)	**16,323,365**	52,961,954	(29,890,551)	**23,071,403**
Water	220,494,362	(147,451,565)	**73,042,797**	195,890,004	(85,745,983)	**110,144,021**
Sundries	46,066,606	(30,877,043)	**15,189,563**	62,033,667	(20,019,152)	**42,014,515**
Total	**507,271,060**	**(305,799,277)**	**201,471,783**	**434,173,960**	**(181,992,667)**	**252,181,293**

4.1.1 Financial assets reconciliation

	2026	2025
Total trading service and consumer service debtors	201,471,783	252,181,293

The average credit period for trading service and customer service debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of trading service and customer service debtors.

The management of the municipality is of the opinion that the carrying value of trading service and customer service debtors approximate their fair values.

The fair value of trading service and customer service debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and trading service and customer service debtors as well as the current payment ratio's of the municipality's trading service and customer service debtors.

Notes to the Annual Financial Statements

Figures in Rand

4. Trade and other receivables from exchange transactions (continued)

4.1.2 Ageing of trading service and customer service debtors

2026

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Ageing by debt type							
Electricity	**78,443,419**	67,099,571	1,641,269	699,284	326,195	547,987	8,129,113
Waste management	**18,472,639**	3,719,192	1,134,867	839,383	746,928	680,455	11,351,814
Waste water management	**16,323,365**	4,046,369	1,038,400	754,448	633,827	562,414	9,287,907
Water	**73,042,797**	24,029,057	4,344,078	3,223,926	2,764,369	2,370,547	36,310,820
Sundries	**15,189,563**	5,721,296	1,437,152	311,213	768,322	1,012,803	5,938,777
Total ageing by debt type	**201,471,783**	**104,615,485**	**9,595,766**	**5,828,254**	**5,239,641**	**5,174,206**	**71,018,431**
Ageing per customer group							
Organs of state	**8,149,717**	2,802,286	1,483,628	225,711	873,385	877,240	1,887,467
Commercial customers	**90,306,406**	77,708,071	1,742,663	706,483	365,857	582,045	9,201,287
Households	**103,015,660**	24,105,128	6,369,475	4,896,060	4,000,399	3,714,921	59,929,677
Total ageing per customer group	**201,471,783**	**104,615,485**	**9,595,766**	**5,828,254**	**5,239,641**	**5,174,206**	**71,018,431**

Notes to the Annual Financial Statements

Figures in Rand

4. Trade and other receivables from exchange transactions (continued)

2025

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Ageing by debt type							
Electricity	**51,338,109**	38,260,371	1,212,458	1,526,079	491,958	3,843,002	6,004,241
Waste management	**25,613,245**	6,316,907	1,641,920	1,408,114	1,287,287	6,714,808	8,244,209
Waste water management	**23,071,403**	6,580,254	1,385,307	1,189,443	1,086,915	5,084,538	7,744,946
Water	**110,144,021**	38,050,482	6,149,826	7,807,611	3,830,312	27,164,095	27,141,695
Sundries	**42,014,515**	7,848,530	1,387,591	1,842,255	1,352,752	19,290,503	10,292,884
Total ageing by debt type	**252,181,293**	**97,056,544**	**11,777,102**	**13,773,502**	**8,049,224**	**62,096,946**	**59,427,975**
Ageing per customer group							
Organs of state	**37,425,963**	4,111,281	1,460,332	1,251,432	1,104,082	17,510,435	11,988,401
Commercial customers	**38,733,154**	27,472,984	1,177,059	1,597,326	277,725	6,003,449	2,204,611
Households	**176,022,176**	65,472,279	9,139,711	10,924,744	6,667,417	38,583,062	45,234,963
Total ageing per customer group	**252,181,293**	**97,056,544**	**11,777,102**	**13,773,502**	**8,049,224**	**62,096,946**	**59,427,975**

4. Trade and other receivables from exchange transactions (continued)

4.1.3 Impairment reconciliation of trading service and customer service debtors

2026

	Opening balance	Change in accounting policy	Restated opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Electricity	13,590,374	10,584,744	24,175,118	14,099,827	(1,132,939)	**37,142,006**
Waste management	32,746,607	8,930,314	41,676,921	11,200,609	(5,754,249)	**47,123,281**
Waste water management	29,890,551	7,698,634	37,589,185	9,532,985	(3,916,788)	**43,205,382**
Water	85,745,983	42,085,857	127,831,840	67,661,945	(48,042,220)	**147,451,565**
Sundries	20,019,152	17,310,409	37,329,561	(2,880,243)	(3,572,275)	**30,877,043**
Total	**181,992,667**	**86,609,958**	**268,602,625**	**99,615,123**	**(62,418,471)**	**305,799,277**

2025

	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Electricity	10,057,910	4,479,752	(947,288)	**13,590,374**
Waste management	28,329,288	14,959,222	(10,541,903)	**32,746,607**
Waste water management	26,203,981	16,967,565	(13,280,995)	**29,890,551**
Water	75,477,197	82,014,138	(71,745,352)	**85,745,983**
Sundries	18,233,264	5,156,698	(3,370,810)	**20,019,152**
Total	**158,301,640**	**123,577,375**	**(99,886,348)**	**181,992,667**

4. Trade and other receivables from exchange transactions (continued)

The impairment provision for trade and other receivables is calculated in accordance with GRAP 104's forward-looking Expected Credit Loss (ECL) model, specifically applying the simplified approach for trade receivables which requires recognition of lifetime expected credit losses from initial recognition to derecognition. This is achieved by developing an impairment model that utilises historical exposure and payment data, grouped by similar credit risk characteristics such as debtor type (Business, Residential, and Other). The model estimates the probability of non-payment for each ageing bucket using a conditional probability approach, reflecting the likelihood that an outstanding balance will ultimately not be repaid over its lifetime. While GRAP 104 requires consideration of current and forward looking information, the historical loss rates were deemed appropriate without adjustment due to the lack of significant evidence of material impact from macroeconomic factors and the short-tailed nature of the outstanding balances.

4.1.4 Ageing of impaired trading service and customer service debtors

2026

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Ageing by debt type							
Electricity	**37,142,006**	9,186,344	1,107,290	751,364	433,042	662,921	25,001,045
Waste water management	**43,205,382**	869,706	870,928	842,969	835,820	813,598	38,972,361
Waste management	**47,123,281**	943,650	1,025,789	1,003,635	1,023,029	1,005,749	42,121,429
Water	**147,451,565**	4,624,187	3,678,795	3,746,189	3,493,126	3,520,045	128,389,223
Sundries	**30,877,043**	877,062	510,257	357,245	510,315	663,065	27,959,099
Total by debt type	**305,799,277**	**16,500,949**	**7,193,059**	**6,701,402**	**6,295,332**	**6,665,378**	**262,443,157**
Ageing per customer group							
Organs of state	**7,003,632**	231,945	274,945	56,166	281,359	350,728	5,808,489
Commercial customers	**45,294,543**	9,053,734	979,108	653,681	458,440	740,328	33,409,252
Households	**253,501,102**	7,215,270	5,939,006	5,991,555	5,555,533	5,574,322	223,225,416
Total by customer group	**305,799,277**	**16,500,949**	**7,193,059**	**6,701,402**	**6,295,332**	**6,665,378**	**262,443,157**

4. Trade and other receivables from exchange transactions (continued)

2025

		Not due	Past due				
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Ageing by debt type							
Electricity	**13,590,374**	3,229,211	453,430	903,489	281,540	1,935,872	6,786,832
Waste water management	**29,890,551**	57,651	74,271	139,626	166,614	3,625,403	25,826,986
Waste management	**32,746,607**	65,614	86,263	161,571	200,415	3,658,280	28,574,464
Water	**85,745,983**	1,136,884	575,152	2,090,619	704,247	11,857,136	69,381,945
Sundries	**20,019,152**	582,892	43,063	140,274	92,566	1,178,367	17,981,990
Total by debt type	**181,992,667**	**5,072,252**	**1,232,179**	**3,435,579**	**1,445,382**	**22,255,058**	**148,552,217**
Ageing per customer group							
Commercial customers	**14,125,924**	3,500,800	371,885	819,768	22,521	1,773,180	7,637,770
Households	**167,866,743**	1,571,452	860,294	2,615,811	1,422,861	20,481,878	140,914,447
Total by customer group	**181,992,667**	**5,072,252**	**1,232,179**	**3,435,579**	**1,445,382**	**22,255,058**	**148,552,217**

4.1.5 Trading service and customer service debtors pledged as security

No consumer receivables were pledged as security.

4. Trade and other receivables from exchange transactions (continued)

4.2 Other receivables from exchange transactions

	2026			2025	
	Gross	Impairment	Total	Gross	Total
Prepayments and advances	8,582,872	-	**8,582,872**	8,650,372	**8,650,372**
Sundry debtors	7,636,375	(678,118)	**6,958,257**	9,830,566	**9,830,566**
Total	**16,219,247**	**(678,118)**	**15,541,129**	**18,480,938**	**18,480,938**

4.2.1 Ageing of other receivables from exchange transactions

2026

		Not due	Past due	
	Total	Current	90 days	120+ days
Prepayments and advances	**8,582,872**	8,582,872	-	-
Sundry debtors	**6,958,257**	1,771,746	1,095,589	4,090,922
Total	**15,541,129**	**10,354,618**	**1,095,589**	**4,090,922**

2025

		Not due	Past due
	Total	Current	120+ days
Prepayments and advances	**8,650,372**	8,650,372	-
Sundry debtors	**9,830,566**	5,313,161	4,517,405
Total	**18,480,938**	**13,963,533**	**4,517,405**

4.2.2 Impairment reconciliation of other receivables from exchange transactions

	Opening balance	Change in accounting policy	Restated opening balance	Impairment reversed / debt written off	Closing balance
Sundry debtors	-	1,085,994	1,085,994	(407,876)	**678,118**

The prior year comparatives have been restated, please refer to note 47 for more detail information.

5. Receivables from non-exchange transactions

Consumer receivable	5.1	145,711,088	141,994,663
Other receivables	5.2	3,175,614	4,497,414
Total		**148,886,702**	**146,492,077**

The prior year comparatives have been restated, please refer to note 47 for more detail information.

5.1 Consumer receivable

	2026			2025		
	Gross	**Impairment**	**Total**	**Gross**	**Impairment**	**Total**
Property rates	320,006,365	(174,295,277)	**145,711,088**	284,545,694	(142,551,031)	**141,994,663**

5.1.1 Ageing of consumer receivable

2026

		Not due	Past due				
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Property rates	**145,711,088**	35,850,498	8,542,193	6,952,772	5,107,129	33,569,970	55,688,526

5. Receivables from non-exchange transactions (continued)

Property rates

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Commercial customers	**16,495,357**	7,240,298	820,222	804,481	465,873	2,807,322	4,357,161
Organs of state	**10,424,688**	1,453,478	749,298	431,363	352,929	1,899,990	5,537,630
Households	**118,791,043**	27,156,722	6,972,673	5,716,928	4,288,327	28,862,658	45,793,735
Total	**145,711,088**	**35,850,498**	**8,542,193**	**6,952,772**	**5,107,129**	**33,569,970**	**55,688,526**

2025

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Property rates	**141,994,663**	35,517,545	7,595,932	6,620,260	6,589,260	36,317,030	49,354,636

Property rates

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Commercial customers	**15,939,837**	7,926,070	592,823	480,976	1,149,547	2,218,732	3,571,689
Organs of state	**9,914,377**	839,615	281,962	253,124	247,226	2,069,960	6,222,490
Households	**116,140,449**	26,751,860	6,721,147	5,886,160	5,192,487	32,028,338	39,560,457
Total	**141,994,663**	**35,517,545**	**7,595,932**	**6,620,260**	**6,589,260**	**36,317,030**	**49,354,636**

5. Receivables from non-exchange transactions (continued)

5.1.2 Impairment reconciliation of consumer receivable

2026

	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Property rates	142,551,031	42,108,117	(10,363,871)	**174,295,277**

2025

	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Property rates	120,983,383	27,951,355	(6,383,707)	**142,551,031**

5. Receivables from non-exchange transactions (continued)

5.1.3 Ageing of impaired consumer receivable

2026

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Property rates	**174,295,277**	250,813	587,100	1,399,769	2,509,991	20,680,750	148,866,854

Property rates

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Commercial customers	**12,339,554**	7,231	12,456	144,335	280,821	2,584,027	9,310,684
Organs of state	**1,057**	-	-	-	-	-	1,057
Households	**161,954,666**	243,583	574,644	1,255,434	2,229,170	18,096,723	139,555,112
Total	**174,295,277**	**250,814**	**587,100**	**1,399,769**	**2,509,991**	**20,680,750**	**148,866,853**

5. Receivables from non-exchange transactions (continued)

2025

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Property rates	**142,551,031**	258,586	416,218	909,920	1,333,821	11,984,615	127,647,871

Property rates

		Not due			Past due		
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Commercial customers	**7,767,434**	16,634	12,760	35,189	407,646	809,987	6,485,218
Households	**134,783,597**	241,952	403,458	874,731	926,175	11,174,628	121,162,653
Total	**142,551,031**	**258,586**	**416,218**	**909,920**	**1,333,821**	**11,984,615**	**127,647,871**

5.2 Other receivables

		2026			2025	
	Gross	Impairment	Total	Gross	Impairment	Total
Fines	205,903,470	(203,451,118)	**2,452,352**	276,580,693	(272,806,541)	**3,774,152**
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	723,262	-	**723,262**	723,262	-	**723,262**
Total	**206,626,732**	**(203,451,118)**	**3,175,614**	**277,303,955**	**(272,806,541)**	**4,497,414**

Notes to the Annual Financial Statements

Figures in Rand

5. Receivables from non-exchange transactions (continued)

5.2.1 Ageing of other receivables

2026

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Fines	**2,452,352**	113,429	110,904	113,477	108,421	122,076	1,884,045
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	**723,262**	-	-	-	-	-	723,262
Total	**3,175,614**	**113,429**	**110,904**	**113,477**	**108,421**	**122,076**	**2,607,307**

2025

		Not due			Past due		
	Total	**Current**	**30 days**	**60 days**	**90 days**	**120 days**	**120+ days**
Fines	**3,774,152**	84,878	200,994	175,368	191,099	142,670	2,979,143
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	**723,262**	-	-	-	-	-	723,262
Total	**4,497,414**	**84,878**	**200,994**	**175,368**	**191,099**	**142,670**	**3,702,405**

5. Receivables from non-exchange transactions (continued)

5.2.2 Impairment reconciliation of other receivables

	2026				2025			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Fines	272,806,540	31,710,571	(101,065,993)	**203,451,118**	247,195,938	34,897,915	(9,287,312)	**272,806,541**

5.2.3 Ageing of impaired other receivables

2026

		Not due	Past due				
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Fines	**203,451,118**	2,150,621	2,102,746	2,151,524	2,055,679	2,314,574	192,675,974

2025

		Not due	Past due				
	Total	Current	30 days	60 days	90 days	120 days	120+ days
Fines	**272,806,541**	1,582,672	3,747,806	3,269,982	3,563,301	2,660,280	257,982,500

5. Receivables from non-exchange transactions (continued)

Property rates

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

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

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

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

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

Trafic fines

Trafic fines receivables are statutory receivables and arise from traffic infringements commited and fines issued as a result, in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996, as well as the Criminal Procedure Act, No 501 of 1977.

The traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Trafic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing Trafic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on trafic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

6. Inventory

Roads maintenance stock		178,068	-
Water for distribution	6.1	1,261,867	1,215,834
Water maintenance stock		7,948,841	7,792,583
Sewer maintenance stock		479,391	-
Electrical maintenance stock		26,442,965	27,242,154
Total Inventories		**36,311,132**	**36,250,571**

6.1 Water

Summary

Opening balance	1,215,834	929,667
System input volume	198,106,462	181,778,059
Authorised consumption	(137,270,111)	(118,389,355)
Unavoidable annual real losses	(60,790,318)	(63,102,537)
Closing balance	**1,261,867**	**1,215,834**

6.1.1 Water losses

	2026		2025	
	ML	**Amount**	**ML**	**Amount**
Opening balance of water stock	91,969	1,215,834	74,373	929,668
Units purchased	12,981,892	198,106,462	13,668,652	181,778,059
Units sold	(9,003,398)	(137,270,111)	(8,904,749)	(118,389,356)
Closing balance of water stock	(83,292)	(1,261,867)	(91,969)	(1,215,834)
Total loss	**3,987,171**	**60,790,318**	**4,746,307**	**63,102,537**
Comprising of:				
Technical losses	2,392,302	36,474,191	2,884,331	38,347,412
Non-technical losses	1,594,869	24,316,127	1,861,976	24,755,125
Total	**3,987,171**	**60,790,318**	**4,746,307**	**63,102,537**
Percentage loss:				
Technical losses		18.41 %		21.13 %
Non-technical losses		12.28 %		13.64 %
Total		**30.69 %**		**34.77 %**

Reasons for the losses

The municipality is of the view that the methodology outlined in MFMA Circular 71 is an over simplification and does not take into account various components in the calculation.

The municipality has also disclosed the water loss calculation as outlined by the International Water Association (IWA) which is a more detailed and comprehensive calculation. The calculations have been verified by experts in the field, in line with the IWA guideline which is a more reliable and accurate calculation:

Water Loss (based on IWA guidelines)	29.73%	33.75%

- Frequent burst pipes due to old decapitated water infrastructure
- Illegal water connections or theft of water
- Meter reading (accounting for water used by our customers)

Figures in Rand	2026	2025

6. Inventory (continued)

Action taken

The municipality has taken the following actions to mitigate against the reoccurrence of such losses:

- Implementation of the approved 5-year Water Conservation and Water Demand Management Plan/Strategy
- Consumer meter audits to address meters that are not read and meters that are bypassed.
- Replacement of old infrastructure.

6.2 Inventory pledged as security

No portion of inventories have been pledged as security.

The municipality is required to report on water losses in terms of MFMA Circular 71 issued by National Treasury, and has been reported accordingly.

7. VAT Receivable

Input Tax General	19,082,647	15,588,786
VAT Control (Receivable)	5,609,969	9,801,132
Total	**24,692,616**	**25,389,918**

Vat is received and paid as required by the Value Added Tax Act no.89 of 1991 (VAT Act).

VAT is applied to all relevant goods and services as stated in the VAT Act and the amount thereof is determined in terms of the VAT Act. The Input Accrual of R19 082 647 is not a statutory receivable at year end.

VAT is submitted and paid on a monthly basis. Interest is charged on outstanding VAT amounts.

VAT receivable from SARS is not impaired as SARS has sufficient funds to pay any outstanding amounts.

8. Property, plant and equipment

8.1 Reconciliation summary

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	115,828,564	-	**115,828,564**	115,828,564	-	**115,828,564**
Transport Assets	97,400,111	(62,601,180)	**34,798,931**	88,369,530	(59,072,464)	**29,297,066**
Machinery and Equipment	97,383,021	(43,050,404)	**54,332,617**	75,713,135	(33,813,611)	**41,899,524**
Furniture and Office Equipment	34,064,831	(17,874,849)	**16,189,982**	31,175,264	(14,341,582)	**16,833,682**
Computer Equipment	43,632,066	(28,245,404)	**15,386,662**	36,689,049	(23,631,145)	**13,057,904**
Infrastructure Assets	3,773,437,009	(1,760,844,467)	**2,012,592,542**	3,632,162,244	(1,667,855,704)	**1,964,306,540**
Community Assets	257,852,233	(83,080,914)	**174,771,319**	235,378,525	(76,816,088)	**158,562,437**
Leased Assets	100,684,172	(32,791,807)	**67,892,365**	71,974,589	(25,461,986)	**46,512,603**
Other assets						
Landfill site	40,374,851	(34,331,030)	**6,043,821**	15,789,696	(14,770,662)	**1,019,034**
Total	**4,560,656,858**	**(2,062,820,055)**	**2,497,836,803**	**4,303,080,596**	**(1,915,763,242)**	**2,387,317,354**

The prior year comparatives have been restated, please refer to note 47 for more detail information.

8. Property, plant and equipment (continued)

8.2 Reconciliation of carrying value

2026

	Opening balance	Additions	Disposals	Revaluation	Depreciation	Total
Land	115,828,564	-	-	-	-	**115,828,564**
Transport Assets	29,297,065	9,930,595	(126)	-	(4,428,603)	**34,798,931**
Machinery and Equipment	41,899,504	22,197,143	(96,333)	-	(9,667,697)	**54,332,617**
Furniture and Office Equipment	16,833,682	3,243,473	(84,505)	-	(3,802,669)	**16,189,982**
Computer Equipment	13,057,903	7,720,063	(84,044)	-	(5,307,260)	**15,386,662**
Infrastructure Assets	1,964,306,562	150,212,505	(6,232,956)	-	(95,693,569)	**2,012,592,542**
Community Assets	158,562,436	23,857,528	(1,236,951)	-	(6,411,694)	**174,771,319**
Leased Assets	46,512,601	28,709,584	-	-	(7,329,820)	**67,892,365**
Other assets						
Landfill Site	1,019,035	-	-	24,585,154	(19,560,368)	**6,043,821**
Total	**2,387,317,352**	**245,870,891**	**(7,734,915)**	**24,585,154**	**(152,201,680)**	**2,497,836,803**

8. Property, plant and equipment (continued)

2025

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	116,531,564	-	(703,000)	-	-	**115,828,564**
Transport Assets	30,511,588	2,890,968	(110,943)	-	(3,994,548)	**29,297,065**
Machinery and Equipment	36,696,807	12,204,935	(720,189)	-	(6,282,049)	**41,899,504**
Furniture and Office Equipment	15,631,607	5,174,026	(949,784)	-	(3,022,168)	**16,833,681**
Computer Equipment	13,605,308	4,605,556	(20,786)	-	(5,132,175)	**13,057,903**
Infrastructure Assets	1,887,324,806	180,109,980	(15,686,673)	-	(87,441,551)	**1,964,306,562**
Community Assets	130,490,342	34,870,187	(1,417,972)	-	(5,380,122)	**158,562,435**
Leased Assets	42,485,935	10,888,665	(258,284)	-	(6,603,710)	**46,512,606**
Other assets						
Landfill Site	1,459,727	-	-	(2,473,293)	2,032,600	**1,019,034**
Total	**2,274,737,684**	**250,744,317**	**(19,867,631)**	**(2,473,293)**	**(115,823,723)**	**2,387,317,354**

8.3 Property, plant and equipment under construction

Reconcilliation of Work in Progress (WIP) 2026	Opening Balance	Additions	Transferred to completed assets	Total
Community	55,520,546	23,855,192	(11,485,666)	67,890,072
Infrastructure	334,692,564	142,060,288	(255,295,541)	221,457,311
Computer equipment	919,043	3,723,100	(4,642,143)	-
Machinery	618,766	(618,766)	-	-
	391,750,919	**169,019,814**	**(271,423,350)**	**289,347,383**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

8. Property, plant and equipment (continued)

Reconcilliation of Work in Progress (WIP) 2025	Opening Balance	Additions	Transferred to completed assets	Reclassifications	Total
Community	48,686,543	33,760,860	(26,926,857)	-	55,520,546
Infrastructure	267,199,293	167,845,306	(100,352,035)	-	334,692,564
Intangible assets	303,631	-	(303,631)	-	-
Computer equipment	-	1,070,115	(151,072)	-	919,043
Machinery	12,105,230	618,766	(12,105,230)	-	618,766
Furniture and office equipment	3,525,787	2,921,993	(6,447,780)	-	-
	331,820,484	**206,217,040**	**(146,286,605)**	**-**	**391,750,919**

8.4 Property, plant and equipment pledged as security

No portion of property,plant and equipment has been pledged as security for liabilities, other than obligations under finance leases that are secured by the lessor's right over the leased assets.

8.5 Maintenance of property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment		
Employee related costs	106,429,670	101,751,102
Contracted services	98,992,150	76,688,235
Sale of goods/inventory	3,998	863
Hire charges	11,335,637	11,733,103
	216,761,455	**190,173,303**

Figures in Rand	2026	2025

8. Property, plant and equipment (continued)

8.6 Funding of property, plant and equipment acquisitions

	2026	2025
Infrastructure assets		
Accumulated surplus	27,198,732	17,376,546
Annuity loans	41,859,914	61,726,135
DSCAR	1,357,345	561,436
Developers contribution	3,947,936	5,922,442
INEP	22,452,408	31,064,348
MIG	23,760,290	22,293,181
NDPG	-	6,766,413
WSIG	19,016,514	30,561,938
Energy Efficiency Grant	3,435,855	-
Donations	7,183,511	-
	150,212,505	**176,272,439**
Community assets		
Accumulated surplus	18,271,777	11,891,548
Annuity loans	342,000	4,396,596
MIG	3,614,068	16,712,737
NDPG	1,627,347	1,869,306
DSCAR	2,336	-
	23,857,528	**34,870,187**
Leased assets		
Finance leases	28,709,584	10,888,665
Transport assets		
Accumulated surplus	9,220,051	-
Functional Fire and Rescue Grant	710,544	2,175,246
DSCAR	-	715,722
	9,930,595	**2,890,968**
Computer equipment		
Accumulated surplus	6,830,220	2,858,245
DSCAR	889,843	1,682,303
MIG	-	65,008
	7,720,063	**4,605,556**
Furniture and equipment		
Accumulated surplus	2,567,059	4,674,554
DSCAR	666,076	499,472
MIG	6,678	-
HIV Grant	3,660	-
	3,243,473	**5,174,026**

Figures in Rand	2026	2025

8. Property, plant and equipment (continued)

Machinery and Equipment		
Accumulated surplus	20,031,810	3,202,029
DSCAR	1,541,995	1,203,491
MIG	22,248	15,200
Finance leases	-	5,268,601
Donations	-	1,300,000
Loans	-	1,215,594
Functional Fire and Rescue Grant	592,911	-
HIV Grant	8,179	-
	22,197,143	**12,204,915**
Total	**245,870,891**	**246,906,756**

Borrowing costs capitalised

There are no borrowing costs that have been capitalised to the property, plant and equipment value.

Assets held as inventory

In addition to the property, plant and equipment above, the municipality has land on which RDP houses have been built. The land is still registered in the deeds office in the name of the municipality. The municipality does not have control over these properties and it is therefore not recognised as assets as it does not comply with the definition of assets as per GRAP 17. Total value: R8 211 000 (2025: R17 852 000)

9. Investment property

9.1 Reconciliation of carrying value

Opening carrying value		
Cost	49,234,032	49,234,032
Closing carrying value	49,234,032	49,234,032

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

There are no restrictions on the realisability of investment property of the remittance of revenue and proceeds of disposal.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Council resolved that land amounting to R355 000 be transferred, however, the property has not yet been transferred as at 30 June 2026.

9.1.1 Investment property under construction

No investment property is in the process of being constructed or developed.

9.2 Investment property pledged as security

All of the municipality’s investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

10. Intangible assets

10.1 Reconciliation of carrying value

2026

	Note	Computer software	Service, operating and land rights	Total
Opening carrying value as at 1 July 2025				
Cost		15,106,960	3,767,323	18,874,283
Accumulated depreciation and impairment		(6,180,959)	-	(6,180,959)
		8,926,001	**3,767,323**	**12,693,324**
Additions from acquisitions		486,218	5,000	491,218
Amortisation	35	(2,147,589)	-	(2,147,589)
		(1,661,371)	**5,000**	**(1,656,371)**
		7,264,630	**3,772,323**	**11,036,953**
Cost		15,593,178	3,772,323	19,365,501
Accumulated amortisation and impairment		(8,328,548)	-	(8,328,548)
Closing carrying value as at 30 June 2026		**7,264,630**	**3,772,323**	**11,036,953**

2025

	Note	Computer software	Service, operating and land rights	Total
Opening carrying value as at 1 July 2024				
Cost		12,362,638	3,406,252	15,768,890
Accumulated depreciation and impairment		(4,378,969)	-	(4,378,969)
		7,983,669	**3,406,252**	**11,389,921**
Additions from acquisitions		3,454,850	361,071	3,815,921
Amortisation	35	(2,373,343)	-	(2,373,343)
		1,081,507	**361,071**	**1,442,578**
Carrying value of disposals / transfers				
Cost		(710,528)	-	(710,528)
Accumulated depreciation and impairment		571,353	-	571,353
		(139,175)	**-**	**(139,175)**
		8,926,001	**3,767,323**	**12,693,324**
Cost		15,106,960	3,767,323	18,874,283
Accumulated amortisation and impairment		(6,180,959)	-	(6,180,959)
Closing carrying value as at 30 June 2025		**8,926,001**	**3,767,323**	**12,693,324**

10.2 Intangible assets pledged as security

No portion of intangible assets has been pledged as security for liabilities.

A register containing information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

10. Intangible assets (continued)

10.3 Funding of intangible asset additions

Additions to intangible assets were funded from the following sources:

	2026	2025
Computer software		
Accumulated surplus	486,218	3,454,850
Servitudes		
Accumulated surplus	5,000	361,071

11. Heritage Assets

11.1 Reconciliation of carrying value

2026

	Mayoral chain	Total
Opening carrying value as at 1 July 2025		
Cost	18,701	**18,701**

2025

	Mayoral chain	Total
Opening carrying value as at 1 July 2024		
Cost	18,701	**18,701**

11.2 Heritage Assets pledged as security

No portion of heritage assets has been pledged as security for liabilities.

12. Trade and other payables from exchange transactions

		2026	2025
Contractors	12.1	17,654,987	20,141,374
Employee benefits	12.2	23,949,017	22,959,718
Other payables	12.3	210,018,513	198,701,882
VAT Payable	12.4	14,686,654	23,465,392
Total		**266,309,171**	**265,268,366**

12.1 Contractors

	2026	2025
Retentions	17,654,987	20,141,374

12.2 Employee benefits

	2026	2025
Leave accrual	23,949,017	22,959,718

12.3 Other payables

	2026	2025
Payables and accruals	145,845,999	137,267,712
Unallocated deposits	7,714,178	7,068,500
Advance payments	56,458,336	54,365,670
Total	**210,018,513**	**198,701,882**

Figures in Rand	2026	2025

12. Trade and other payables from exchange transactions (continued)

12.4 VAT Payable

Output VAT: Accrual	47,252,452	42,303,839
Output VAT: Expected credit losses	(32,565,798)	(18,838,447)
Total	**14,686,654**	**23,465,392**

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

Payables are recognised net of trade discounts.

13. Borrowings

Total borrowings

Annuity and bullet loans	259,385,119	249,771,853
Less: Current portion transferred to current liabilities	(32,811,007)	(27,886,732)
Total non-current borrowings	**226,574,112**	**221,885,121**

13.1 Summary of arrangements

Annuity loans are repaid over periods varying from 10 to 30 (2025: 10 to 30) years and at interest rates varying from 6.75% to 12.06% (2025: 6.75% to 13.54%) per annum.

Annuity loans are not secured.

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

All loans were obtained in terms of section 45 and 46 of the MFMA.

Current Liabilities		
ABSA	1,368,550	1,673,344
First National Bank	1,695,770	1,531,106
Nedbank	1,179,097	1,048,775
Standard Bank	27,291,294	22,490,792
Development bank of South Africa	1,276,296	1,142,715
	32,811,007	**27,886,732**

Non current liabilities		
ABSA	-	1,368,550
First National Bank	11,634,678	13,330,448
Nedbank	10,870,322	12,049,419
Standard Bank	199,161,977	188,953,271
Development Bank of South Africa	4,907,135	6,183,433
	226,574,112	**221,885,121**

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

13. Borrowings (continued)

Details of loans	Redeemable	Balance at 30 June 2025	Received during the period	Redeemed during the period	Balance at 30 June 2026
ABSA - 0387231331	12,000,000	3,041,895	-	1,673,345	1,368,550
DBSA - L-030-M-103600/2	12,650,000	5,629,938	-	1,013,745	4,616,193
DBSA - L-031-M-103600/3	1,500,000	1,221,814	-	35,422	1,186,392
DBSA - L-033-M-103600/5	1,350,000	474,395	-	93,547	380,848
Standard Bank - 991142	-	-	37,500,000	-	37,500,000
Standard Bank - 22044108	43,700,000	14,971,915	-	5,551,031	9,420,884
Standard Bank - 009733922	21,900,000	11,323,998	-	2,437,428	8,886,570
Standard Bank - 009733923	21,500,000	13,027,665	-	2,177,562	10,850,103
Standard Bank - 009733924	21,500,000	15,026,258	-	2,007,733	13,018,525
FNB	18,600,000	14,861,554	-	1,531,106	13,330,448
Nedbank	14,720,000	13,098,194	-	1,048,775	12,049,419
Standard Bank - 855271	94,550,000	89,144,226	-	6,152,725	82,991,501
Standard Bank - 919277	67,950,000	67,950,000	-	4,164,314	63,785,686
	331,920,000	**249,771,852**	**37,500,000**	**27,886,733**	**259,385,119**

14. Consumer deposits

	2026	2025
Electricity	24,316,768	24,587,728
Rental properties	115,242	105,171
Total	**24,432,010**	**24,692,899**

Deposits are released on termination of the contract or when the contractual services are delivered.

The carrying amount of consumer deposits approximates its fair value.

15. Lease liabilities

	Note	2026	2025
Finance lease liabilities	15.1	65,667,480	45,707,233
Less: Transferred to current liabilities		(15,617,416)	(11,599,851)
Total non-current liabilities		**50,050,064**	**34,107,382**

15.1 Obligation under finance leases

The municipality as lessee

	2026	2025
Total future minimum lease payments		
Payable within 1 year	21,972,712	15,699,629
Payable within 2 to 5 years	57,240,801	39,944,217
Total minimum lease payments	**79,213,513**	**55,643,846**
Less: Future finance charges	(13,546,033)	(9,936,613)
Total	**65,667,480**	**45,707,233**
Present value of minimum lease payments		
Payable within 1 year	15,617,416	11,599,851
Payable within 2 to 5 years	50,050,064	34,107,382
Total	**65,667,480**	**45,707,233**
Current liability	15,617,416	11,599,851
Non-current liability	50,050,064	34,107,382

It is the municipality's policy to purchase certain motor vehicles and equipment under finance leases.

15. Lease liabilities (continued)

The average lease term is 5 years and the average borrowing rate is between 6.5% - 12.54% (2025 : 6.5% - 12.54%). All leases have fixed repayments and no arrangements have been entered into for contingent rent.

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

16. Unspent conditional grant

		2026					2025				
		Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**
Capital											
Monetary Allocations	16.1	-	98,726,874	(98,514,809)	-	**212,065**	101,744	147,938,000	(147,938,000)	(101,744)	**-**
Operational											
Monetary Allocations	16.2	400,541	31,871,736	(29,648,225)	(406,193)	**2,217,859**	-	3,903,451	(3,502,910)	-	**400,541**
Total		**400,541**	**130,598,610**	**(128,163,034)**	**(406,193)**	**2,429,924**	**101,744**	**151,841,451**	**(151,440,910)**	**(101,744)**	**400,541**

16. Unspent conditional grant (continued)

16.1 Unspent capital monetary allocations

	2026				2025				
	Opening balance	**Funds received**	**Transfer to revenue**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**
National Government									
Energy Efficiency and Demand Side Management Grant	-	3,952,022	(3,952,022)	**-**	-	-	-	-	**-**
Integrated National Electrification Programme Grant	-	25,834,609	(25,834,609)	**-**	-	35,724,000	(35,724,000)	-	**-**
Municipal Infrastructure Grant	-	38,050,000	(38,050,000)	**-**	101,744	46,343,000	(46,343,000)	(101,744)	**-**
Neighbourhood Development Partnership Grant	-	2,244,000	(2,244,000)	**-**	-	10,000,000	(10,000,000)	-	**-**
Water Services Infrastructure Grant	-	21,886,000	(21,886,000)	**-**	-	32,599,000	(32,599,000)	-	**-**
Total	**-**	**91,966,631**	**(91,966,631)**	**-**	**101,744**	**124,666,000**	**(124,666,000)**	**(101,744)**	**-**
Provincial Government									
Libraries recapitalisation	-	5,260,243	(5,048,178)	**212,065**	-	21,072,000	(21,072,000)	-	**-**
Functional Fire Rescue Grant	-	1,500,000	(1,500,000)	**-**	-	2,200,000	(2,200,000)	-	**-**
Total	**-**	**6,760,243**	**(6,548,178)**	**212,065**	**-**	**23,272,000**	**(23,272,000)**	**-**	**-**
Total unspent capital monetary allocations	**-**	**98,726,874**	**(98,514,809)**	**212,065**	**101,744**	**147,938,000**	**(147,938,000)**	**(101,744)**	**-**

16. Unspent conditional grant (continued)

16.2 Unspent operational monetary allocations

	2026					2025			
	Opening balance	**Funds received**	**Transfer to revenue**	**Repayment unspent grants**	**Closing balance**	**Opening balance**	**Funds received**	**Transfer to revenue**	**Closing balance**
District Municipalities									
Sedibeng - HIV/AIDS	400,541	1,260,610	(540,984)	(406,193)	**713,974**	-	484,451	(83,910)	**400,541**
National Government									
Energy Efficiency and Demand Side Management Grant	-	47,978	(47,978)	-	**-**	-	-	-	**-**
Expanded Public Works Programme Integrated Grant	-	2,077,000	(2,077,000)	-	**-**	-	1,619,000	(1,619,000)	**-**
Integrated National Electrification Programme Gran	-	9,374,391	(9,374,391)	-	**-**	-	-	-	**-**
Local Government Financial Management Grant	-	2,000,000	(2,000,000)	-	**-**	-	1,800,000	(1,800,000)	**-**
Total	**-**	**13,499,369**	**(13,499,369)**	**-**	**-**	**-**	**3,419,000**	**(3,419,000)**	**-**
Provincial Government									
Gauteng	-	17,111,757	(15,607,872)	-	**1,503,885**	-	-	-	**-**
Total unspent operational monetary allocations	**400,541**	**31,871,736**	**(29,648,225)**	**(406,193)**	**2,217,859**	**-**	**3,903,451**	**(3,502,910)**	**400,541**

Figures in Rand		2026	2025

17. Income received in advance from developer contribution

Unspent developer contribution		4,803,073	1,750,616

18. Provisions (Current and non-current)

Provision for landfill rehabilitation	18.2	111,614,977	80,071,601

Split between current and non-current

Non-current	111,614,977	80,071,601

18.1 Provisions for landfill site fine

Opening Balance	-	5,000,000
Reductions (Payments, remeasurement etc.)	-	(5,000,000)
Closing balance	**-**	**-**

18.2 Provision for landfill rehabilitation

Opening Balance	80,071,601	75,464,725
Additional provisions raised	24,585,154	-
Increases (Passage of Time/Discounted Rate)	6,958,222	7,080,169
Reversals	-	(2,473,293)
Closing balance	**111,614,977**	**80,071,601**

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration are the Henley on Klip, Vaal Marina and Walkerville landfill sites. The valuation for the landfill sites was performed by Ms. Tracy McNeil B Eng (Civil) and is employed by EMS Solutions. Ms. McNeil is a registered member of the Engineering Council of South Africa (ECSA).

Key financial assumptions used in this calculation were as follows:

	Henley on Klip landfill	Vaal Marina landfill	Walkerville landfill
CPAP	1.7 %	1.7 %	1.7 %
Discount rate	8.7 %	8.7 %	8.7 %
Nett effective discount rate	7.0 %	7.0 %	7.0 %

The 2026 amount of the discounted landfill closure provision of R111 614 977 (2025 : R80 071 601) represents a increase of R31 543 376 (2025 : increase R4 606 877). Composition of this change relate to changes in the CPI, discount rate and unit costs. The interest charge relating to the assessment amounts to R6 958 222 (2025 : R7 080 169). The 2026 amount increased based on the expected remaining life of the Walkerville landfill site and based on the size of the area that had been used for waste disposal as at 30 June 2026 for Vaal Marina. The remaining useful life of the Walkerville landfill site was assessed independently for each distinct disposal cell whereas in the previous year both cell 1 and cell 2 were combined. The new licence obtained in the 2025/2026 financial year reflected a height restriction and therefore the airspace of cell 1 and cell 2 could not be combined. Cell 2 must be developed and closed as a completely separate standalone footprint adjacent to Cell 1. The municipality is in the process of amending the designs of cell 2 in accordance with the licence, and once amended and construction commences, the remaining useful life of the Walkerville landfill site will increase.

The size of the landfill sites used up until now and estimated remaining useful lives are as follows:

	Henley on Klip landfill	Vaal Marina landfill	Walkerville landfill
Remaining useful lives	5 years	2 years	2 years

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

19. Employee benefits

Current			
Post-employment medical benefits	19.1	481,000	575,563
Provision for long-service awards	19.2	2,043,000	1,523,180
		2,524,000	**2,098,743**
Non-current			
Post-employment medical benefits	19.1	3,838,000	5,146,003
Provision for long-service awards	19.2	15,423,000	15,956,742
		19,261,000	**21,102,745**
Total		**21,785,000**	**23,201,488**

Current liabilities	2,524,000	2,098,743
Non-current liabilities	19,261,000	21,102,745
Total	**21,785,000**	**23,201,488**

19.1 Post-employment medical benefits

The municipality provides certain post-retirement medical 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 started before 31 December 2024 and 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.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2026 by Ms C Weiss of Arch Actuarial Consulting. 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.

The Post-employment medical benefits plan is a defined benefit plan, of which the members are made up as follow:

	Number	**Number**
Continuation members (Retirees)	11	11

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

Continuation members (Retirees)	4,319,000	5,721,566

Current liabilities	481,000	575,563
Non-current liabilities	3,838,000	5,146,003
Total liability	**4,319,000**	**5,721,566**

Figures in Rand		2026	2025

19. Employee benefits (continued)

Valuation assumptions

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

i) Rates of interest

Discount rate	8.3%	9.59%
Consumer Price Inflation (CPI)	3.6%	4.33%
Health care cost inflation rate	5.4%	5.83%
Net effective discount rate	2.8%	3.55%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

- The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

ii) Average and normal retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Amounts recognised in the statement of financial position

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

Opening balance	5,721,566	5,457,405
Net Interest expense	521,166	586,718
Actual benefit payments	(481,593)	(460,761)
Remeasurement over the financial year	(1,442,139)	138,204
Total benefit liability	**4,319,000**	**5,721,566**

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

The service cost was nil as there were no active employees eligible for the post-employment medical subsidy during the actuarial valuation period.

Remeasurement over the financial year consists of the following :

Financial assumptions	227,000	87,726
Demographic assumptions	1,215,139	50,478
	1,442,139	**138,204**

Net Interest expense		521,166	586,718
Remeasurements over the financial year		(1,442,139)	138,204
Total post-retirement benefit included in employee related costs	31	**(920,973)**	**724,922**

Figures in Rand	2026	2025

19. Employee benefits (continued)

Movements in the present value of the defined benefit obligation

Opening Balance	5,721,566	5,457,405
Net Interest expense	521,166	586,718
Actual employer benefit payments	(481,593)	(460,761)
Remeasurements over the financial year	(1,442,139)	138,204
Present value of fund obligation at the end of the year	**4,319,000**	**5,721,566**

Sensitivity analysis

2026

	-1% Discount rate	**+1% Discount rate**
Effect on the defined benefit obligation	4,627,000	4,046,000
Effect on the aggregate of the interest cost	505,039	539,258

Maturity analysis of the defined benefit obligation

30/06/2026	500 000
30/06/2027	496 000
30/06/2028	444 000
30/06/2029	446 000
30/06/2030	446 000

19.2 Provision for long-service awards

Long Service Awards	17,466,000	17,479,922
Current liabilities	2,043,000	1,523,180
Non-current liabilities	15,423,000	15,956,742
Total liability	**17,466,000**	**17,479,922**

Long-service award

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by Ms C Weiss of Arch Acturial Consulting. 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 837 (2025: 822) employees were eligible for Long Services Awards.

19. Employee benefits (continued)

Valuation assumptions

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

iii) Rates of interest

	2026	2025
Discount rates used	8.6%	9.28%
Consumer price inflation	3.7%	4.1%
Salary increase rate	4.7%	5.01%
Net discount rate	3.7%	3.97%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

- The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.
- The Actuaries used the nominal and real zero curves as at 30 June 2026 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

Amounts recognised in the statement of financial position

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

		2026	2025
Present value of unfunded obligations		17,466,000	17,479,922

Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance are as follow:

		2026	2025
Service cost		1,697,768	1,583,186
Net Interest expense		1,551,384	1,627,957
Remeasurements over the financial year :		(1,739,894)	(242,123)
Total expense included in employee related costs	31	**1,509,258**	**2,969,020**

Movements in the present value of the defined benefit obligation

	2026	2025
Opening Balance	17,479,922	15,854,612
Current service cost	1,697,768	1,583,186
Increases (Passage of Time/Discounted Rate)	(1,739,894)	(242,123)
Expected benefit payments	(1,523,180)	(1,343,710)
Net Interest expense	1,551,384	1,627,957
Closing balance	**17,466,000**	**17,479,922**

Sensitivity analysis

2026

Figures in Rand		2026	2025

19. Employee benefits (continued)

	-1% Discount rate	+1% Discount rate
Effect on the defined benefit obligation	16,459,000	18,596,000
Effect on the aggregate of the current service cost	1,828,682	1,580,389
Effect on the aggregate of the interest cost	1,474,570	1,617,909

Maturity analysis of the defined benefit obligation

30/06/2026		2 177 000
30/06/2027		2 782 000
30/06/2028		2 514 000
30/06/2029		1 833 000
30/06/2030		1 963 000

20. Services charges

	2026	2025
Electricity		
Exchange - Consumption	689,827,659	592,323,057
Waste management		
Exchange - Consumption	71,188,699	64,379,446
Waste water management		
Exchange - Consumption	71,356,394	70,006,471
Water		
Exchange - Consumption	294,621,312	281,574,302
Total	**1,126,994,064**	**1,008,283,276**

21. Sales of goods and rendering of services

	2026	2025
Advertisements	24,270	24,908
Building Plan Approval	256,904	288,298
Cemetery and Burial	725,684	719,214
Cleaning and Removal	1,248,722	559,780
Clearance Certificates	256,857	191,157
Entrance Fees	209,159	193,750
Escort Fees	40,047	93,070
Fire Services	1,361,757	1,850,369
Photo copies, Faxes and Telephone charges	3,305	2,530
Sale of Goods	31,474	76,525
Town Planning and Servitudes	4,332,005	3,600,457
Total	**8,490,184**	**7,600,058**

22. Interest earned from receivables

		2026	2025
Exchange receivables	22.1	16,730,502	23,041,225
Non-exchange receivables	22.2	20,323,487	18,718,747
Total		**37,053,989**	**41,759,972**

Figures in Rand	2026	2025

22. Interest earned from receivables (continued)

Interest decreased due to interest waivers being granted.

22.1 Interest earned from exchange receivables

Consumer receivables		
Electricity	2,121,948	2,049,577
Water	13,760,056	13,771,501
Waste water management	3,126,699	3,253,246
Waste management	3,605,981	3,563,640
Sundries	(5,884,182)	403,261
	16,730,502	**23,041,225**

22.2 Interest earned from non-exchange receivables

Consumer receivables		
Property rates	20,323,487	18,718,747

23. Interests on investments

Short-term investments and call accounts	37,149,279	44,001,866

24. Operational revenue

Administrative Handling Fees	784,053	1,309,887
Breakages and Losses Recovered	1,845	681
Incidental Cash Surpluses	683	5,093
Insurance Refund	853,892	2,501,282
Merchandising, Jobbing and Contracts	3,226	40,814
Skills Development Levy Refund	727,514	1,303,640
Staff and Councillors Recoveries	191,611	186,392
Total	**2,562,824**	**5,347,789**

25. Hire of facilities

Hiring fees	1,382,912	1,115,015

26. Property rates

Agricultural property	11,975,485	9,665,655
Business and commercial properties	34,301,596	27,096,119
Industrial properties	67,486,614	60,483,115
Mining properties	283,283	33,229
Public service purposes properties	6,289,251	12,404,956
Residential properties	264,085,120	241,637,338
Total	**384,421,349**	**351,320,412**

The valuation roll was compiled in terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) which is used as a basis to levy property rates. The valuation came into effect on 1 July 2025. All objections were referred to the valuer for his comments and letters of outcome. Supplementary valuations are attended to in line with the MPRA. Reconciliations between the valuation roll and billing are completed on a monthly basis.

Valuations on buildings are performed every 5 years. The current valuation roll is effective until 30 June 2030. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Figures in Rand	2026	2025

26. Property rates (continued)

Rates are levied on a monthly basis and interest is levied after due date.

Valuation as at 30 June 2026	R'000	R'000
Agricultural property	4,736,276	3,390,818
Business and commercial properties	5,343,535	4,198,001
Municipal properties	520,141	457,541
Other categories	4,660,471	2,997,863
Residential properties	26,193,903	20,923,388
State-owned properties	309,951	556,789
Total property valuations	**41,764,277**	**32,524,400**

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 85% are applied to pensioners.

Rates are levied for property owners on a monthly basis for monthly rate payers and are payable on the 7th of each month.

27. Transfers and subsidies

Operational			
Monetary allocations	27.1.2	227,977,670	202,090,733
Capital			
Allocations in-kind	27.2	7,183,511	5,137,541
Monetary allocations	27.3	95,943,310	134,766,861
Total transfers and subsidies: Capital		**103,126,821**	**139,904,402**
Total		**331,104,491**	**341,995,135**

27.1 Monetary allocations: Operational

Integrated National Eectrification programme	9,374,391	-
Provincial and District subsidy	7,604,379	7,529,408
Energy Efficiency Demand Side Management	47,978	-
National governments	10,610,050	7,391,834
National revenue fund	184,733,000	172,048,744
Provincial government	15,607,872	15,120,747
Total	**227,977,670**	**202,090,733**

27.1.1 National government

Expanded Public Works Programme Integrated Grant	2,077,000	1,619,000
Local Government Financial Management Grant	2,000,000	1,800,000
Municipal Infrastructure Grant	6,533,050	1,972,834
Water Services Infrastructure Grant	-	2,000,000
Total	**10,610,050**	**7,391,834**

27.1.2 Provincial government

DSARC	15,607,872	15,120,747

27.2 Allocations in-kind: Capital

Private enterprises	7,183,511	5,137,541

Figures in Rand		2026	2025

27. Transfers and subsidies (continued)

27.3 Monetary allocations: Capital

District municipalities	13,615	-
Energy Efficiency Demand Side Management	3,952,022	-
National governments	81,481,559	120,693,166
Private enterprises	3,947,935	5,922,442
Provincial government	6,548,179	8,151,253
Total	**95,943,310**	**134,766,861**

27.3.1 National government

Integrated National Electrification Programme	25,834,609	35,724,000
Municipal Infrastructure Grant	31,516,950	44,370,166
Neighbourhood Development Partnership Grant	2,244,000	10,000,000
Water Services Infrastructure Grant	21,886,000	30,599,000
Total	**81,481,559**	**120,693,166**

27.3.2 Provincial government

DSARC	5,048,179	5,951,253
Functional Fire Rescue Grant	1,500,000	2,200,000
Total	**6,548,179**	**8,151,253**

28. Fines, penalties and forfeits

Fines	28.1	37,494,228	39,050,536

28.1 Fines

Traffic fines		
Municipal fines	37,195,750	38,721,100
Other fines		
Wayleave fines	87,635	173,913
Overdue books	79,668	94,071
Pound fees	131,175	61,452
	298,478	**329,436**
Total	**37,494,228**	**39,050,536**

29. Inventory surplus / (write down)

Inventory	32,326	41,609

30. Bulk purchases

Electricity: Eskom	567,400,476	507,510,479

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

30. Bulk purchases (continued)

30.1 Electricity losses

	2026		2025	
	KWH	**Amount**	**KWH**	**Amount**
Units purchased	238,020,608	567,400,476	230,110,416	507,510,479
Units sold	(211,221,957)	(503,517,069)	(213,348,075)	(470,540,992)
Total loss	**26,798,651**	**63,883,407**	**16,762,341**	**36,969,487**

Comprising of:				
Technical losses	8,931,990	21,292,340	5,586,888	12,321,930
Non-technical losses	17,866,661	42,591,067	11,175,453	24,647,557
Total	**26,798,651**	**63,883,407**	**16,762,341**	**36,969,487**

Percentage loss:		
Technical losses	3.75 %	2.43 %
Non-technical losses	7.51 %	4.85 %
Total	**11.26 %**	**7.28 %**

Cost of free basic services		
Cost of free basic electricity	8,114,197	6,442,842

Electricity bulk purchases		
Cost of electricity billed	495,402,872	464,098,151
Electrical technical losses	21,292,340	12,321,930
Electrical non-technical losses	42,591,067	24,647,556
Free basic electricity	8,114,197	6,442,842
	567,400,476	**507,510,479**

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

31. Employee related cost

Summary per designation

Senior management of the municipality	31.1	10,114,926	9,016,687
Municipal staff	31.2	416,511,577	399,891,599
Total		**426,626,503**	**408,908,286**

Notes to the Annual Financial Statements

Figures in Rand

31. Employee related cost (continued)

31.1 Senior management of the municipality

2026

	Municipal Manager	Chief Financial Officer	ED Corporate Services	ED Development & Planning	ED Community Services	ED Engineering Services	ED Public Safety & Roads	Total
Basic salary	1,713,143	760,938	1,366,646	1,478,197	930,866	127,589	1,225,830	**7,603,209**
Bonuses	221,660	130,832	72,685	170,355	99,373	-	127,766	**822,671**
Allowances	204,000	78,225	204,000	204,000	113,000	50,424	192,000	**1,045,649**
Bargaining council	151	75	151	151	88	38	151	**805**
Medical	-	-	-	11,178	11,540	4,999	57,715	**85,432**
Pension	211,680	-	-	117,180	22,140	5,400	188,540	**544,940**
Unemployment insurance	2,480	1,240	2,125	2,125	1,594	531	2,125	**12,220**
Total	**2,353,114**	**971,310**	**1,645,607**	**1,983,186**	**1,178,601**	**188,981**	**1,794,127**	**10,114,926**

31. Employee related cost (continued)

2025

	Municipal Manager	Chief financial officer	ED Corporate Services	ED Development & Planning	ED Community Services	ED Engineering Services	ED Public Safety & Roads	Total
Basic salary	943,461	1,236,194	1,176,194	750,468	759,195	750,925	807,103	**6,423,540**
Bonuses	116,326	81,508	108,677	82,282	54,621	122,262	54,814	**620,490**
Service-related benefits	146,239	-	-	-	-	-	-	**146,239**
Allowances	61,000	149,275	204,000	204,000	180,000	153,000	192,000	**1,143,275**
Bargaining council	96	143	143	-	143	108	143	**776**
Medical	20,442	-	-	29,257	44,388	-	53,190	**147,277**
Pension	46,440	-	-	88,560	88,560	131,220	166,320	**521,100**
Unemployment insurance	1,771	2,125	2,125	2,125	2,125	1,594	2,125	**13,990**
Total	**1,335,775**	**1,469,245**	**1,491,139**	**1,156,692**	**1,129,032**	**1,159,109**	**1,275,695**	**9,016,687**

31.2 Municipal staff

Salaries and allowances		
Basic Salary	258,068,912	249,003,372
Allowances	19,127,989	18,369,872
Service related benefits	67,229,876	63,267,562
Social contributions		
Group life insurance	132,187	133,579
Medical	23,521,463	22,949,650
Pension	46,568,406	44,328,400
Unemployment insurance	1,743,556	1,726,424
Bargaining council	119,188	112,740
	72,084,800	**69,250,793**
Total	**416,511,577**	**399,891,599**

Figures in Rand		2026	2025

31. Employee related cost (continued)

Acting allowances for Sec 56 appointments			
Municipal Manager		-	92,217
Executive Director Engineering		62,353	20,179
Executive Director Corporate		66,732	-
Executive Director Community		36,420	-
Executive Director Finance		68,648	-
		234,153	**112,396**

32. Inventory consumed

Water consumed or billed		198,060,429	181,491,893
Consumables		19,908,259	18,379,433
Materials and supplies		7,610,349	6,584,924
Total		**225,579,037**	**206,456,250**

33. Contracted services

Consultants and professional services	33.1	28,583,230	12,691,986
Contractors	33.2	100,494,692	78,844,859
Outsourced services	33.3	85,090,482	102,591,306
Total		**214,168,404**	**194,128,151**

33.1 Consultants and professional services

Business advisory services			
Accounting and auditing		617,208	569,225
Business and financial management		6,370,844	4,663,478
Human resources		2,747,647	1,988,302
Management fee		973,478	807,826
Project management		4,444,474	2,155,001
Research and advisory		2,509,430	776,371
Total business advisory services		**17,663,081**	**10,960,203**
Legal services			
Collection		12,267	13,866
Legal advice and litigation		2,447,256	1,287,719
Total legal services		**2,459,523**	**1,301,585**
Engineering services			
Electrical engineering		8,171,686	-
Infrastructure and planning services			
Geodetic, control and surveys infrastructure and planning		200,000	-
Town planner infrastructure and planning		88,940	430,198
Total infrastructure and planning services		**288,940**	**430,198**
Total consultants and professional services		**28,583,230**	**12,691,986**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

33. Contracted services (continued)

33.2 Contractors

General services		
Artists and performers	14,638	1,000
Catering services	459,738	382,535
Employee wellness	49,298	36,976
Fire services	-	1,907
Medical services	-	5,723
Pest control and fumigation	169,935	329,910
Plants, flowers and other decorations	293,517	464,171
Safeguard and security	32,592	11,695
Sports and recreation	56,969	170,279
Stage and sound crew	-	3,600
Tracing agents and debt collectors	332,173	695,151
Transportation	43,800	53,677
Total general services	**1,452,660**	**2,156,624**
Maintenance services		
Maintenance of buildings and facilities	7,990,635	7,775,948
Maintenance of equipment	2,533,896	2,657,909
Maintenance of unspecified assets	88,517,501	66,254,378
Total maintenance service	**99,042,032**	**76,688,235**
Total contractor	**100,494,692**	**78,844,859**

33.3 Outsourced services

Business and advisory services		
Occupational Health and Safety	518,719	389,834
Valuer	1,072,699	2,103,631
Total business and advisory services	**1,591,418**	**2,493,465**
General services		
Burial Services	1,540,076	1,341,222
Call Centre	1,214,015	1,373,070
Catering Services	875,430	1,060,914
Clearing and Grass Cutting Services	6,337,917	5,794,374
Hygiene Services	1,889,384	1,548,117
Illegal Dumping	1,250,410	1,203,749
Meter Management	1,000,075	1,028,129
Personnel and Labour	12,251,605	11,684,436
Refuse Removal	-	19,646,889
Removal of Structures and Illegal Signs	3,022,527	3,390,883
Traffic Fines Management	472,600	774,814
Transport Services	50,900	69,800
Total general services	**29,904,939**	**48,916,397**
Trading services		
Connection/Dis-connection: Electricity	1,495,301	4,193,333
Connection/Dis-connection: Restricted water flow	-	1,998,050
Connection/Dis-connection: Water	8,746,937	8,841,713
Security Services	43,351,887	36,148,348
Total trading services	**53,594,125**	**51,181,444**
Total outsourced services	**85,090,482**	**102,591,306**

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

34. Impairment losses on financial and statutory assets

Trade receivables from exchange		94,735,578	110,209,770
Other receivables from exchange - reversal		(407,877)	-
Statutory receivables - Property rates and Traffic fines		73,818,688	60,197,028
Traffic fines current year write offs		2,028,466	2,652,241
Cash and cash equivalents reversal		(96,406)	-
Total		**170,078,449**	**173,059,039**

35. Depreciation and amortisation

Amortisation			
Intangible assets	10.1	2,147,589	2,345,519
Depreciation			
Property, plant and equipment		152,201,682	115,851,547
Total		**154,349,271**	**118,197,066**

36. Operational cost

Achievements and Awards		-	127,902
Advertising, Publicity and Marketing		6,362,060	7,768,664
Bank Charges, Facility and Card Fees		701,366	744,355
Bargaining Council		4,215,741	4,145,640
Bursaries (Employees)		997,097	1,187,326
Cleaning Services		13,320	14,332
Commission		3,781,652	4,171,273
Communication		1,041,891	865,292
Courier and Delivery Services		272,107	335,595
Entertainment		22,697	21,296
External Audit Fees		4,048,598	3,817,377
External Computer Service		30,138,098	25,289,555
Hire Charges		21,621,285	21,253,615
Insurance Underwriting		6,613,475	8,587,409
Licences		1,545,412	1,529,380
Printing, Publications and Books		478,081	510,579
Professional Bodies, Membership and Subscription		511,620	511,944
Registration Fees		430,566	433,954
Remuneration to Ward Committees		915,381	739,000
Skills Development Fund Levy		3,705,723	3,510,784
Toll Gate Fees		-	4,984
Travel and Subsistence		1,234,479	877,689
Uniform and Protective Clothing		7,466,362	6,589,123
Vehicle Tracking		613,992	584,815
Workmen's Compensation Fund		2,133,006	1,998,613
Total		**98,864,009**	**95,620,496**

37. Interest

37.1 Interest cost

Annuity loans	13	25,483,399	21,241,599
Finance leases	15.1	4,052,287	3,585,936
Interest costs non-current provisions	18	6,958,222	7,080,169
Total		**36,493,908**	**31,907,704**

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

38. Remuneration of councillors

Allowances and service related benefits			
Basic salary		12,832,583	12,518,699
Cell phone allowance		1,427,430	1,424,823
Travelling allowance		1,875,138	1,508,819
Total		**16,135,151**	**15,452,341**

Executive Mayor / Mayor	38.1	1,121,886	1,059,993
Speaker	38.3	906,923	857,394
Chief whip	38.2	496,745	471,040
Executive committee	38.4	5,121,246	4,834,260
All other councillors	38.6	6,070,935	6,008,383
Section 79 committee chairperson	38.5	2,417,416	2,221,271
Total		**16,135,151**	**15,452,341**

38.1 Executive Mayor / Mayor

Allowances and service related benefits		
Basic salary	1,074,882	1,012,989
Cell phone allowance	47,004	47,004
Total	**1,121,886**	**1,059,993**

38.2 Chief whip

Allowances and service related benefits		
Travelling allowance	112,435	101,690
Basic salary	337,306	322,346
Cell phone allowance	47,004	47,004
	496,745	**471,040**

38.3 Speaker

Allowances and service related benefits		
Basic salary	859,919	810,390
Cell phone allowance	47,004	47,004
	906,923	**857,394**

38.4 Executive committee

Allowances and service related benefits		
Basic salary	4,232,396	4,156,569
Cell phone allowance	299,334	312,954
Travelling allowance	589,516	364,737
	5,121,246	**4,834,260**

Figures in Rand		2026	2025

38. Remuneration of councillors (continued)

38.5 Section 79 committee chairperson

	2026	2025
Allowances and service related benefits		
Basic salary	1,854,984	1,765,460
Cell phone allowance	235,020	199,767
Travelling allowance	327,412	256,044
	2,417,416	**2,221,271**

38.6 All other councillors

	2026	2025
Allowances and service related benefits		
Basic salary	4,473,096	4,450,945
Cell phone allowance	752,064	771,090
Travelling allowance	845,775	786,348
	6,070,935	**6,008,383**

	Amount outstanding for more than 90 days	
Councillor NL Bushula	25,407	51,624

39. Gains/(Losses) on disposal

		2026	2025
Gains/(Losses) on disposals of fixed assets	39.1	(7,734,919)	(19,206,402)

39.1 Gains/(Losses) on disposals of fixed assets

	2026	2025
Property, plant and equipment	(7,734,919)	(19,206,402)

40. Transfers and subsidies

	2026	2025
Operational		
Mayoral Donations	1,692,383	1,774,405

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

41. Net cash from/(used) operating activities

	2026	2025
Surplus for the year	47,563,136	68,295,049
Adjustments for:		
Depreciation and amortisation	154,349,269	118,197,066
Debt impairment movement	(918,808)	70,869,278
(Gains) / Losses on disposal of assets	7,734,919	19,206,402
Increase / (Decrease) in provisions	6,958,222	2,080,169
Inventory losses	(32,326)	(41,609)
Employee benefits	(1,416,488)	1,889,471
Donation and prepayments	(7,116,011)	(7,301,782)
Leave accrual	989,299	3,389,118
Movement in working capital		
(Increase) / Decrease in receivables from non-exchange transactions	35,216,552	(64,322,488)
(Increase) / Decrease in inventory	(28,235)	(13,349,692)
(Increase) / Decrease in receivables from exchange transactions	(68,810,243)	(7,459,883)
VAT receivable	697,302	(1,319,720)
Increase / (Decrease) in trade and other payables	9,293,046	(10,297,677)
Increase / (Decrease) in unspent conditional grants and receipts trade and other payable non-exchange transactions	2,029,383	298,797
Unspent developers contribution	3,052,457	(6,324,618)
Increase / (Decrease) in consumer deposits	(260,889)	1,035,166
Net cash flows from operating activities	**189,300,585**	**174,843,047**

42. Financial instruments – Risk management and other disclosures

42.1 Significance of financial instruments for financial position and financial performance

42.1.1 Categories of financial instruments included in the statement of financial position

Categories of financial assets – carrying amounts

		2026	**2025**
		At amortised cost	**At amortised cost**
Cash and cash equivalents	3	439,344,033	464,001,229
Trade and other receivables from exchange transactions	4	208,430,040	262,011,859
	5	-	-
		647,774,073	**726,013,088**

Categories of financial liabilities – carrying values

		2026	**2025**
		At amortised cost	**At amortised cost**
Borrowings	13	259,385,119	249,771,853
	15	-	-
Consumer deposits	14	24,432,010	24,692,899
Trade and other payables from exchange transactions	12	163,500,984	157,409,086
		447,318,113	**431,873,838**

42. Financial instruments – Risk management and other disclosures (continued)

42.2 Financial risk management

Overview

The municipality is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (interest rate risk and price risk).

Ultimate responsibility for risk management rests with the Council.

42.2.1 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with the financial liabilities. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2026

	Less than 1 year	2 to 5 years	Over 5 years	Total
Maturity analysis				
Trade and other payables from exchange transactions	163,500,984	-	-	**163,500,984**
Borrowings	32,811,007	115,637,508	110,936,700	**259,385,215**
Consumer deposits	24,432,010	-	-	**24,432,010**

42. Financial instruments – Risk management and other disclosures (continued)

2025

	Less than 1 year	2 to 5 years	Over 5 years	Total
Maturity analysis				
Trade and other payables from exchange transactions	157,409,086	-	-	**157,409,086**
Borrowings	27,886,732	113,565,867	108,319,254	**249,771,853**
Consumer deposits	24,692,899	-	-	**24,692,899**

42.2.2 Credit risk

Scope and objectives:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk on trade and other receivables from exchange transactions, receivables from non-exchange transactions and cash and cash equivalents. The Municipality manages credit risk in its borrowing and investing activities by only dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions on accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit risk management practices, and how they relate to the recognition and measurement of expected credit losses, are described below.

Credit risk management practice

1. How the Municipality determines a significant increase in credit risk

The Municipality assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default at the reporting date with the risk of default at initial recognition, using all reasonable and supportable information available without undue cost or effort, including forward-looking information. For instruments measured under the general approach, the Municipality has concluded that there is no indication of a significant increase in credit risk in respect of its banking counterparties and its rated and unrated trade counterparties other than those identified as credit-impaired, and a 12-month expected credit loss has accordingly been recognised. Because the simplified approach is applied to trading service and customer service debtors, a lifetime expected credit loss is recognised on those receivables at all times irrespective of whether a significant increase in credit risk has occurred.

2. The Municipality's definition of default

The Municipality considers a financial asset to be in default when the debtor is unlikely to pay its obligation in full, or when contractual payments are more than 90 days past due. The Municipality applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due, unless reasonable and supportable information demonstrates otherwise. The average credit period for trading service and customer service debtors is 30 days; no interest is charged for the first 30 days from the date of the invoice, after which interest is charged at the prime rate per annum on the outstanding balance.

3. How the Municipality determines that a financial asset is credit-impaired

At each reporting date the Municipality assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events with a detrimental impact on its estimated future cash flows have occurred, including significant financial difficulty of the debtor, breach of contract, or it becoming probable that the debtor will enter bankruptcy or other financial reorganisation. Where management's forward-looking assessment concludes that a default event has occurred, a lifetime expected credit loss is recognised using a probability of default and a loss given default of 100%. Counterparties assessed on this basis at 30 June 2026 comprise the receivable for certain individual sundry debtors.

4. Grouping of financial instruments for measurement of expected credit losses

Figures in Rand	2026	2025

42. Financial instruments – Risk management and other disclosures (continued)

Trading service and customer service debtors are homogeneous in nature and too numerous to assess individually. They are assessed collectively, grouped by debtor category (Business, Government and Residential) and analysed across ageing buckets, with cumulative impairment probabilities derived from the historical payment profile of each group applied to the bucket exposure net of deposits held. Cash and cash equivalents, and sundry debtors comprise a limited number of counterparties and are assessed on an individual, counterparty-by-counterparty basis

Inputs, assumptions and estimation techniques

1. Basis of inputs, assumptions and estimation techniques to measure lifetime and 12-month ECL

Trading service and customer service debtors: the loss allowance is measured using a provision matrix, with cumulative impairment probabilities determined separately for each debtor category and ageing bucket from the historical payment profile of the book.

Cash and cash equivalents, and sundry debtors: the loss allowance is measured on an individual basis as PD × LGD × EAD, further discounted where the instrument is not interest-bearing. For banking counterparties, the probability of default of 0,94% is an external benchmark derived from a Moody's Investors Service report and mapped to the counterparty's assigned credit rating, and the loss given default of 45,00% is the Basel III Foundation-IRB supervisory floor for senior unsecured exposures to regulated banking institutions, adopted in the absence of reliable South African bank-specific recovery data. The same 45,00% loss given default is applied to rated public-sector counterparties. For unrated corporate counterparties, a loss given default of 62,40% is derived from the issuer-weighted average recovery rate for senior unsecured bonds; for employee-related receivables, a loss given default of 74,80% is derived from a study on loss given default modelling and recovery risk using Global Credit Data on mortgage and personal loan defaults from a major South African bank.

Expected credit losses on interest-bearing instruments are discounted at an effective rate of 0%, giving a discount factor of 1,0000. A discount factor of 0,9050 was applied to non-interest-bearing exposures at 30 June 2026 and 0,9029 at 1 July 2025, derived from the prime interest rate prevailing at each reporting date.

2. Basis to determine whether credit risk has increased significantly

Refer to Credit risk management practices above. For trading service and customer service debtors, because lifetime expected credit losses are recognised at all times under the simplified approach, no additional technique is required to determine whether credit risk has increased significantly.

3. Basis to determine if an instrument is credit-impaired

Refer to Credit risk management practices above.

4. How forward-looking information, including macroeconomic information, was incorporated

No explicit macroeconomic overlay is applied. The default rates of rated counterparties are considered already to embed forward-looking, long-run cyclical information calibrated across full economic cycles, so an additional macro scaling factor would double-count risk already reflected in the calibration. Where a counterparty is unrated, the probability of default and loss given default are set using judgement that itself incorporates a forward-looking view of the counterparty. For trade and other receivables from exchange transactions, the municipality considered the three macro-economic factors (i.e Unemployment Rate, GDP Growth and Prime Interest Rate) to ascertain whether a forward-looking adjustment needs to be applied. The municipality was unable to obtain any credible external studies that demonstrate a clear relationship between macro-economic indicators and debt recoverability. To assess the potential relevance of such factors for the municipality, management analyses how these three key indicators compare to the proportion of debt repaid by the municipality’s debtors since 2022. The recovery rate for the 0–30-day bucket fluctuates within a wide range throughout the period, and the unemployment rate and GDP growth index both stay comparatively flat by comparison — a mismatch in volatility that itself argues against a meaningful relationship. The same applies to the prime interest rate: it moved almost entirely in the first third of the period and was essentially flat thereafter, while the recovery rate fluctuated throughout, and at the one point the prime interest rate did move sharply (the 2022 hiking cycle), recovery fell and rose, contrary to what an affordability-driven relationship would predict. The sensitivity analysis below supports the conclusion that the expected credit loss is not materially sensitive to forward-looking or behavioural variation.

42. Financial instruments – Risk management and other disclosures (continued)

Sensitivity analysis to assess the impact of forward-looking and behavioural variation on the expected credit loss.

Because forward-looking information affects the expected credit loss through debtor payment behaviour, the impairment on trading service and customer service debtors was recomputed using each of the available financial years' actual payment rates in turn, re-deriving the payment rate for each debtor group and each ageing bucket and applying it to the reporting-date exposure. Across the five years (2022 – 2026) the implied loss allowance remained within -1,5% to +2,5% of the reported figure. The expected credit loss is therefore not materially sensitive to forward-looking or behavioural variation.

Credit risk exposure

Receivables from exchange transactions – provision matrix

2026

	Residential	Business	Government	Gross carrying	Loss Allowance	Weigthed average loss rate*
Ageing						
Current	31,320,399	86,761,805	3,034,231	**121,116,435**	16,500,949	14 %
30 days	12,308,481	2,721,771	1,758,572	**16,788,824**	7,193,059	33 %
60 days	10,887,615	1,360,165	281,877	**12,529,657**	6,701,401	41 %
90 days	9,555,932	824,297	1,154,744	**11,534,973**	6,295,332	46 %
120 days	9,289,243	1,322,373	1,227,968	**11,839,584**	6,665,378	48 %
120+ days	283,155,029	42,610,540	7,695,957	**333,461,526**	262,443,154	72 %
	356,516,699	**135,600,951**	**15,153,349**	**507,270,999**	**305,799,273**	**-**

Cash and cash equivilents

For the purpose of determining the credit loss allowance, the credit rating grade of each financial asset is determined at the end of the reporting period by reference to the external rating of the counterparty where available.

Figures in Rand	2026	2025

42. Financial instruments – Risk management and other disclosures (continued)

30 June 2026	Gross carrying amount	Loss allowance	Carrying amount
Cash and cash equivalents — externally rated banking institutions (12-month ECL)	441,210,344	(1,866,310)	439,344,034
Receivables from exchange transactions - Other receivables from exchange transactions — rated and unrated counterparties (12-month ECL)	49,598	(3,237)	46,361
Receivables from exchange transactions - Other receivables from exchange transactions — rated and unrated counterparties (lifetime ECL)	7,166,562	(262,656)	6,903,906
Receivables from exchange transactions - Other receivables from exchange transactions — credit-impaired (lifetime ECL)	412,225	(412,225)	-
	448,838,729	**(2,544,428)**	**446,294,301**

Counterparties assessed at a 100% probability of default and a 100% loss given default are presented as credit-impaired; one counterparty with a significant increase in credit risk (2025: R4 319 192; 2026: R1 285 155) is assessed at a probability of default of 26,12% and a loss given default of 62,40% and is accordingly included in the lifetime expected credit loss grouping, all other individually assessed counterparties are presented as carrying a 12-month expected credit loss.

Concentration of credit risk

The Municipality's credit exposure in respect of trading service and customer service debtors is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Cash and cash equivalents are, however, concentrated: at 30 June 2026 R440 860 290 of the total bank and call balances of R441 210 344 was held with a single banking institution. The Municipality defines counterparties as having similar characteristics if they are related entities.

42.2.3 Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Cash at banks earns interest at floating rates based on daily bank deposit rates, and call accounts are held with the primary bank and are redeemable at any time.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

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

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

43. Capital commitments

Commitments in respect of capital expenditure:

All capital commitments include VAT.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

43. Capital commitments (continued)

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	12,622,230	5,520,000
Total capital commitments		
Already contracted for but not provided for	12,622,230	5,520,000

Figures in Rand	2026	2025
44. Contingent liabilities		
LNS Laboratory Supplies CC Case #772/2024	-	19,425
Claim for damage as a result of alleged pothole. The matter is dormant.		
Mr and Mrs Fereira Erf 702 Golf Park Case #158465 - 842641	9,250,917	9,250,917
Property damages by a broken sewer pipe. The matter is still ongoing and there is limited progress as the outsourced contractor has still not met with the attorneys.		
Jay Mothobi Inc Case #2024/072183	-	171,187
Claim based on Section 118 refund. Judgement granted against municipality, amount paid in March 2026.		
Outsurance/ L Bodemer Case #168680 - 851884	-	247,647
Car damaged by ditch. Insurance confirmed the file was closed pending further movement from the plaintiff.		
Cupido E.C Case #1712/2022	-	25,000
Claim for damage as a result of alleged pothole. The matter is dormant.		
Thakgoga Case #94324/19	813,782	813,782
Midvaal claiming damages, Thakgoga has introduced a counterclaim.		
Nkewu Transport CC Case #171601 -854231	288,291	288,291
Vehicle damaged by potholes. Matter was set-down for condonation. No further steps have been taken by the plaintiff's attorneys.		
King Price Insurance/ MA Makhananise Case #166791 - 850230	-	122,494
Vehicle damaged by potholes. Insurer confirmed the claim is closed as there has been no movement from the plaintiff.		
Luigi Giacomozzi Case #158465 - 842641	9,470,000	9,470,000
Property damaged as a result of leaking sewer pipes and sinkholes. Insurer confirmed that the matter is still ongoing and there is limited progress as the outsourced contractor has still not met with the attorneys.		
Toptrack Thirty Five (Pty) Ltd Case #158465 - 842641	11,730,000	11,730,000
Property damages as a result of leaking sewer pipes / sinkholes. Insurer confirmed that the matter is still ongoing and there is limited progress as the outsourced contractor has still not met with the attorneys.		
DV Brussouw and JMM Brussouw Case #158465 - 842641	2,000,000	2,000,000
Property damages as a result of leaking sewer pipe. Insurer confirmed that the matter is still ongoing and there is limited progress as the outsourced contractor has still not met with the attorneys.		

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
44. Contingent liabilities (continued)		
TE Ramovha Case #894096	2,600,136	2,600,136
House damaged by a burst water pipe. The insurer's attorneys made a settlement offer of R23,000 to the plaintiff in full and final settlement and the offer was rejected. The parties have scheduled a pre-trial conference.		
YPN351GP/DX93RZGP Case #905214	-	8,350
Vehicle collided with municipal vehicle. Claim settled and closed April 2026.		
King Price Insurance / AN Mdletye Case #CKP3093211/1	-	109,603
Vehicle damaged by potholes.		
King Price Insurance / M Mbatha Case #CKP2984297/1	-	26,340
Vehicle damaged by potholes. Closed pending third party approach.		
Irmarie Spamers Case #354/2024	-	47,448
Claim for damage as a result of alleged pothole. Midvaal is awaiting Plaintiff's discovery affidavit - matter is dormant.		
Erane Viljoen/ Midvaal Case #1345/2023	-	94,384
Claim for damage as a result of alleged pothole. Matter is dormant.		
ABSA RT46 Vehicle Maintenance #2024/078605	358,000	358,000
Based on RT46 contract, nonpayment. Litigation is ongoing.		
Discovery/ Ngoako Mohale Case #850272	211,837	211,837
Vehicle damaged by a pothole. Insurer's attorneys advised that received an application for a pre-trial date from the opposing party and we are awaiting the allocation of date.		
Lisse AW	16,257	-
Claim for damage as a result of alleged pothole. Letter of Demand received.		
Swarts C	35,435	-
Claim for damage as a result of alleged pothole. Letter of Demand received.		
Le Grange HS	3,139	-
Claim for damage as a result of alleged pothole. Letter of Demand received.		
Forster R #115/2026	14,732	-
Claim for damage as a result of alleged pothole. Matter is active.		
African Recovery Solutions: PJ Groenewald #TUMC-605M4650	73,277	-
Municipality bin was pushed into the road and collided with TP vehicle.		
Contingent Asset Recovery of Irregular expenditure from former employee	(505,138)	(505,138)
	36,360,665	**37,089,703**

Figures in Rand	2026	2025

45. Related party disclosures

45.1 Nature of related party relationships

Related party	**Nature of relationship**
Accounting Officer	Refer to accounting officer's report note
Councillors	The remuneration to Councillors have been included in note 38
Close family member of key management	There were no transactions between close family members of management
Joint venture of key management	None
Associate of close family member of key management	None
Post employment benefit plan for employees of entity and/or other related parties	Refer to note 19
Members of key management	No other payments were made outside the contractual employment payments from employment for remuneration. Refer to note 31

46. Deviations from SCM regulations - SCM Regulation 36

Emergency	8,654,000	372,613
Sole providers / accredited agents	589,112	392,896
Impractial or impossible to follow process	6,281,665	19,619,524
Total amount approved by the accounting officer and noted by council	**15,524,777**	**20,385,033**

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

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

The majority of items mentioned were due to circumstances where it was an emergency.

47. GRAP 3 Adjustments

The following restatements and adjustments occurred which are set out below:

Adjustments of Statement of financial performance items

47. GRAP 3 Adjustments (continued)

2025

	Note(s)	As previously reported	Prior period errors restating the 2024/25 movements	Restated
Revenue				
Exchange revenue				
Services charges – Electricity	20	592,323,057	-	**592,323,057**
Services charges – Waste management	20	64,379,446	-	**64,379,446**
Services charges – Waste water management	20	70,006,471	-	**70,006,471**
Services charges – Water management	20	281,574,302	-	**281,574,302**
Interests on investments	21	7,600,058	-	**7,600,058**
Interest earned from receivables	22	23,041,225	-	**23,041,225**
Interests on investments	23	44,001,866	-	**44,001,866**
Hire of facilities	25	1,115,015	-	**1,115,015**
Operational revenue	24	5,347,789	-	**5,347,789**
		1,089,389,229	**-**	**1,089,389,229**
Non-exchange revenue				
Property rates	26	351,320,412	-	**351,320,412**
Fines, penalties and forfeits	28	39,050,536	-	**39,050,536**
Transfers and subsidies – Operational	27	202,090,733	-	**202,090,733**
Transfers and subsidies – Capital	27	136,066,861	3,837,541	**139,904,402**
Interest earned from receivables	22	18,718,747	-	**18,718,747**
Inventory surplus		41,609	-	**41,609**
		747,288,898	**3,837,541**	**751,126,439**
Total revenue		**1,836,678,127**	**3,837,541**	**1,840,515,668**
Expenditure				
Employee related cost	31	408,908,286	-	**408,908,286**
Remuneration of councillors	38	15,452,341	-	**15,452,341**
Bulk purchases	30	507,510,479	-	**507,510,479**
Inventory consumed	32	206,456,250	-	**206,456,250**
Depreciation and amortisation	35	118,100,432	96,634	**118,197,066**
Interest	37	31,907,704	-	**31,907,704**
Contracted services	33	194,128,151	-	**194,128,151**
Transfers and subsidies	40	1,774,405	-	**1,774,405**
Impairment losses on financial and statutory assets	34	173,059,039	-	**173,059,039**
Operational cost	36	95,620,496	-	**95,620,496**
Losses on disposal	39	19,206,402	-	**19,206,402**
Total expenditure		**1,772,123,985**	**96,634**	**1,772,220,619**
Surplus for the year		**64,554,142**	**3,740,907**	**68,295,049**

Adjustments of Statement of financial position items

2025

	Note(s)	As previously reported	Prior period error that occurred prior to 1 July 2024	Prior period errors restating the 2024/25 movements	Re-classification	Restated

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

47. GRAP 3 Adjustments (continued)

Assets

Current assets						
Cash and cash equivalents	3	464,001,229	-	-	-	**464,001,229**
Trade and other receivables from exchange transactions	4	270,662,231	-	-	-	**270,662,231**
Receivables from non-exchange transactions	5	146,834,461	(342,384)	-	-	**146,492,077**
Inventory	6	36,250,571	-	-	-	**36,250,571**
VAT Receivable	7	25,389,918	-	-	-	**25,389,918**
		943,138,410	**(342,384)**	**-**	**-**	**942,796,026**
Non-current assets						
Investment property	9	49,234,032	-	-	-	**49,234,032**
Property, plant and equipment	8	2,383,139,810	436,637	3,740,907	-	**2,387,317,354**
Heritage Assets	11	18,701	-	-	-	**18,701**
Intangible assets	10	12,693,324	-	-	-	**12,693,324**
		2,445,085,867	**436,637**	**3,740,907**	**-**	**2,449,263,411**
Total assets		**3,388,224,277**	**94,253**	**3,740,907**	**-**	**3,392,059,437**

Liabilities

Current liabilities						
Borrowings	13	27,886,732	-	-	-	**27,886,732**
Lease liabilities	15	11,599,851	-	-	-	**11,599,851**
Employee benefits	19	-	-	-	2,098,743	**2,098,743**
Consumer deposits	14	24,692,899	-	-	-	**24,692,899**
Trade and other payables from exchange transactions	12	265,268,366	-	-	-	**265,268,366**
Trade and other payables from non-exchange transactions	16	400,541	-	-	-	**400,541**
Income received in advance from developer contribution	17	1,750,616	-	-	-	**1,750,616**
		331,599,005	**-**	**-**	**2,098,743**	**333,697,748**
Non-current liabilities						
Borrowings	13	221,885,121	-	-	-	**221,885,121**
Lease liabilities	15	34,107,382	-	-	-	**34,107,382**
Employee benefits	19	23,201,488	-	-	(2,098,743)	**21,102,745**
Provisions	18	80,071,601	-	-	-	**80,071,601**
		359,265,592	**-**	**-**	**(2,098,743)**	**357,166,849**
Total liabilities		**690,864,597**	**-**	**-**	**-**	**690,864,597**
Community Wealth / Equity						
Accumulated surplus		2,697,359,681	94,252	3,740,907	-	**2,701,194,840**

47. GRAP 3 Adjustments (continued)

Adjustments of Cash flow statement items

2025

	Note(s)	As previously reported	Prior period errors restating the 2024/25 movements	Restated
Cash flows from operating activities				
Receipts				
Cash receipts from non exchange transactions		658,608,243	-	**658,608,243**
Cash receipts from exchange transactions		952,395,735	48,168	**952,443,903**
Interest		44,001,866	-	**44,001,866**
Payments				
Employees		(419,082,038)	-	**(419,082,038)**
Finance charges		(24,827,535)	-	**(24,827,535)**
Suppliers		(1,036,253,224)	(48,168)	**(1,036,301,392)**
Total cash flows from operating activities		**174,843,047**	**-**	**174,843,047**
Cash flows from investing activities				
Receipts				
Proceeds on disposal of fixed and intangible assets		800,425	-	**800,425**
Payments				
Intangible assets		(3,815,921)	-	**(3,815,921)**
Capital assets		(235,078,922)	-	**(235,078,922)**
Net cash flows from investing activities		**(238,094,418)**	**-**	**(238,094,418)**
Cash flows from financing activities				
Receipts				
Increase in borrowing long-term		67,950,000	-	**67,950,000**
Increase in other liabilities		7,381,914	-	**7,381,914**
Payments				
Decrease in borrowing long-term		(22,884,362)	-	**(22,884,362)**
Decrease in other liabilities		(9,724,660)	-	**(9,724,660)**
Net cash flows from financing activities		**42,722,892**	**-**	**42,722,892**
Net increase/ (decrease) in cash		**(20,528,479)**	**-**	**(20,528,479)**
Cash and cash equivalents at the beginning of the year		484,529,708	-	**484,529,708**
Cash and cash equivalents at the end of the year		464,001,229	-	**464,001,229**
Net increase/ (decrease) in cash		**(20,528,479)**	**-**	**(20,528,479)**

Correction of errors

The following prior period errors adjustments occurred:

47. GRAP 3 Adjustments (continued)

Receivables from non exchange transactions

During the financial year errors where corrected regarding the classification or fruitless and wasteful as a debtor as it does not comply with the requirements of a debtor.

Fuitless and wasteful expenditure incorrectly classified as receivables from non exchange		
Other receivables	-	(342,384)
Accumulated surplus	-	342,384
	-	-

Employee benefits

The employee benefit obligation was split between current and non current portions.

Reclassification of employee benefits		
Current liabilities - Employee benefits	-	(2,098,743)
Non current liabilities - Employee benefits	-	2,098,743
	-	-

Receivables from exchange transactions

A debtor was incorrectly classified as a prepayment debtor instead of a sundry debtor.

Reclassification of other receivables		
Prepayments	-	(3,951,833)
Sundry debtors	-	3,951,833
	-	-

Property, plant and equipment

During the year it was identified that assets amounting to R3 837 541 were donated to the municipality in the previous financial year, as well as R569 527 that was donated in the 2023/2024 financial year.

Ommission of donated assets		
Transfers and subsidies - Donations Private enterprises	-	(3,837,541)
Depreciation	-	96,634
Infrastructure assets	-	3,740,907
Accumulated surplus	-	(569,527)
Community assets	-	569,527
	-	-

Change in accounting policy

The following change in accounting policies occurred:

GRAP 104 Financial Instruments (Revised 2019)

The municipality has adopted GRAP 104 Financial Instruments (Revised 2019). GRAP 104 Financial Instruments (Revised 2019) was issued in April 2019 and has an initial promulgated implementation date of 1 July 2025. The municipality adopted it on 01 July 2025. The municipality applied the new Standard retrospectively, except for the transitional provisions applied as set out below.

47. GRAP 3 Adjustments (continued)

However, in line with the transitional Provisions for the Standards of GRAP on GRAP 104 Financial Instruments (Revised 2019), the municipality did not restate the prior periods.

The municipality recognised differences between the previous carrying amounts on 30 June 2025 and those on 1 July 2025 in the opening accumulated surplus or deficit on 1 July 2025.

Transition – Classification and measurement

The municipality applied the classification and measurement requirements retrospectively, except for the transitional provisions applied as set out below.

The municipality assessed the objective of its management models for financial assets based on the facts and circumstances that existed on 1 July 2025.

The classification was applied retrospectively, irrespective of the municipality's management model.

Nofinancial asset or financial liability changed measurement category on transition, all classes continue to be measured at amortised cost.

Transition – Impairment

The municipality applied the impairment requirements retrospectively, except for the transitional provisions applied as set out below.

The municipality measured the impairment losses using the expected credit losses on 1 July 2025.

On 1 July 2025, the assessment of the credit of all financial assets at initial recognition requires undue costs or efforts. Consequently, the municipality shall recognise a loss allowance equal to lifetime expected credit losses until that financial asset is derecognised.

Impact on measurement categories

The nature and effects of the key changes to the municipality's accounting policies resulting from the adoption of GRAP 104 Financial Instruments (Revised 2019) are summarised below.

Financial assets

2025

		Measurement category		Carrying value	
		Original classification GRAP 104 (2009)	**New classification GRAP 104 (Revised 2019)**	**Original amount GRAP 104 (2009)**	**New amount GRAP 104 (Revised 2019)**
Cash and cash equivalents	3	Amortised cost	Amortised cost	464,001,229	462,038,513
Trade and other receivables from exchange transactions	4	Amortised cost	Amortised cost	262,011,859	174,315,907
				726,013,088	**636,354,420**

Financial liabilities

2025

	Measurement category	Carrying value

Figures in Rand	2026	2025

47. GRAP 3 Adjustments (continued)

	Note	Original classification GRAP 104 (2009)	New classification GRAP 104 (Revised 2019)	Original amount GRAP 104 (2009)	New amount GRAP 104 (Revised 2019)
Borrowings	13	Amortised cost	Amortised cost	249,771,853	249,771,853
Consumer deposits	14	Amortised cost	Amortised cost	24,692,899	24,692,899
Trade and other payables from non-exchange transactions	16	Amortised cost	Amortised cost	157,409,086	157,409,086
				431,873,838	**431,873,838**

Expected credit losses on trading service and customer service debtors are calculated on the VAT-inclusive receivable balance. Of the total increase in the loss allowance of R89 658 668 at 1 July 2025, R8 847 806 represents the VAT component and has been recognised against VAT output rather than in accumulated surplus. The net reduction in accumulated surplus is therefore R80 810 862, as set out below.

Financial assets

2025

	Note	New classification GRAP 104 (Revised 2019)	Carrying amount GRAP 104 (2009)	Change in measure-ments	Total
Cash and cash equivalents	3	Amortised cost	464,001,229	(1,962,716)	**462,038,513**
Trade and other receivables from exchange transactions	4	Amortised cost	262,011,859	(87,695,952)	**174,315,907**
			726,013,088	**(89,658,668)**	**636,354,420**

Financial liabilities

2025

	Note	New classification GRAP 104 (Revised 2019)	Carrying amount GRAP 104 (2009)	Total
Borrowings	13	Amortised cost	249,771,853	**249,771,853**
Consumer deposits	14	Amortised cost	24,692,899	**24,692,899**
Trade and other payables from exchange transactions	12	Amortised cost	157,409,086	**157,409,086**
			431,873,838	**431,873,838**

48. Going concern

We draw attention to the fact that at 30 June 2026, the municipality had a surplus of R47,563,136 and that the municipality's total assets exceed its liabilities by R 2,667,947,130.

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

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

48. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

49. Non-adjusting events after the reporting date

No events after the reporting date were identified by management that will affect the operations of the municipality or the results of those operations significantly.

50. Unauthorised, irregular, fruitless and wasteful expenditure

50.1 Irregular expenditure

	2026	2025
Opening balance as previously reported	4,513,998	4,039,504
Add: Irregular expenditure - current	226,100	474,494
Less: Amount recovered - current	(644,621)	-
Less: Amounts written-off – current	(2,709,147)	-
Closing balance	**1,386,330**	**4,513,998**

Incident	Disciplinary steps/criminal proceedings	2026	2025
Non-compliance with S13(b) and (c) of the SCM Regulations - amount wrtten off		-	178,550
MFMA Regulation 36 form not approved by the CFO and the Municipal Manager - amount written off		-	6,486
Service provider was not registered on CSD and tax compliance could not be confirmed - amount written off		-	28,875
Purchase order was issued to a service provider who did not submit a quotation - amount written off		-	35,113
Councillor incorrectly remunerated as a S79 Chairperson instead of an ordinary Councillor - recovered R131 100		-	163,830
Strip, quote and repair work completed without S36 deviation form being completed		-	7,820
Service provider instructed to provide services before the SCM process was completed		226,100	53,820
Total		**226,100**	**474,494**

Figures in Rand	2026	2025

50. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

50.2 Fruitless and wasteful expenditure

Opening balance as previously reported	6,532,240	1,408,672
Add: Fruitless and wasteful expenditure – current	174,821	5,123,568
Add: Fruitless and wasteful expenditure – prior period	78,470	-
Less: Amount recovered – current	(11,526)	-
Less Amount recovered – prior period	(2,556)	-
Less: Amounts written-off – prior period	(5,084,744)	-
Closing balance	**1,686,705**	**6,532,240**

Incident	Disciplinary steps/criminal proceedings		
D&P Strat Plance was cancelled but venue hire was incurred		-	21,562
Penalties and interest on late renewal of vehicle licences and continued payment of licence fees on vehicles auctioned		101,739	102,006
S24G Administrative fine for Landfill Site		-	5,000,000
Supplier default on terms of purchase of lowbed		32,058	-
Overpayment as a result of Absondment		45,755	-
Payment for competency assessment for ED Financial Services - Candidate did not meet qualification Requirements		7,200	-
Overdue licence amount from Toyota		7,989	-
Overpayment as a result of abscondment - R11 526 recovered		39,751	-
Non-attendance on training		948	-
Additional amount on previously disclosed overpayment of salary, which was subsequently recovered		17,851	-
Total		**253,291**	**5,123,568**

There are investigations which are still pending finalisation as at the date of audit submission. These matters will be reported on as part of the submission of the next audit, pending the completion during that financial year.

51. Additional disclosure in terms of Municipal Finance Management Act

SALGA Contributions

Current year subscription / fee	4,565,507	4,223,991
Amount paid - current year	(4,565,507)	(4,223,991)
Amount approved by the director and noted by council	**-**	**-**

Audit fees

Current year subscription / fee	4,048,598	3,817,377
Amount paid - current year	(4,048,598)	(3,817,377)
Amount approved by the director and noted by council	**-**	**-**

PAYE, UIF and SDL

Current year subscription / fee	71,227,928	65,668,477
Amount paid - current year	(71,227,928)	(65,668,477)
Amount approved by the director and noted by council	**-**	**-**

Figures in Rand	2026	2025

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

Pension deductions

Current year subscription / fee	66,757,668	62,993,630
Amount paid - current year	(66,757,668)	(62,993,630)
Amount approved by the director and noted by council	**-**	**-**

Medical aid deductions

Current year subscription / fee	42,538,540	38,837,830
Amount paid - current year	(42,538,540)	(38,837,830)
Total	**-**	**-**

52. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Midvaal Local Municipality as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

53. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

54. Segment reporting

54.1 General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

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

Segmental reporting was based and identified on the MFMA s71 monthly budget statements/reports that are reviewed by senior management and Council to make strategic decisions andin monitoring segment performance. The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format namely the C2 schedule. This is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available as the municipality only operates in the Gauteng Province, and within its demarcated boundaries.

Aggregated segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
Community and public safety	Primary services providing community safety, crime prevention and law enforcement
Economic and envionmental services	Urban and development planning in accordance with the relevant laws and regulations. Environmental planning and protection for long term sustainability.
Trading services	Primary basic service provision including water, electricity, sanitation and refuse.
Governance and administration	Support services in relation to financial management and financial governance decision making.

54. Segment reporting (continued)

54.2 Segment surplus or deficit, assets and liabilities – By Function

By Function	Community and public safety	Economic and environmental services	Trading services	Governance and administration	Total Allocated
2026					
Segment revenue					
Exchange revenue					
Services charges – Electricity	-	-	689,827,659	-	**689,827,659**
Services charges – Water management	-	-	294,621,312	-	**294,621,312**
Services charges – Waste water management	-	-	71,356,394	-	**71,356,394**
Services charges – Waste management	-	-	71,188,699	-	**71,188,699**
Sales of goods and rendering of services	3,585,369	4,613,179	-	291,636	**8,490,184**
Interest earned from receivables	-	-	-	16,730,502	**16,730,502**
Interests on investments	-	-	-	37,149,279	**37,149,279**
Hire of facilities	-	98,544	-	1,284,368	**1,382,912**
Operational revenue	145,286	-	50,251	2,367,287	**2,562,824**
Total exchange revenue	**3,730,655**	**4,711,723**	**1,127,044,315**	**57,823,072**	**1,193,309,765**
Non-exchange revenue					
Property rates	-	-	-	384,421,349	**384,421,349**
Fines, penalties and forfeits	37,406,593	-	-	87,635	**37,494,228**
Transfers and subsidies – Operational	20,123,043	3,600,339	49,640,983	154,613,305	**227,977,670**
Transfers and subsidies – Capital	11,028,871	16,269,647	75,779,688	48,615	**103,126,821**
Interest earned from receivables	-	-	-	20,323,487	**20,323,487**
Inventory	-	-	-	32,326	**32,326**
Total non-exchange revenue	**68,558,507**	**19,869,986**	**125,420,671**	**559,526,717**	**773,375,881**
Total segment revenue	**72,289,162**	**24,581,709**	**1,252,464,986**	**617,349,789**	**1,966,685,646**

54. Segment reporting (continued)

Segment expenses					
Employee related cost	98,596,969	61,238,495	132,585,959	134,205,080	**426,626,503**
Remuneration of councillors	-	-	-	16,135,151	**16,135,151**
Bulk purchases	-	-	567,400,476	-	**567,400,476**
Inventory consumed	6,356,888	2,955,672	213,598,290	2,668,187	**225,579,037**
Depreciation and amortisation	16,582,164	31,099,591	96,507,906	10,159,610	**154,349,271**
Interest	1,339,275	6,393,031	27,476,184	1,285,418	**36,493,908**
Contracted services	40,119,392	23,980,759	117,395,397	32,672,856	**214,168,404**
Transfers and subsidies	-	-	-	1,692,383	**1,692,383**
Impairment losses on financial and statutory assets	33,739,036	-	97,894,995	38,444,418	**170,078,449**
Operational cost	8,049,263	6,320,627	23,455,283	61,038,836	**98,864,009**
Losses on disposal	261,311	9,240	7,343,613	120,755	**7,734,919**
Total segment expenses	**205,044,298**	**131,997,415**	**1,283,658,103**	**298,422,694**	**1,919,122,510**
Segment surplus for the year	**(132,755,136)**	**(107,415,706)**	**(31,193,117)**	**318,927,095**	**47,563,136**
Capital expenditure					
Actual outcome	28,556,954	54,704,290	154,303,631	8,797,232	**246,362,107**
Other information					
Total assets	202,050,377	598,074,746	1,642,282,001	981,966,760	**3,424,373,884**
Total liabilities	(11,157,010)	25,005,663	193,833,265	548,744,836	**756,426,754**
Additions to non-current assets	28,556,954	54,704,290	154,303,631	8,797,232	**246,362,107**

2025

Segment revenue

Exchange revenue

54. Segment reporting (continued)

Services charges – Electricity	-	-	592,323,057	-	**592,323,057**
Services charges – Water management	-	-	281,574,302	-	**281,574,302**
Services charges – Waste water management	-	-	70,006,471	-	**70,006,471**
Services charges – Waste management	-	-	64,379,446	-	**64,379,446**
Sales of goods and rendering of services	3,416,183	3,913,663	-	270,212	**7,600,058**
Interest earned from receivables	-	-	-	23,041,225	**23,041,225**
Interests on investments	-	-	-	44,001,866	**44,001,866**
Hire of facilities	-	-	-	1,115,015	**1,115,015**
Operational revenue	197,059	-	299,784	4,850,946	**5,347,789**
Total exchange revenue	**3,613,242**	**3,913,663**	**1,008,583,060**	**73,279,264**	**1,089,389,229**
Non-exchange revenue					
Property rates	-	-	-	351,320,412	**351,320,412**
Fines, penalties and forfeits	38,876,623	-	-	173,913	**39,050,536**
Transfers and subsidies – Operational	20,378,215	2,933,387	99,748,987	79,030,144	**202,090,733**
Transfers and subsidies – Capital	26,595,999	30,941,704	76,884,842	5,481,857	**139,904,402**
Interest earned from receivables	-	-	-	18,718,747	**18,718,747**
Inventory	-	-	-	41,609	**41,609**
Total non-exchange revenue	**85,850,837**	**33,875,091**	**176,633,829**	**454,766,682**	**751,126,439**
Total segment revenue	**89,464,079**	**37,788,754**	**1,185,216,889**	**528,045,946**	**1,840,515,668**
Segment expenses					
Employee related cost	91,315,071	59,032,019	124,716,397	133,844,799	**408,908,286**
Remuneration of councillors	-	-	-	15,452,341	**15,452,341**
Bulk purchases	-	-	507,510,479	-	**507,510,479**
Inventory consumed	6,082,038	2,266,493	195,902,798	2,204,921	**206,456,250**
Depreciation and amortisation	15,160,815	29,910,369	63,800,827	9,325,055	**118,197,066**
Interest	1,337,226	4,766,745	24,567,897	1,235,836	**31,907,704**
Contracted services	35,875,364	17,166,720	109,635,149	31,450,918	**194,128,151**
Transfers and subsidies	-	-	-	1,774,405	**1,774,405**
Impairment losses on financial and statutory assets	34,897,913	-	105,605,883	32,555,243	**173,059,039**
Operational cost	7,282,865	5,570,434	23,550,729	59,216,468	**95,620,496**
Losses on disposal	2,605,382	13,933,552	1,760,897	906,571	**19,206,402**
Total segment expenses	**194,556,674**	**132,646,332**	**1,157,051,056**	**287,966,557**	**1,772,220,619**

54. Segment reporting (continued)

Segment surplus for the year	**(105,092,595)**	**(94,857,578)**	**28,165,833**	**240,079,389**	**68,295,049**
Other information					
Total assets	203,195,962	561,683,048	1,599,164,234	1,028,016,193	**3,392,059,437**
Total liabilities	(12,872,960)	21,560,037	131,179,852	550,997,668	**690,864,597**
Additions to non-current assets	42,822,025	54,827,465	129,718,021	27,192,727	**254,560,238**