

**Lepelle-Nkumpi Municipality**  
**(Registration Number LIM 355)**  
**Annual Financial Statements**  
**for the year ended 30 June 2025**



# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2025

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# Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2025

## General Information

Nature of Business and Principal Activities Local Government and the provision of basic services to the local community.

### Municipal grading

3

#### Members of the council

Mayor  
Speaker  
Chief Whip  
Molala MM  
Nkoabela NJ  
Sello SG

Members of the executive committee  
Ledwaba PE  
Kekana L

Members of the executive committee  
Matsimela MD  
Mazwi DP

Members of the executive committee  
Molomo RO  
Nkoana RTF

Members of the executive committee  
Makgahlele MB  
Mphahlele MJ

Members of the executive committee  
Molaba FR  
Mollo MI

Members of the executive committee  
Ramoshaba RS

Ethics

MPAC

# Lepelle-Nkumpi Municipality

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## General Information

### Other Councillors

|            |                 |
|------------|-----------------|
| Councillor | Marema TG       |
| Councillor | Tabjane JB      |
| Councillor | Mphofela SM     |
| Councillor | Makgati MA      |
| Councillor | Takalo ME       |
| Councillor | Phele RS        |
| Councillor | Mphanlele TJ    |
| Councillor | Mphogo RJ       |
| Councillor | Hlongoane HM    |
| Councillor | Mahlobogoane MD |
| Councillor | Makhatola SJ    |
| Councillor | Ramothole TR    |
| Councillor | Kekana MA       |
| Councillor | Ntsoane NP      |
| Councillor | Mathabatha RE   |
| Councillor | Mogodi MM       |
| Councillor | Matibidi MI     |
| Councillor | Mokone SM       |
| Councillor | Lekgoathi FP    |
| Councillor | Kekana MS       |
| Councillor | Maphoto ME      |
| Councillor | Makhafola TH    |
| Councillor | Mmako NS        |
| Councillor | Maleka PI       |
| Councillor | Moeti TL        |
| Councillor | Phogole ML      |
| Councillor | Mahlatji MA     |
| Councillor | Mphanlele KP    |
| Councillor | Ntshane LJ      |
| Councillor | Maphoso MW      |
| Councillor | Ledwaba MW      |
| Councillor | Muthwa LS       |
| Councillor | Kekana MP       |
| Councillor | Mngomezulu LJ   |
| Councillor | Ramaremo MB     |
| Councillor | Phasha SS       |
| Councillor | Mathabatha MD   |
| Councillor | Lebese JM       |
| Councillor | Modula MA       |
| Councillor | Shogole MW      |
| Councillor | Maja AD         |
| Councillor | Motau ME        |
| Councillor | Maluleka TL     |
| Councillor | Mokalapa        |
| Councillor | Maeneja T       |
| Councillor | Nkuna W         |

# Lepelle-Nkumpi Municipality

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## General Information

|   |  |
|---|--|
| Acting Municipal Manager                            | Mananga A ( 01 June 2025 to 30 June 2025)  |
| Acting Municipal Manager                            | Maphoru LD ( October 2024 to May 2025)   |
| Acting Municipal Manager                            | Diale DS (Up to August 2024)   |
| Municipal Manager                                   | Monyepao MA (up to December 2024)  |
| Chief Financial Officer                             | Diale DS   |
| Delegated Chief Financial Officer                   | Masemola M.N (01 July 2024 to May 2025)  |
| Legal form  | 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) |
| Legislation governing the municipality's operations | Constitution of the Republic of south Africa (Act 108 of 1998)   |
|   | Local Government: Municipal Finance Management Act (Act no.56 of 2003)   |
|   | Local Government: Municipal Systems Act (Act 32 of 2000)   |
|   | Local Government: Municipal Structures Act (Act 117 of 1998)   |
|   | Municipal Property Rates Act (act of 6 2004)   |
|   | Division of Revenue Act (Act 1 of 2007)  |
|   | Municipal Budget and Reporting Regulations on Standard Chart of Accounts   |
|   | Municipal Systems Amendment Act (Act no 7 of 2011)   |

# Lepelle-Nkumpi Municipality

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## General Information

SALBC Leave  
Regulations

Skills Development  
Levies Act (Act no 9 of  
1999)

Supply Chain  
Management  
Regulations, 2005

The Income Tax Act

Unemployment Insurance  
Act (Act no 30 of 1966)

Value Added Tax Act

Lebowakgomo

Registered Office

170 BA

Civic Centre  
Lebowakgomo

Business Address

Private Bag X07  
Chuenespoort  
0745

Postal Address

First National Bank (FNB)  
ABSA  
Standard bank  
Nedbank

Bankers

Auditor General of South Africa

Auditors

SC Mdhuli attorneys INC  
Popela Maake Attorneys  
Modise Mabule INC  
Verveen Attorneys

Attorneys

015 633 4500  
www.lepelle-nkumpi.gov.za  
Polokwane  
0699

Tel:  
Website

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2025

## General Information

### Abbreviations

|        |   |
|--------|---|
| CDM    | Capricorn District Municipality   |
| GRAP   | Generally Accepted Accounting Practice  |
| MFMA   | Municipal Finance Management Act  |
| MPAC   | Municipal Public Accounts Committee   |
| MIG    | Municipal Infrastructure Grant  |
| FMG    | Finance Management Grant  |
| IIASA  | Institute of Internal Auditors South Africa   |
| UIF    | Unemployment Insurance Fund   |
| PAYE   | Pay as you earn   |
| SALGBC | South African Local Government Bagaining Council                                    |
| SALGA  | South African Local Government Association  |
| IGRAP  | Interpretation of the Standards of Generally Recognised Accounting Practice (IGRAP) |
| CPI    | Consumer Price Index  |
| GLCCM  | General Landfill Closure Costing Model  |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer Responsibilities and Approval

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

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

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

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

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 8 to 121, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councilors, loans made to Councilors, if any, and payments made to Councilors for loss of office, if any, as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act."

Acting Municipal Manager

Dr Chauke ML



Date

28 November 2025

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Financial Position

| Figures in R   |    | Notes | 2025                 | 2024                 |
|--|----|-------|----------------------|----------------------|
|  |    |       |                      | Restated             |
| <b>Assets</b>  |    |       |                      |                      |
| <b>Current assets</b>  |    |       |                      |                      |
| Inventories  | 3  |       | 104 346 940          | 105 951 975          |
| Receivables from exchange transactions                               | 4  |       | 63 278 125           | 58 107 123           |
| Receivables from non - exchange transactions (Statutory receivables) | 5  |       | 12 036 831           | 8 974 239            |
| Cash and cash equivalents  | 6  |       | 828 719 428          | 741 833 178          |
| <b>Total current assets</b>  |    |       | <b>1 008 381 323</b> | <b>914 866 516</b>   |
| <b>Non-current assets</b>  |    |       |                      |                      |
| Property, plant and equipment  | 8  |       | 862 686 121          | 732 396 764          |
| Investment property  | 7  |       | 120 478 867          | 116 969 773          |
| Intangible assets  | 9  |       | 11 054               | 11 054               |
| Heritage assets  | 10 |       | 183 684              | 183 684              |
| <b>Total non-current assets</b>                                      |    |       | <b>983 359 726</b>   | <b>849 561 275</b>   |
| <b>Total assets</b>  |    |       | <b>1 991 741 050</b> | <b>1 764 427 791</b> |
| <b>Liabilities</b>   |    |       |                      |                      |
| <b>Current liabilities</b>   |    |       |                      |                      |
| Consumer deposits  | 12 |       | 2 175 088            | 2 174 561            |
| Payables from exchange transactions                                  | 11 |       | 158 416 534          | 93 163 951           |
| Employee benefit obligation  | 15 |       | 1 118 753            | 992 837              |
| Unspent conditional grants and receipts                              | 13 |       | 12 530 371           | 65 122 199           |
| <b>Total current liabilities</b>                                     |    |       | <b>174 240 747</b>   | <b>161 453 548</b>   |
| <b>Non-current liabilities</b>                                       |    |       |                      |                      |
| Provisions   | 14 |       | 1 393 452            | 3 012 267            |
| Employee Benefits Obligation   | 15 |       | 5 199 589            | 5 443 631            |
| <b>Total non-current liabilities</b>                                 |    |       | <b>6 593 042</b>     | <b>8 455 899</b>     |
| <b>Total liabilities</b>   |    |       | <b>180 833 789</b>   | <b>169 909 447</b>   |
| <b>Net Assets</b>  |    |       |                      |                      |
| <b>Total net assets and liabilities</b>                              |    |       | <b>1 810 907 260</b> | <b>1 594 518 344</b> |
| <b>Accumulated surplus</b>   |    |       |                      |                      |
|  |    |       | <b>1 810 907 260</b> | <b>1 594 518 344</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Performance

| Figures in R  |                      | Notes | 2025                 | 2024                 |
|---|----------------------|-------|----------------------|----------------------|
|   |                      |       |                      | Restated             |
| <b>Revenue from exchange transactions</b>           |                      |       |                      |                      |
| 17  | 7 772 340            |       | 7 419 208            | 7 419 208            |
| 18  | 358 932              |       | 366 567              | 366 567              |
| 19  | 24 460 363           |       | 34 924 139           | 34 924 139           |
| 20  | 4 524 453            |       | 5 390 211            | 5 390 211            |
| 22  | 57 433 809           |       | 49 739 385           | 49 739 385           |
| 21  | 30 354 987           |       | 2 272 721            | 2 272 721            |
| 37  | 1 622 414            |       | -                    | -                    |
|   | <b>126 527 298</b>   |       | <b>100 112 231</b>   | <b>100 112 231</b>   |
| <b>Revenue from non-exchange transactions</b>       |                      |       |                      |                      |
| <b>Taxation revenue</b>                             |                      |       |                      |                      |
| 24  | 46 778 259           |       | 43 106 834           | 43 106 834           |
| 23  | 19 240 084           |       | 17 139 139           | 17 139 139           |
| <b>Transfer Revenue</b>                             |                      |       |                      |                      |
| <b>Government grants and subsidies</b>              |                      |       |                      |                      |
| 25  | 411 970 828          |       | 349 063 126          | 349 063 126          |
| 26  | 947 500              |       | 708 918              | 708 918              |
|   | <b>478 936 671</b>   |       | <b>410 018 018</b>   | <b>410 018 018</b>   |
| <b>Total revenue from non-exchange transactions</b> |                      |       |                      |                      |
| <b>Total revenue</b>                                |                      |       |                      |                      |
| <b>Expenditure</b>                                  |                      |       |                      |                      |
| <b>Employee costs - salaries</b>                    |                      |       |                      |                      |
| 28  | (102 381 638)        |       | (98 075 071)         | (98 075 071)         |
| 29  | (25 177 230)         |       | (24 651 912)         | (24 651 912)         |
| 30  | (37 250 134)         |       | (35 237 250)         | (35 237 250)         |
| 31  | (934 638)            |       | (723 641)            | (723 641)            |
| 32  | (70 387 251)         |       | (86 135 987)         | (86 135 987)         |
| 33  | (96 852 035)         |       | (54 926 920)         | (54 926 920)         |
| 36  | (70 847)             |       | (320 010)            | (320 010)            |
| 34  | (2 250 910)          |       | (1 699 477)          | (1 699 477)          |
| 35  | (56 468 255)         |       | (55 211 166)         | (55 211 166)         |
|   | <b>(391 772 937)</b> |       | <b>(356 981 434)</b> | <b>(356 981 434)</b> |
| <b>Total other expenses</b>                         |                      |       |                      |                      |
| <b>Fair value gain or (losses)</b>                  |                      |       |                      |                      |
| 27  | 2 697 885            |       | 4 205 084            | 4 205 084            |
|   | <b>216 388 916</b>   |       | <b>157 353 899</b>   | <b>157 353 899</b>   |

**Lepelle-Nkumpi Municipality**  
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Financial Statements for the year ended 30 June 2025

**Statement of Changes in Net Assets**

| Figures in R   |               |
|--|---------------|
| Accumulated surplus                                  | Total         |
| 1 412 688 340  | 1 412 688 340 |
| 24 476 105   | 24 476 105    |
| 1 437 164 445  | 1 437 164 445 |
| <b>Balance at 1 July 2023 as previously reported</b> |               |
| Prior period adjustments - Note 40.                  |               |
| <b>Balance at 1 July 2023 as restated</b>            |               |
| 1 592 065 936  | 1 592 065 936 |
| 2 452 408  | 2 452 408     |
| 1 594 518 344  | 1 594 518 344 |
| <b>Balance at 1 July 2024 as previously reported</b> |               |
| Prior period adjustments - Note 40.                  |               |
| <b>Balance at 1 July 2024 as restated</b>            |               |
| 216 388 916  | 216 388 916   |
| <b>Changes in net assets</b>                         |               |
| Surplus for the year                                 |               |
| <b>Balance at 30 June 2024 as restated</b>           |               |
| 1 810 907 260  | 1 810 907 260 |
| <b>Changes in net assets</b>                         |               |
| Surplus for the year                                 |               |
| <b>Balance at 30 June 2025 as restated</b>           |               |

**Statement of Cash Flows**

| Figures in R  |  | Notes | 2025                 | 2024                 |
|---|--|-------|----------------------|----------------------|
|   |  |       |                      | Restated             |
| <b>Receipts</b>   |  |       |                      |                      |
| Property rates  |  |       | 14 889 449           | 14 452 645           |
| Service charges   |  |       | 4 204 487            | 2 798 171            |
| Other Income  |  |       | 34 222 196           | 12 576 066           |
| Transfers and subsidies - Operational                     |  |       | 340 067 433          | 322 469 647          |
| Transfers and subsidies - capital                         |  |       | 19 311 567           | 65 085 353           |
| Interest income   |  |       | 52 104 838           | 44 842 420           |
| <b>Payments</b>   |  |       | <b>464 799 970</b>   | <b>462 224 302</b>   |
| Payments to suppliers for goods and services              |  |       | (93 558 739)         | (110 190 185)        |
| Payments to and on behalf of employees                    |  |       | (127 833 957)        | (122 899 828)        |
| <b>Gross cash payments</b>                                |  |       | <b>(221 392 696)</b> | <b>(233 090 013)</b> |
| <b>Net cash flows from operations</b>                     |  | 38    | <b>243 407 274</b>   | <b>229 134 289</b>   |
| <b>Cash flows used in investing activities</b>            |  |       |                      |                      |
| Proceeds from sales of property, plant and equipment      |  |       | 132 477              | 41 550               |
| Purchase of property, plant and equipment                 |  |       | (156 654 029)        | (34 302 827)         |
| <b>Cash flows used in investing activities</b>            |  |       | <b>(156 521 552)</b> | <b>(34 261 277)</b>  |
| <b>Cash flows from financing activities</b>               |  |       |                      |                      |
| Movement in consumer deposits                             |  |       | 527                  | 40 000               |
| <b>Cash flows from financing activities</b>               |  |       | <b>527</b>           | <b>40 000</b>        |
| <b>Net increase in cash and cash equivalents</b>          |  |       | <b>86 886 249</b>    | <b>194 913 012</b>   |
| <b>Cash and cash equivalents at beginning of the year</b> |  |       | <b>741 833 178</b>   | <b>546 920 166</b>   |
| Prior period adjustment                                   |  |       |                      |                      |
| <b>Cash and cash equivalents at end of the year</b>       |  | 6     | <b>828 719 427</b>   | <b>741 833 178</b>   |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Figures in R

Statement of financial performance

|  | Approved budget | Adjustments        | Final budget       | Actual amounts on comparable basis | Difference between final budget and actual | Reference          | %       |       |
|--|-----------------|--------------------|--------------------|------------------------------------|--|--------------------|---------|-------|
| <b>Revenue</b>   |                 |                    |                    |                                    |  |                    |         |       |
| <b>Exchange revenue</b>  |                 |                    |                    |                                    |  |                    |         |       |
| Service charges - Waste Management                                   | 17              | 7 870 758          | 22 961             | 7 893 719                          | 7 772 340                                  | 121 379            | Note 53 | 2%    |
| Sale of Goods and Rendering of Services                              |                 | 206 595 839        | 278 749            | 206 874 588                        | -  | 206 874 588        |         | 100%  |
|  | 19 &            | 49 405 332         | (2 240 790)        | 47 164 542                         | 28 783 588                                 | 18 380 954         | Note 53 | 39%   |
| Agency services  | 20              |                    |                    |                                    |  |                    |         |       |
| Interest earned from Receivables                                     | 22              | 6 368 112          |                    | 6 368 112                          | 5 328 970                                  | 1 039 142          |         | 16%   |
| Interest earned from Current and Non Current Assets                  | 22              | 45 394 108         |                    | 45 394 108                         | 52 104 838                                 | (6 710 730)        |         | -15%  |
| Rental from Fixed Assets   | 18              | 396 642            | 5 215              | 401 857                            | 358 932                                    | 42 925             |         | 11%   |
| Licence and permits  |                 | 5 228              | 150 000            | 155 228                            | 201 228                                    | (46 000)           |         | -30%  |
| Operational Revenue  |                 | 21 988 925         | (112 353)          | 21 876 572                         | 30 354 987                                 | (8 478 415)        |         | -39%  |
| <b>Non-Exchange Revenue</b>  |                 |                    |                    |                                    |  |                    |         |       |
| Property rates   | 24              | 41 393 536         | -                  | 41 393 536                         | 46 778 259                                 | (5 384 723)        |         | -13%  |
| Fines, penalties and forfeits  |                 | 789 301            | (374 651)          | 414 650                            | 947 500                                    | (532 850)          |         | -129% |
| Licences or permits  |                 | 1 804              | -                  | 1 804                              | -  | 1 804              |         | 100%  |
| Transfer and subsidies - Operational                                 | 25              | 340 962 898        | 753 000            | 341 715 898                        | 340 650 595                                | 1 065 303          | Note 53 | 0%    |
| Interest   |                 | 17 787 278         |                    | 17 787 278                         | 19 240 084                                 | (1 452 806)        |         | -8%   |
| Gains on disposal of Assets  |                 | 496 922            |                    | 496 922                            | -  | 496 922            |         | 100%  |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |                 | <b>739 456 683</b> | <b>(1 517 869)</b> | <b>737 938 814</b>                 | <b>532 521 322</b>                         | <b>205 417 492</b> |         |       |
| <b>Total revenue</b>   |                 | <b>739 456 683</b> | <b>(1 517 869)</b> | <b>737 938 814</b>                 | <b>532 521 322</b>                         | <b>205 417 492</b> |         |       |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

%

|   | Approved budget      | Adjustments        | Final budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference | %     |
|---|----------------------|--------------------|----------------------|------------------------------------|--|-----------|-------|
| <b>Expenditure</b>                        |                      |                    |                      |                                    |  |           |       |
| Employee related cost                     | 28 (153 340 303)     | 12 772 593         | (140 567 710)        | (102 381 638)                      | (38 186 072)                               |           | 27%   |
| Remuneration of councillors               | 29 (24 863 637)      | (1 500 000)        | (26 363 637)         | (25 177 230)                       | (1 186 407)                                |           | 5%    |
| Irrecoverable debt w/o                    | 32 (91 308 948)      | -                  | (91 308 948)         | (70 387 251)                       | (20 921 697)                               |           | 23%   |
| Depreciation, amortisation and impairment | 30 (41 643 241)      | -                  | (41 643 241)         | (37 250 134)                       | (4 393 107)                                |           | 11%   |
| Finance cost                              | 31 (894 430)         | -                  | (894 430)            | (934 638)                          | 40 208                                     |           | -4%   |
| Inventory consumed                        | (13 757 825)         | -                  | (13 757 825)         | (2 250 910)                        | (11 506 915)                               |           | 84%   |
| Contracted services                       | (152 732 719)        | (16 708 674)       | (169 441 393)        | (96 852 035)                       | (72 589 358)                               |           | 43%   |
| Operational costs                         | (81 601 082)         | 1 594 941          | (80 006 141)         | (56 468 255)                       | (23 537 886)                               |           | 29%   |
| Loss on disposal                          | -                    | -                  | -                    | (70 847)                           | 70 847                                     |           | -100% |
| <b>Total expenditure</b>                  | <b>(560 142 185)</b> | <b>(3 841 140)</b> | <b>(563 983 325)</b> | <b>(391 772 937)</b>               | <b>(172 210 388)</b>                       |           |       |
| <b>Operating surplus/(Deficit)</b>        | <b>179 314 498</b>   | <b>(5 359 009)</b> | <b>173 955 489</b>   | <b>140 748 384</b>                 | <b>33 207 105</b>                          |           |       |
| Transfers and subsidies - capital         | 68 317 000           | 18 935 000         | 87 252 000           | 72 942 647                         | 14 309 353                                 | Note 53   | 16%   |
| Gains on fair value adjustments           | -                    | -                  | -                    | 2 697 885                          | (2 697 885)                                |           | 100%  |
| <b>Surplus / (deficit) for the year</b>   | <b>247 631 498</b>   | <b>13 575 991</b>  | <b>261 207 489</b>   | <b>216 388 916</b>                 | <b>44 818 573</b>                          |           |       |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

Statement of Financial Position

|  | Approved budget | Adjustments          | Final budget      | Actual amount on comparative basis | Difference between final budget and actual | Reference %        |      |
|--|-----------------|----------------------|-------------------|------------------------------------|--|--------------------|------|
| <b>Assets</b>  |                 |                      |                   |                                    |  |                    |      |
| Cash and cash equivalents                              | 6               | 821 867 283          | -                 | 821 867 283                        | 828 719 428                                | (6 852 145)        | -1%  |
| Trade and other receivables from exchange transactions | 4               | 321 798 675          | -                 | 321 798 675                        | 12 640 812                                 | 309 157 863        | 96%  |
| Receivables from non-exchange transactions             | 5               | 16 954 997           | -                 | 16 954 997                         | 12 036 831                                 | 4 918 166          | 29%  |
| Inventories  | 3               | 102 520 302          | -                 | 102 520 302                        | 104 346 940                                | (1 826 638)        | -2%  |
| VAT  |                 | 26 673 139           | -                 | 26 673 139                         | 50 637 312                                 | (23 964 173)       | -90% |
| Other current assets                                   |                 | 2 687 367            | -                 | 2 687 367                          | -  | 2 687 367          | 100% |
| <b>Total current assets</b>                            |                 | <b>1 292 501 763</b> | <b>-</b>          | <b>1 292 501 763</b>               | <b>1 008 381 323</b>                       | <b>284 120 440</b> |      |
| Investment property                                    | 7               | 150 757 815          | 5 000 000         | 155 757 815                        | 120 478 867                                | 35 278 948         | 23%  |
| Property, plant and equipment                          | 8               | 925 822 875          | 42 216 197        | 968 039 072                        | 862 686 121                                | 105 352 951        | 11%  |
| Intangible assets                                      | 9               | 2 511 054            | (2 500 000)       | 11 054                             | 11 054                                     | 0                  | 0%   |
| Heritage assets  | 10              | 183 684              | -                 | 183 684                            | 183 684                                    | (0)                | 0%   |
| <b>Total non-current assets</b>                        |                 | <b>1 079 275 428</b> | <b>44 716 197</b> | <b>1 123 991 625</b>               | <b>983 359 726</b>                         | <b>140 631 899</b> |      |
| <b>Total assets</b>                                    |                 | <b>2 371 777 191</b> | <b>44 716 197</b> | <b>2 416 493 388</b>               | <b>1 991 741 050</b>                       | <b>424 752 338</b> |      |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

|   | Approved budget      | Adjustments       | Final budget         | Actual amount on comparative basis | Difference between final budget and actual | Reference %  |
|---|----------------------|-------------------|----------------------|------------------------------------|--|--------------|
| <b>Liabilities</b>                                      |                      |                   |                      |                                    |  |              |
| <b>Current liabilities</b>                              |                      |                   |                      |                                    |  |              |
| Consumer deposits                                       | 12 2 420 817         | -                 | 2 420 817            | 2 175 088                          | 245 729                                    | 10%          |
| Trade and other payables from exchange transactions     | 11 461 390 793       | -                 | 461 390 793          | 130 773 270                        | 330 617 523                                | 72%          |
| Trade and other payables from non-exchange transactions | 45 912 027           | -                 | 45 912 027           | 12 530 371                         | 33 381 656                                 | 73%          |
| Provisions  | 21 544 295           | -                 | 21 544 295           | 1 118 753                          | 20 425 542                                 | 95%          |
| VAT   | 22 643 818           | -                 | 22 643 818           | 27 643 264                         | (4 999 446)                                | -22%         |
| <b>Total current liabilities</b>                        | <b>553 911 750</b>   | <b>-</b>          | <b>553 911 750</b>   | <b>174 240 747</b>                 | <b>379 671 003</b>                         |              |
| <b>Non-current liabilities</b>                          |                      |                   |                      |                                    |  |              |
| Provisions  | 14 & 15 -            | -                 | -                    | 6 593 042                          | (6 593 042)                                | Note 53 100% |
| <b>Total non-current liabilities</b>                    | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>6 593 042</b>                   | <b>(6 593 042)</b>                         |              |
| <b>Total liabilities</b>                                | <b>553 911 750</b>   | <b>-</b>          | <b>553 911 750</b>   | <b>180 833 789</b>                 | <b>373 077 961</b>                         |              |
| <b>Net assets</b>                                       | <b>1 817 865 441</b> | <b>44 716 197</b> | <b>1 862 581 638</b> | <b>1 810 907 261</b>               | <b>51 674 377</b>                          |              |
| Accumulated surplus                                     | 1 817 865 441        | 37 720 991        | 1 855 586 432        | 1 810 907 260                      | 44 679 172                                 |              |
| Funds and reserves                                      | -                    | -                 | -                    | -                                  | -  |              |
| <b>Total net assets</b>                                 | <b>1 817 865 441</b> | <b>37 720 991</b> | <b>1 855 586 432</b> | <b>1 810 907 260</b>               | <b>44 679 172</b>                          |              |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

Cashflow statement

|  | Approved budget      | Adjustments         | Final budget         | Actual amount on comparative basis | Difference between final budget and actual |
|--|----------------------|---------------------|----------------------|------------------------------------|--|
| <b>Cashflow statement</b>                      |                      |                     |                      |                                    |  |
| <b>Receipts</b>                                |                      |                     |                      |                                    |  |
| Property rates                                 | 19 770 065           | -                   | 19 770 065           | 14 889 449                         | 4 880 616                                  |
| Service charges                                | 24 601 345           | -                   | 24 601 345           | 4 204 487                          | 20 396 858                                 |
| Other revenue                                  | 940 649 339          | 44 716 195          | 985 365 534          | 34 222 196                         | 951 143 338                                |
| Government Grants - Operating                  | 349 309 506          | -                   | 349 309 506          | 340 067 433                        | 9 242 073                                  |
| Government Grants - Capital                    | 53 819 450           | -                   | 53 819 450           | 19 311 567                         | 34 507 883                                 |
| Interest Income                                | 48 285 545           | -                   | 48 285 545           | 52 104 838                         | (3 819 293)                                |
|  | <b>1 436 435 250</b> | <b>44 716 195</b>   | <b>1 481 151 445</b> | <b>464 799 970</b>                 | <b>1 016 351 475</b>                       |
| <b>Payments</b>                                |                      |                     |                      |                                    |  |
| Suppliers and employees                        | (901 696 532)        | -                   | (901 696 532)        | (221 392 696)                      | (680 303 836)                              |
| Finance cost                                   | -                    | -                   | -                    | -                                  | -  |
|  | <b>(901 696 532)</b> | <b>-</b>            | <b>(901 696 532)</b> | <b>(221 392 696)</b>               | <b>(680 303 836)</b>                       |
| <b>Net cashflow from operations</b>            | <b>534 738 718</b>   | <b>44 716 195</b>   | <b>579 454 913</b>   | <b>243 407 274</b>                 | <b>336 047 639</b>                         |
| <b>Cash flows used in investing activities</b> |                      |                     |                      |                                    |  |
| Proceeds on disposal of PPE                    | 496 922              | -                   | 496 922              | 132 477                            | 364 445                                    |
| Capital assets                                 | (269 131 509)        | (44 716 195)        | (313 847 704)        | (156 654 029)                      | (157 193 675)                              |
| Purchase of intangible assets                  |                      |                     |                      |                                    |  |
| <b>Cash flows used in investing activities</b> | <b>(268 634 587)</b> | <b>(44 716 195)</b> | <b>(313 350 782)</b> | <b>(156 521 552)</b>               | <b>(156 829 230)</b>                       |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

| Figures in R                                       | Notes       |             |
|--|-------------|-------------|
| Cash flows from financing activities               | (121 264)   | (121 264)   |
| Increase (decrease) in consumer deposit            | -           | 527         |
| Cash flows from financing activities               | (121 264)   | (121 791)   |
| Net increase in cash and cash equivalents          | 265 982 867 | 86 886 249  |
| Cash and cash equivalents at beginning of the year | 568 683 885 | 741 833 178 |
| Cash and cash equivalents at end of the year       | 834 666 752 | 828 719 427 |

## Accounting Policies

### 1. General information

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

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.

#### 1.1 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:

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

The municipality assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, 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 loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Allowance for slow moving, damaged and obsolete stock

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

The write down is included in the impairment of assets note.

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments

##### Impairment testing

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

*General information continued...*

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of good will and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 14 - Provisions.

#### **Useful lives**

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and intangible assets. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that assets are fair valued, the useful lives of these assets is the estimated remaining useful life on taken date.

#### **Effective interest rate**

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

#### **Allowance for doubtful debts**

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

#### **Other long term employee benefits**

The present value of the other long term employee benefits 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 other long term employee benefits.

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

#### **Classification Difficulties**

**Accounting Policies**

*General information continued...*

The municipality was faced with difficulties in classifying land properties in various locations within the municipal jurisdiction wherein there was no council resolutions granting the disposal, no service level agreements with the land developers nor the properties are owner-occupied. These properties were tested to determine whether these properties are held for undetermined use and meeting investment properties classification. Management judgement was applied and these properties were deemed as inventories. These properties were treated as such due to their proximity and similarities to the majority of the stands and land properties already treated as inventory and/or as supported by previous sales in same localities. These land properties are located in Lebwakgomo Unit F and Unit S residential areas.

**1.2 Presentation currency**

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

**1.3 Going concern assumption**

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

**1.4 Investment property**

Investment property is property (land or a building, or part of a building, or both) held to earn rentals or capital appreciation or both, rather than for:  
• use in the production or supply of goods or services, or  
• administrative purposes, or  
• sale in the ordinary course of operations.  
Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality and the cost or fair value of the investment property can be measured reliably

**Initial Measurement:**

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

**Subsequent Measurement:**

Investment property is measured at fair value. After initial recognition all investment property is measured at fair value at each Statement of financial position date. No depreciation is calculated on these properties.

**Item**

**Useful life**

**Indefinite**

**Property - land**

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service are expected from its disposal

*General information continued...*

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

#### **1.5 Property, plant and equipment**

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

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

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

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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 stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment 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.

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

#### **Subsequent Measurement:**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**Accounting Policies**

*General information continued...*

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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

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

| Item                    | Useful life    |
|-------------------------|----------------|
| land                    | Indefinite     |
| Buildings               | 8 - 60 years   |
| Community assets        | 10 - 50 years  |
| Infrastructure:         |                |
| Roads                   | 10 - 100 years |
| Electricity             | 5 - 80 years   |
| Solid waste             | 10 - 90 years  |
| Other assets:           |                |
| Machinery and equipment | 3 - 20 years   |
| Furniture and equipment | 5 - 15 years   |
| Computer equipment      | 5 - 10 years   |
| Vehicles                | 7 - 15 years   |

In the event that assets are fair valued, the useful lives of those assets is the estimated remaining useful life on taken date.

The asset management policy contains the details of the components and their specific useful life estimates.

The residual value, the useful life and the depreciation method are reviewed at least at every reporting date

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of intangible assets is included in surplus or deficit when the items derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the Statement of Financial Performance.

**1.6 Intangible assets**

An intangible asset is an identifiable, non-monetary asset without physical substance and recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

**Accounting Policies**

*General information continued...*

An asset is identified as an intangible asset when it:  
• 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, assets or liability; or  
• arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:  
• it is technically feasible to complete the asset so that it will be available for use or sale.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

**Item**

Computer software

Indefinite

**Useful life**

Intangible assets are derecognised:

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

**1.7 Inventories**

Inventories are measured at the lower of cost and net realisable value

*General information continued...*

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value 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, are 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 from cost to net realisable value with regard to their estimated economic or realisable values.

Unsold properties are at the lower of cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

## 1.8 Financial Instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

**Accounting Policies**

*General information continued...*

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:

< receive cash or another financial asset from another entity; or

< exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

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

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

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

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

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

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

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

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

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

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

*General information continued...*

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**Classification**

The municipality has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

|              |                 |
|--------------|-----------------|
| <b>Class</b> | <b>Category</b> |
|--------------|-----------------|

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Cash and cash equivalents</li> <li>• Trade and other receivables from non-exchange transactions</li> </ul> | <ul style="list-style-type: none"> <li>• Financial assets measured at amortised cost</li> </ul> |
|---|---|

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Trade and other receivables</li> </ul> | <ul style="list-style-type: none"> <li>• Financial assets measured at amortised cost</li> </ul> |
|---|---|

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:

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Long term liabilities</li> <li>• Trade and other payables</li> </ul> | <ul style="list-style-type: none"> <li>• Financial liability measured at amortised cost</li> </ul> |
|---|--|

**Initial recognition**

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

The entity recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value]. The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

**Accounting Policies**

*General information continued...*

The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient on the loan.

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost

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

**Reclassification**

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value.

This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

**Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

**Impairment and un-collectability of financial assets**

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

**Financial assets measured at amortised cost:**

**Accounting Policies**

*General information continued...*

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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

**De-recognition**

**Financial assets**

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

- > derecognise the asset; and
- > recognise separately any rights and obligations created or retained in the transfer.

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

If the entity transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

**Accounting Policies**

*General information continued...*

If the transferred asset is part of a larger financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

**Financial liabilities**

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

**1.9 Revenue from exchange transactions**

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

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

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

**Measurement**

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

**Sale of goods**

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

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

**Rendering of services**

*General information continued...*

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

**1.10 Revenue from Non-Exchange Transactions**

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

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

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

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

*General information continued...*

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

### Recognition

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

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

### Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

**Accounting Policies**

*General information continued...*

**Fines**

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

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

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

**1.11 Expenditure**

This policy applies to all types of expenditures incurred by the municipality, including but not limited to operating expenses, capital expenditures, and other related costs.

**Classification of Expenditures:**

Expenditures shall be classified as either operating or capital in accordance with GRAP standards. Operating expenditures are those related to the day-to-day activities of the municipality, while capital expenditures are associated with the acquisition or improvement of long-term assets.

**Recognition and Measurement:**

Expenditures shall be recognized in the financial statements when:

- a. The goods or services are received,
- b. The municipality has an obligation to pay for the goods or services,
- c. It is probable that the municipality will settle the obligation, and
- d. The amount of the expenditure can be reliably measured.

**Capitalization of Expenditures:**

Capital expenditures, including those related to the acquisition or improvement of tangible assets, shall be capitalized in accordance with GRAP standards. Depreciation or amortization shall be applied as appropriate.

**Grant Expenditures:**

Expenditures related to grants received shall be accounted for in accordance with the conditions stipulated in the grant agreements and relevant accounting standards. Any unspent grant funds shall be appropriately disclosed.

**1.12 Conditional Grants and receipts**

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 that the criteria, conditions or obligations have not been met a liability is recognised.

**1.13 Provisions and contingencies**

Provisions are recognised when:

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

*General information continued...*

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

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

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

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

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

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

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41 to the financial statements.

#### **1.14 Unauthorised expenditure**

Unauthorised expenditure means:

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

#### **1.15 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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.

*General information continued...*

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

**1.16 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.17 Comparative figures**

**Current year comparatives**

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

**Prior year comparatives**

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

**1.18 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.

**Operating leases – lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in the statement of financial performance.

**1.19 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

**Accounting Policies**

*General information continued...*

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

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

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

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

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

Useful life is either:

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

**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.

**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.

**Basis for estimates of future cash flows**

In measuring value in use the municipality:

- base 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**

**Accounting Policies**

*General information continued...*

Estimates of future cash flows include:

- 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.

**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 assets 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.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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.

**Accounting Policies**

*General information 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. Any reversal of an impairment loss of a re-valued cash-generating asset is treated as a revaluation increase.

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.

**Re-designation**

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

**1.20 Employee benefits**

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:  
• the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or  
• the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

**Accounting Policies**

*General information continued...*

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

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

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

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

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

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

**Short-term employee benefits**

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

Short-term employee benefits include items such as:

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

**Other long-term employee benefits**

*General information continued...*

Other long-term employee benefits include:

(a) long service award

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

(a) the present value of the defined benefit obligation at the reporting date; and  
 (b) minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

For other long-service awards, the Municipality recognises the net total of the following amounts as expense

(a) current service cost;

(b) interest cost;

(c) the expected return on any plan assets and on any reimbursement right recognised as an asset;

(d) actuarial gains and losses, which shall all be recognised immediately;

(e) past service cost, which shall all be recognised immediately; and

(f) the effect of any curtailments or settlements.

**1.21 Investment income**

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

**1.22 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1.23 Investments**

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

**1.24 Grants in aid**

The Lepelle-Nkumpi Municipality transfers money to individuals, institutions and organisations. When making these transfers, the Municipality does not:  
 -Receive any goods or services directly in return, as would be expected in a purchase or sale transaction  
 -Expect to be repaid in future; or  
 -Expect a financial return, as would be expected from an investment  
 These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

**1.25 Impairment of non-cash-generating assets**

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

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

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

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

**Accounting Policies**

*General information continued...*

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

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

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

Useful life is either:

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

**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.

**Value in use**

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset 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 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.

**Restoration cost approach**

Restoration cost is the cost of restoring the service potential of a cash-generating 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.

**Service units approach**

*General information continued...*

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, 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.

Any impairment loss of a re-valued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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.

#### **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. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. 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.

#### **Re-designation**

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

**Accounting Policies**

*General information continued...*

**1.26 Presentation of Budget information in the financial statements**

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

The Municipality considers a significant variance to be anything exceeding 10%

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

**1.27 Heritage assets**

**Recognition of Assets**

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

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

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset is further recognised as an asset only if:

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

**Subsequent Measurement**

Heritage assets are measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses.

*General information continued....*

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus and is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit and is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Although a heritage asset is not depreciated it is assessed at each reporting date to disclose whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

The municipality will treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. Should any item of property, plant and equipment or an intangible asset carried at a re-valued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a re-valued amount, the entity applies the applicable Standard to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard relating to that asset. Transfer of investment property carried at fair value, or inventories to heritage assets at a re-valued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

| Item use              | Other Assets          |
|-----------------------|-----------------------|
| Property and building | Property and building |
| Full life             | Indefinite            |
|                       | 5 to 50 years         |

**De-recognition of Asset**

The carrying amount of a heritage is de-recognised:

- 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 de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

**1.28 Value Added Tax (VAT)**

The municipality accounts for Value Added Tax on the cash basis.

**1.29 Statutory receivables**

**Identification**

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

Statutory receivables arise from the following legislation:

- Municipal Property Rates Act (Act no 6 of 2004) Criminal Procedure Act (Act no 51 of 1977) Value Added Tax Act 89 (Act 89 of 1991) National Road Traffic Act 93 of 1996
- Local Government: Municipal Property Rates Act 6 of 2004

**Accounting Policies**

*General information continued...*

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

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

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

**Recognition**

The municipality recognises statutory receivables as follows:

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

**Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

**Subsequent measurement**

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

**Accrued interest**

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.

**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 entity 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).

**Impairment losses**

**Accounting Policies**

*General information continued...*

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

**Derecognition**

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

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

**Accounting Policies**

*General information continued...*

**1.30 Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); 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.

**1.31 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.

**Recognition**

The municipality identifies reportable segments based on internal organisational structure, service delivery objectives, and the manner in which financial information is reported to management. A segment is recognised when:

- It engages in business activities from which it may earn revenues and incur expenses.
- Its operating results are regularly reviewed by the municipality's decision-makers to allocate resources and assess performance.
- Discrete financial information is available for the segment.

The following segments have been identified and recognised for reporting purposes:

- Executive and Council
- Planning Development
- Corporate Services
- Budget and Treasury
- Community Services
- Technical Services

**Measurement**

Segment information is prepared in accordance with the accounting policies adopted for the preparation of the municipality's financial statements. The following principles apply:

- Revenues and expenses are allocated to segments based on direct attribution or reasonable allocation methods.
- Assets and liabilities are assigned to segments if they are directly attributable or can be reasonably allocated.
- Inter-segment transactions are eliminated on consolidation and not reported in segment disclosures.
- The measurement basis for segment reporting is consistent with that used in the municipality's financial statements, applying the accrual basis of accounting.

**Accounting Policies**

*General information continued...*

**Disclosure**

The municipality discloses segment information in the notes to the financial statements as required by GRAP 18. For each reportable segment, the following is disclosed:

- Segment revenue
- Segment expenditure
- Segment assets and liabilities (where applicable)

Comparative information is provided for prior periods unless impracticable. Any changes in the structure or composition of segments are disclosed, including the nature and reason for the change and its impact on comparatives.

**1.32 Related parties**

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

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

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

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

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

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

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

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

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

**2. New standards and interpretations**

**Standards and interpretations issued, but not yet effective**

*New standards and interpretations continued....*

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

| Standard/ Interpretation:  | Effective date | Expected impact:                       |
|--|----------------|--|
| GRAP 103 (as revised): Heritage Assets   | Not yet set    | Unable to reliably estimate the impact |
| Guideline: Guideline on the Application of Not yet set Materiality to Financial Statements | Not yet set    | Unable to reliably estimate the impact |

The following GRAP pronouncement has been approved for future application:

| GRAP 104 (as revised): | Financial 1-Apr-25 | No material impact |
|------------------------|--------------------|--------------------|
| GRAP 104 (as revised): | Financial 1-Apr-25 | No material impact |

**Qualitative Assessment:**

The amended GRAP 104 introduces a revised classification and measurement framework for financial instruments, including:

- Classification based on business model and contractual cash flow characteristics.
- A forward-looking expected credit loss (ECL) model for impairment.
- Enhanced disclosures and optional hedge accounting provisions.

The municipality holds short-term investments with banking institutions, typically with maturities of 2 months and on demand call account. These instruments are currently measured at amortised cost and are expected to continue qualifying for such treatment under the amended standard. As such, no material impact is anticipated on the classification or measurement of these investments.

Regarding receivables, the municipality currently applies a high impairment rate of approximately 97% due to persistently low collection rates. The transition to the ECL model under GRAP 104 is not expected to result in a significant increase in the allowance for impairment, as the current provisioning already reflects conservative expectations of recoverability.

**Quantitative Assessment:**

Based on the municipality's current financial instrument profile:

- Investments: No material reclassification or measurement changes are expected.
- Receivables: The existing impairment provision is substantial and aligns with the principles of expected credit loss. Any adjustment upon adoption of GRAP 104 is expected to be immaterial.

The municipality will continue to monitor developments and refine its assessment of the impact of GRAP 104 (amended) in preparation for implementation in the 2025/26 financial year.

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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### 3. Inventories

Inventories comprise:

|                   | 2025               | 2024               |
|-------------------|--------------------|--------------------|
| Consumable stores | 2 195 731          | 2 332 354          |
| Land inventory    | 102 151 209        | 103 619 621        |
|                   | <b>104 346 940</b> | <b>105 951 975</b> |

Carrying value of inventories carried at lower of cost or net realisable value:

|   | 2025               | 2024               |
|---|--------------------|--------------------|
| Land inventory                                    | 103 619 621        | 104 310 120        |
| Opening balance                                   | (1 340 976)        | (616 999)          |
| Impairment loss for the year (writedown)/reversal | (127 436)          | (73 499)           |
| Disposal  |                    |                    |
|   | <b>102 151 209</b> | <b>103 619 621</b> |

|   | 2025             | 2024             |
|---|------------------|------------------|
| Consumables                                       | 2 332 354        | 1 966 715        |
| Opening balance                                   | 1 093 484        | 1 627 032        |
| Additions   | (1 230 726)      | (1 001 241)      |
| Issues  | 619              | (260 152)        |
| Impairment loss for the year (writedown)/reversal |                  |                  |
|   | <b>2 195 731</b> | <b>2 332 354</b> |

Included in Land Inventory is land that is in the process of being sold or transferred to buyers but the land has not been registered in the name(s) of the buyer(s) at year-end. The carrying amount of such land is R6 153 497 (2024: R379 992).

The amount of inventories recognised as an expense during the period were as follows:

|                   | 2025             | 2024             |
|-------------------|------------------|------------------|
| Consumable stores | 1 230 726        | 1 001 241        |
| Land inventory    | 127 436          | 73 499           |
|                   | <b>1 358 162</b> | <b>1 074 741</b> |

The Municipality sold residential and business land sites during the year.

Impairment reversal on consumables during the current year was as a result of inventory erroneously written off in the previous financial year.

No inventory has been pledged as collateral

**Notes to the Financial Statements**

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**4. Receivables from exchange transactions**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| CDM advance commission           | 258 537 848       | 244 192 026       |
| Less provision for impairment    | (250 161 101)     | (228 059 336)     |
| Grants Debtors                   | 40 000            | 40 000            |
| Consumer debtors - Refuse        | 98 261 093        | 89 611 286        |
| Less provision for impairment    | (95 249 278)      | (87 081 044)      |
| Sundry debtors                   | 1 212 251         | 2 503 927         |
| VAT Input Accrual                | 14 503 317        | 7 363 750         |
| Statutory Receivable - VAT       | 6 208 691         | 907 281           |
| VAT on impairment of Receivables | 29 925 305        | 28 629 232        |
|                                  | <b>63 278 125</b> | <b>58 107 123</b> |

Included in sundry debtors is an amount of R63 378 (2024: R1 299 650) relating to advances on Wesbank account for fuel and maintenance of Municipality's fleet.

**Ageing**  
**CDM advance commission - Ageing**

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Current (0-30 days) | 4 077 471          | 6 836 520          |
| 31 - 60 days        | 1 612 657          | 3 468 241          |
| 61 - 90 days        | 1 613 596          | 3 340 584          |
| 91 - 120 days       | 1 589 374          | 3 283 857          |
| > 120 days          | 249 644 532        | 227 262 843        |
|                     | <b>258 537 630</b> | <b>244 192 045</b> |

**Summary of debtors by customer classification - CDM debtor**

**Business**

|                    |                  |                  |
|--------------------|------------------|------------------|
| Current (0-30days) | 515 469          | 380 183          |
| 31 days - 60 days  | 87 597           | 113 989          |
| 61 days - 90 days  | 72 676           | 113 361          |
| 91 days - 120 days | 69 808           | 86 009           |
| > 120 days         | 7 026 028        | 6 917 354        |
|                    | <b>7 771 577</b> | <b>7 610 896</b> |

**Domestic**

|                    |                    |                    |
|--------------------|--------------------|--------------------|
| Current(0-30days)  | 2 872 409          | 6 190 674          |
| 31 days - 60 days  | 1 436 969          | 3 307 876          |
| 61 days - 90 days  | 1 481 731          | 3 183 642          |
| 91 days - 120 days | 1 453 492          | 3 143 083          |
| > 120 days         | 239 961 133        | 218 029 639        |
|                    | <b>247 205 733</b> | <b>233 854 914</b> |

**Government**

|                    |                  |                  |
|--------------------|------------------|------------------|
| Current(0-30days)  | 672 009          | 234 600          |
| 31 days - 60 days  | 79 160           | 28 649           |
| 61 days - 90 days  | 50 281           | 28 212           |
| 91 days - 120 days | 56 886           | 30 950           |
| > 120 days         | 1 170 820        | 868 607          |
|                    | <b>2 029 156</b> | <b>1 191 019</b> |

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*Receivables from exchange transactions continued...*

| Church                                |               | Refuse  |                      |
|---------------------------------------|---------------|---|----------------------|
| Current(0-30days)                     | 17 585        | Current (0-30 days)                               | 2 308 595            |
| 31 days - 60 days                     | 8 931         | 31 - 60 days                                      | 1 029 718            |
| 61 days - 90 days                     | 8 908         | 61 - 90 days                                      | 995 833              |
| 91 days - 120days                     | 9 187         | 91 - 120 days                                     | 1 000 307            |
| > 120 days                            | 1 486 552     | 121 days - 390 days                               | 8 460 613            |
|                                       |               | > 390 days  | 84 468 685           |
|                                       |               |   | <b>98 263 751</b>    |
|                                       |               |   | <b>89 613 944</b>    |
| <b>Church</b>                         |               | <b>Refuse</b>                                     |                      |
| Current(0-30days)                     | 6 836 520     | Current (0-30 days)                               | 2 308 595            |
| 31 days - 60 days                     | 1 612 657     | 31 - 60 days                                      | 1 029 718            |
| 61 days - 90 days                     | 1 613 596     | 61 - 90 days                                      | 995 833              |
| 91 days - 120 days                    | 1 589 374     | 91 - 120 days                                     | 1 000 307            |
| > 120 days                            | 249 644 532   | 121 days - 390 days                               | 8 460 613            |
|                                       |               | > 390 days  | 84 468 685           |
|                                       |               |   | <b>98 263 751</b>    |
|                                       |               |   | <b>89 613 944</b>    |
| <b>Total</b>                          |               | <b>Refuse</b>                                     |                      |
| Current(0-30days)                     | 4 077 471     | Current (0-30 days)                               | 2 308 595            |
| 31 days - 60 days                     | 1 612 657     | 31 - 60 days                                      | 1 029 718            |
| 61 days - 90 days                     | 1 613 596     | 61 - 90 days                                      | 995 833              |
| 91 days - 120 days                    | 1 589 374     | 91 - 120 days                                     | 1 000 307            |
| > 120 days                            | 249 644 532   | 121 days - 390 days                               | 8 460 613            |
|                                       |               | > 390 days  | 84 468 685           |
|                                       |               |   | <b>98 263 751</b>    |
|                                       |               |   | <b>89 613 944</b>    |
| <b>Less: Allowance for impairment</b> |               | <b>Reconciliation of allowance for impairment</b> |                      |
|                                       | (250 161 101) | Balance at the beginning of the year              | (228 059 336)        |
|                                       |               | Contribution to allowance for impairment          | (22 101 766)         |
|                                       |               |   | <b>(250 161 101)</b> |
|                                       |               |   | <b>(228 059 336)</b> |
| <b>Total</b>                          |               | <b>Refuse</b>                                     |                      |
| Current(0-30days)                     | 6 836 520     | Current (0-30 days)                               | 2 308 595            |
| 31 days - 60 days                     | 1 612 657     | 31 - 60 days                                      | 1 029 718            |
| 61 days - 90 days                     | 1 613 596     | 61 - 90 days                                      | 995 833              |
| 91 days - 120 days                    | 1 589 374     | 91 - 120 days                                     | 1 000 307            |
| > 120 days                            | 249 644 532   | 121 days - 390 days                               | 8 460 613            |
|                                       |               | > 390 days  | 84 468 685           |
|                                       |               |   | <b>98 263 751</b>    |
|                                       |               |   | <b>89 613 944</b>    |
| <b>Less: Allowance for impairment</b> |               | <b>Reconciliation of allowance for impairment</b> |                      |
|                                       | (228 059 336) | Balance at the beginning of the year              | (196 151 248)        |
|                                       |               | Contribution to allowance for impairment          | (31 908 088)         |
|                                       |               |   | <b>(228 059 336)</b> |
|                                       |               |   | <b>(228 059 336)</b> |
| <b>Total</b>                          |               | <b>Refuse</b>                                     |                      |
| Current(0-30days)                     | 6 836 520     | Current (0-30 days)                               | 2 308 595            |
| 31 days - 60 days                     | 1 612 657     | 31 - 60 days                                      | 1 029 718            |
| 61 days - 90 days                     | 1 613 596     | 61 - 90 days                                      | 995 833              |
| 91 days - 120 days                    | 1 589 374     | 91 - 120 days                                     | 1 000 307            |
| > 120 days                            | 249 644 532   | 121 days - 390 days                               | 8 460 613            |
|                                       |               | > 390 days  | 84 468 685           |
|                                       |               |   | <b>98 263 751</b>    |
|                                       |               |   | <b>89 613 944</b>    |

**Notes to the Financial Statements**

Figures in R

2025  
2024 Restated

*Receivables from exchange transactions continued...*  
Summary of debtors by customer classification - Refuse

|                     | 2025              | 2024              |
|---------------------|-------------------|-------------------|
| <b>Business</b>     | 529 233           | 544 391           |
| Current (0-30days)  | 208 382           | 233 049           |
| 31 days - 60 days   | 188 715           | 230 244           |
| 61 days - 90 days   | 187 412           | 239 556           |
| 91 days - 120 days  | 1 511 422         | 1 783 760         |
| 121 days - 390 days | 15 742 801        | 14 960 949        |
| > 390 days          | <b>18 367 964</b> | <b>17 991 950</b> |
| <b>Domestic</b>     | 1 636 400         | 1 484 399         |
| Current(0-30days)   | 780 799           | 732 747           |
| 31 days - 60 days   | 774 694           | 728 273           |
| 61 days - 91 days   | 784 121           | 724 901           |
| 91 days - 120 days  | 6 731 139         | 6 345 107         |
| 121 days - 390 days | 67 303 176        | 60 027 238        |
| > 390 days          | <b>78 010 328</b> | <b>70 042 665</b> |
| <b>Government</b>   | 116 335           | 107 462           |
| Current(0-30days)   | 27 494            | 9 213             |
| 31 days - 60 days   | 19 637            | 9 157             |
| 61 days - 91 days   | 16 085            | 9 102             |
| 91 days - 120 days  | 106 494           | 78 672            |
| 121 days - 390 days | 293 357           | 179 261           |
| > 390 days          | <b>579 402</b>    | <b>392 867</b>    |
| <b>Church</b>       | 26 627            | 25 408            |
| Current(0-30days)   | 13 043            | 12 548            |
| 31 days - 60 days   | 12 789            | 12 498            |
| 61 days - 90 days   | 12 688            | 12 425            |
| 91 days - 120days   | 111 558           | 105 678           |
| 121 days - 390 days | 1 129 352         | 1 017 905         |
| > 390 days          | <b>1 306 057</b>  | <b>1 186 462</b>  |
| <b>Total</b>        | 2 308 595         | 2 161 660         |
| Current(0-30days)   | 1 029 718         | 987 557           |
| 31 days - 60 days   | 995 833           | 980 173           |
| 61 days - 90 days   | 1 000 307         | 985 984           |
| 91 days - 120 days  | 8 460 613         | 8 313 218         |
| 121 days - 390 days | 84 468 685        | 76 185 353        |
| > 390 days          | <b>98 263 751</b> | <b>89 613 944</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

|  | 2025                | 2024                |
|--|---------------------|---------------------|
| Receivables from exchange transactions continued...                          |                     |                     |
| Less: Allowance for impairment   | (87 081 044)        | (87 081 044)        |
|  | <u>3 014 473</u>    | <u>2 532 901</u>    |
| Reconciliation of allowance for impairment                                   |                     |                     |
| Balance at the beginning of the year   | (87 081 044)        | (77 357 716)        |
| Contribution to allowance for impairment                                     | (8 168 234)         | (9 723 328)         |
|  | <u>(95 249 278)</u> | <u>(87 081 044)</u> |
| Consumer debtors pledged as security   |                     |                     |
| No consumer debtors were pledged as security for any liabilities.            |                     |                     |
| Fair value of consumer debtors   |                     |                     |
| The fair value of consumer debtors approximates the carrying amount thereof. |                     |                     |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

### 5. Receivables from non-exchange transactions

|  |                   |                  |
|--|-------------------|------------------|
| Fines                                  | 1 347 675         | 1 198 021        |
| Less: Provision for impairment - Fines | (1 152 260)       | (1 013 548)      |
| Consumer Debtors - Rates               | 350 535 295       | 306 693 594      |
| Less: Provision for impairment - Rates | (338 693 879)     | (297 903 828)    |
|  | <b>12 036 831</b> | <b>8 974 239</b> |

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Rates - Ageing      | 14 247 598         | 9 258 642          |
| Current (0-30 days) | 4 671 824          | 4 400 363          |
| 31 - 60 days        | 4 642 040          | 4 364 874          |
| 61 - 90 days        | 4 564 194          | 4 347 852          |
| 91 - 120 days       | 38 747 710         | 37 422 216         |
| 121 days - 390 days | 283 675 748        | 246 912 760        |
|                     | <b>350 549 114</b> | <b>306 706 708</b> |

### Summary of debtors by customer classification - Rates

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Business            | 1 152 834         | 987 405           |
| Current (0-30days)  | 410 448           | 371 102           |
| 31 days - 60 days   | 408 800           | 367 902           |
| 61 days - 90 days   | 389 311           | 364 349           |
| 91 days - 120 days  | 2 988 289         | 2 984 945         |
| 121 days - 390 days | 17 686 799        | 15 661 988        |
|                     | <b>23 036 481</b> | <b>20 737 690</b> |

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Domestic            | 10 310 586         | 5 671 836          |
| Current(0-30days)   | 2 969 772          | 2 783 543          |
| 31 days - 60 days   | 2 946 165          | 2 760 297          |
| 61 days - 91 days   | 2 909 023          | 2 752 217          |
| 91 days - 121 days  | 25 001 569         | 23 348 937         |
| 121 days - 390 days | 184 760 098        | 162 494 907        |
|                     | <b>228 897 212</b> | <b>199 811 737</b> |

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Government          | 2 085 332         | 2 464 398         |
| Current(0-30days)   | 1 220 815         | 1 180 809         |
| 31 days - 60 days   | 1 216 617         | 1 172 074         |
| 61 days - 91 days   | 1 195 732         | 1 166 994         |
| 91 days - 120 days  | 10 147 913        | 10 533 112        |
| 121 days - 390 days | 75 695 752        | 63 920 408        |
|                     | <b>91 562 161</b> | <b>80 437 796</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

2025  
2024 Restated

*Receivables from non-exchange transactions continued...*

| Agriculture         |                  |
|---------------------|------------------|
| Current(0-30days)   | 698 845          |
| 31 days - 60 days   | 70 789           |
| 61 days - 90 days   | 70 459           |
| 91 days - 120 days  | 70 128           |
| 121 days - 390 days | 609 939          |
| > 390 days          | 5 533 100        |
| <b>Total</b>        | <b>7 053 259</b> |
| Current(0-30days)   | 135 003          |
| 31 days - 60 days   | 64 909           |
| 61 days - 90 days   | 64 602           |
| 91 days - 120 days  | 64 292           |
| 121 days - 390 days | 555 222          |
| > 390 days          | 4 835 457        |
| <b>Total</b>        | <b>5 719 486</b> |

|                     |                    |
|---------------------|--------------------|
| Current(0-30days)   | 14 247 598         |
| 31 days - 60 days   | 4 671 824          |
| 61 days - 90 days   | 4 642 040          |
| 91 days - 120 days  | 4 564 194          |
| 121 days - 390 days | 38 747 710         |
| > 390 days          | 283 675 748        |
| <b>Total</b>        | <b>350 549 114</b> |
| Current(0-30days)   | 9 258 642          |
| 31 days - 60 days   | 4 400 363          |
| 61 days - 90 days   | 4 364 874          |
| 91 days - 120 days  | 4 347 852          |
| 121 days - 390 days | 37 422 216         |
| > 390 days          | 246 912 760        |
| <b>Total</b>        | <b>306 706 708</b> |

Less: Allowance for impairment

|  |                      |
|--|----------------------|
|  | (338 693 879)        |
| <b>Opening balance</b>                             | <b>(297 903 828)</b> |
| Contribution to allowance                          | (40 790 051)         |
| Reconciliation of provision for impairment - Rates | (297 903 828)        |
| <b>Opening balance</b>                             | <b>(250 825 117)</b> |
| Contribution to allowance                          | (47 078 711)         |
| Reconciliation of provision for impairment - Rates | (297 903 828)        |
| <b>Opening balance</b>                             | <b>(338 693 879)</b> |

Traffic Fines

|  |                    |
|--|--------------------|
| Traffic fines  | 1 347 675          |
| Less: Provision for impairment                             | (1 152 260)        |
| <b>Opening balance</b>                                     | <b>195 415</b>     |
| Contribution to allowance                                  | (1 013 548)        |
| Reconciliation of provision for impairment - Traffic fines | (2243 477)         |
| <b>Opening balance</b>                                     | <b>(1 013 548)</b> |

Contribution to allowance

|  |                    |
|--|--------------------|
|  | (1 38 712)         |
| <b>Opening balance</b>                                     | <b>(1 013 548)</b> |
| Contribution to allowance                                  | 1 229 929          |
| Reconciliation of provision for impairment - Traffic fines | (2 243 477)        |
| <b>Opening balance</b>                                     | <b>(1 013 548)</b> |

No consumer debtors were pledged as security for any liabilities.

Credit quality of receivables from non-exchange transactions (statutory receivables)

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates

Fair value of receivables from non-exchange transactions (statutory receivables)  
The fair value of consumer debtors approximates the carrying amount thereof.

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

2025  
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Restated

*Receivables from non-exchange transactions continued...*

Receivables from non-exchange transactions (Statutory receivables) impaired

The amount of the provision for impairment was:

|                          |             |             |
|--------------------------|-------------|-------------|
| Traffic fines            | 1 152 260   | 1 013 548   |
| Consumer debtors - Rates | 338 693 879 | 297 903 828 |

Interest raised for the period  
During the 2024/2025 financial year, interest on outstanding receivables were calculated at a rate of 10% (2024: 10%) as per tariff structure

Statutory receivables: GRAP 108

The Municipality assess impairment on a yearly basis.

Refer to Note 54 for the approach on impairment for statutory receivables.

## 6. Cash and cash equivalents

6.1 Cash and cash equivalents comprise:

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Cash on hand                       | 1 000              | 1 000              |
| FNB Paymaster account              | 3 821 263          | 11 130 723         |
| FNB Money market account           | 719 334 510        | 633 240 851        |
| FNB revenue account                | 3 575 108          | 1 564 305          |
| FNB salaries account               | 673 002            | 300 286            |
| Nedbank Investments                | 101 314 544        | 95 596 012         |
| VBS Mutual bank (3 Months notice)  | 11 600 000         | 39 500 000         |
| VBS Mutual bank (12 Months notice) | 100 000 000        | 100 000 000        |
| Provision for impairment           | (111 600 000)      | (139 500 000)      |
|                                    | <b>940 319 428</b> | <b>881 333 178</b> |
|                                    | <b>828 719 428</b> | <b>741 833 178</b> |

The municipality has made provision for the impairment of VBS Mutual bank because of the uncertainty regarding the recovery of the investment of R111 600 000 (2024: R 139 500 000).

The municipality recovered R27 900 000 in respect of VBS Investment during the year. The full amount had previously been impaired.

Included in cash and cash equivalents is an amount of R12 530 372 in respect of unspent conditional grants. Please refer to Note 13 for detailed breakdown.

No cash and cash equivalents are held as collateral

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

*Cash and cash equivalents continued...*

### 6.2 The Municipality had the following bank accounts

| Account number / Description | Bank statement balances |                    |                    | Cash book balances |                    |                    |
|------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                              | June 30 2025            | June 30 2024       | June 30 2023       | June 30 2025       | June 30 2024       | June 30 2023       |
| <b>Primary bank accounts</b> |                         |                    |                    |                    |                    |                    |
| Paymaster General Account -  |                         |                    |                    |                    |                    |                    |
| FNB - 6206-334-5790          | 3 789 642               | 10 915 118         | 26 385 797         | 3 821 263          | 11 130 723         | 26 524 260         |
| Revenue Account -            |                         |                    |                    |                    |                    |                    |
| FNB - 6206-334-2720          | 3 551 897               | 1 622 426          | 7 424 748          | 3 575 108          | 1 564 305          | 7 432 761          |
| Salaries Account -           |                         |                    |                    |                    |                    |                    |
| FNB - 6206-334-5980          | 673 002                 | 300 286            | 1 646 633          | 673 002            | 300 286            | 1 646 633          |
|                              | <b>8 014 542</b>        | <b>12 837 829</b>  | <b>35 457 178</b>  | <b>8 069 373</b>   | <b>12 995 314</b>  | <b>35 603 653</b>  |
| <b>Investments</b>           |                         |                    |                    |                    |                    |                    |
| Standard Bank - 60 Days      | -                       | -                  | 58 221 728         | -                  | -                  | 58 221 728         |
| Nedbank Investment           | 101 314 544             | 95 596 012         | -                  | 101 314 544        | 95 596 012         | -                  |
| Money Market Account -       |                         |                    |                    |                    |                    |                    |
| FNB - 6206-335-6888          | 719 334 510             | 633 240 851        | 453 093 785        | 719 334 510        | 633 240 851        | 453 093 785        |
|                              | <b>820 649 054</b>      | <b>728 836 863</b> | <b>511 315 513</b> | <b>820 649 054</b> | <b>728 836 863</b> | <b>511 315 513</b> |
|                              | <b>828 663 596</b>      | <b>741 674 693</b> | <b>546 772 691</b> | <b>828 718 428</b> | <b>741 832 178</b> | <b>546 919 166</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

### 7. Investment property

Balances at year end and movements for the year

|   | 2025        | 2024        |
|---|-------------|-------------|
| Balance at start of year                | 116 969 773 | 112 361 815 |
| At Fair value                           | 116 969 773 | 112 361 815 |
| Net book value                          | 116 969 773 | 112 361 815 |
| Movements for the year                  | 3 509 093   | 4 607 958   |
| Gains (losses) on fair value adjustment |             |             |
| Investment property at end of year      | 120 478 867 | 116 969 773 |
| Closing balance at end of year          | 120 478 867 | 116 969 773 |
| At Fair value                           | 120 478 867 | 116 969 773 |
| Net book value                          | 120 478 867 | 116 969 773 |

Pledged as security

No investment properties was pledged as security for liabilities.

### Details of properties

The fair values are determined by the independent property valuer using comparable sales valuation method and adjusted inflation rate (CPI). The fair values of investment properties was determined as at 30 June 2025.

The valuer has completed National Diploma in Property valuation with UNISA and is registered with the following:

- Registered with the South African Council for the property Valuers Profession for 9 years
- Registered as a Professional Associated Valuer (No restrictions) with SACPV Reg no 6429
- Registered with South African Institute of Valuers since 2011 Reg no mod004

Investment property register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### Classification difficulties

The municipality was faced with difficulties in classifying land properties in various locations within the municipal jurisdiction wherein there was no council resolutions granting the disposal, no service level agreements with the land developers nor the properties are owner-occupied. These properties were tested to determine whether these properties are held for undetermined use and meeting investment properties classification. Management judgement was applied and these properties were deemed as inventories. These properties were treated as such due to their proximity and similarities to the majority of the stands and land properties already treated as inventory and/or as supported by previous sales in same localities.

The fair values are determined by independent property valuer using comparable sales valuation method.

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

### 8. Property, plant and equipment

|                                       | Cost /<br>Valuation  | 2025<br>Accumulated<br>depreciation<br>and<br>impairment | Carrying value     | Cost /<br>Valuation  | 2024<br>Accumulated<br>depreciation<br>and<br>impairment | Carrying value     |
|---------------------------------------|----------------------|--|--------------------|----------------------|--|--------------------|
| Land                                  | 40 180 290           | (5 242 650)  | 34 937 640         | 40 180 290           | (5 242 650)  | 34 937 640         |
| Buildings                             | 88 830 111           | (49 088 561)   | 39 741 551         | 88 983 627           | (46 759 024)   | 42 224 603         |
| Community Assets                      | 271 832 538          | (139 219 233)  | 132 613 305        | 271 865 072          | (129 854 879)  | 142 010 193        |
| Infrastructure - Electricity          | 20 457 196           | (13 771 597)   | 6 685 599          | 20 457 196           | (12 649 213)   | 7 807 983          |
| Infrastructure - Roads                | 570 700 346          | (149 084 798)  | 421 615 548        | 545 201 290          | (129 497 013)  | 415 704 277        |
| Infrastructure - Solid Waste          | 19 157 820           | (7 130 515)  | 12 027 306         | 21 098 056           | (6 530 118)  | 14 567 938         |
| Furniture and fixtures                | 9 462 646            | (8 523 508)  | 939 138            | 9 313 435            | (8 437 277)  | 876 158            |
| Computer equipment                    | 6 193 559            | (4 724 634)  | 1 468 924          | 6 269 591            | (4 408 528)  | 1 861 063          |
| Capital work in progress              | 202 421 769          | (2 357 425)  | 200 064 344        | 59 865 653           | (2 357 425)  | 57 508 228         |
| Plant and Machinery                   | 3 613 713            | (2 561 939)  | 1 051 774          | 3 690 340            | (2 489 354)  | 1 200 986          |
| Other movable assets (Motor vehicles) | 47 930 557           | (36 389 564)   | 11 540 993         | 48 602 367           | (34 904 673)   | 13 697 694         |
|                                       | <b>1 280 780 544</b> | <b>(418 094 423)</b>                                     | <b>862 686 121</b> | <b>1 115 526 917</b> | <b>(383 130 153)</b>                                     | <b>732 396 764</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

### Figures in R

*Property, plant and equipment continued...*

#### 8.1 Balances at year end and movements for the year

|  | Land        | Buildings    | Landfill site asset | Community Assets | Infrastructure - Electricity | Infrastructure - Roads | Capital work in progress | Computer equipment | Other Movable assets | Furniture and Fixings | Plant and machinery | Total         |
|--|-------------|--------------|---------------------|------------------|------------------------------|------------------------|--------------------------|--------------------|----------------------|-----------------------|---------------------|---------------|
| <b>Reconciliation for the year ended 30 June 2025</b>        |             |              |                     |                  |                              |                        |                          |                    |                      |                       |                     |               |
| Balance at 1 July 2024                                       | 40 180 280  | 88 983 627   | 21 088 056          | 271 865 072      | 20 457 196                   | 545 201 280            | 59 865 653               | 6 269 591          | 48 602 367           | 9 313 435             | 3 690 340           | 1 115 526 917 |
| At cost  | (5 242 650) | (46 759 024) | (6 530 118)         | (129 654 879)    | (12 649 213)                 | (129 497 013)          | (2 357 425)              | (4 408 528)        | (34 904 673)         | (8 437 277)           | (2 489 354)         | (383 130 153) |
| Accumulated depreciation and impairment                      |             |              |                     |                  |                              |                        |                          |                    |                      |                       |                     |               |
| Net book value   | 34 937 640  | 42 224 603   | 14 557 938          | 142 010 193      | 7 807 983                    | 415 704 277            | 57 508 228               | 1 861 063          | 13 697 694           | 876 158               | 1 200 986           | 732 396 764   |
| <b>Movements for the year ended 30 June 2025</b>             |             |              |                     |                  |                              |                        |                          |                    |                      |                       |                     |               |
| Additions from acquisitions                                  | -           | -            | -                   | -                | -                            | -                      | 168 417 801              | 374 990            | 489 953              | 400 308               | -                   | 169 683 052   |
| Transfers  | -           | -            | -                   | -                | -                            | 25 861 686             | (25 861 686)             | -                  | -                    | -                     | -                   | -             |
| Depreciation   | -           | (2 472 591)  | (602 133)           | (8 400 515)      | (872 263)                    | (14 874 364)           | -                        | (706 299)          | (2 638 087)          | (323 545)             | (148 969)           | (31 038 766)  |
| Impairment loss recognised in surplus or deficit             | -           | (10 462)     | -                   | (984 174)        | (250 121)                    | (4 957 768)            | -                        | (14 363)           | -                    | (13 589)              | (109)               | (6 230 586)   |
| Reversal of impairment loss recognised in surplus or deficit | -           | -            | 1 737               | 7 183            | -                            | 10 286                 | -                        | -                  | -                    | -                     | -                   | 19 216        |
| Disposals  | -           | -            | -                   | (19 383)         | -                            | (128 578)              | -                        | (46 468)           | (8 566)              | (194)                 | (135)               | (203 324)     |
| Other movements  | -           | -            | (1 940 236)         | -                | -                            | -                      | -                        | -                  | -                    | -                     | -                   | (1 940 236)   |
| Property, plant and equipment at end of year                 | 34 937 640  | 39 741 650   | 12 027 306          | 132 613 305      | 6 685 699                    | 421 615 649            | 200 064 344              | 1 468 924          | 11 540 994           | 939 138               | 1 051 773           | 882 686 121   |
| <b>Closing balance at 30 June 2025</b>                       |             |              |                     |                  |                              |                        |                          |                    |                      |                       |                     |               |
| At cost  | 40 180 280  | 88 930 111   | 19 157 820          | 271 832 538      | 20 457 196                   | 570 700 346            | 202 421 789              | 6 193 559          | 47 930 557           | 9 462 646             | 3 613 713           | 1 280 780 544 |
| Accumulated depreciation and impairment                      | (5 242 650) | (49 088 561) | (7 130 515)         | (139 219 233)    | (13 771 597)                 | (149 084 798)          | (2 357 425)              | (4 724 634)        | (36 389 564)         | (8 523 508)           | (2 561 939)         | (418 094 423) |
| Net book value   | 34 937 640  | 39 741 651   | 12 027 306          | 132 613 305      | 6 685 699                    | 421 615 648            | 200 064 344              | 1 468 924          | 11 540 993           | 939 138               | 1 051 774           | 862 686 121   |

# Lepelle-Nkumpi Municipality

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Property, plant and equipment continued...

|  | Land        | Buildings    | Landfill site asset | Community Assets | Infrastructure - Electricity | Infrastructure - Roads | Capital work in progress | Computer Equipment | Other Movable assets | Furniture and Fittings | Plant and machinery | Total         |
|--|-------------|--------------|---------------------|------------------|------------------------------|------------------------|--------------------------|--------------------|----------------------|------------------------|---------------------|---------------|
| Reconciliation for the year ended 30 June 2024   |             |              |                     |                  |                              |                        |                          |                    |                      |                        |                     |               |
| Balance at 1 July 2023                           | 40 180 290  | 88 983 627   | 19 512 545          | 262 961 798      | 20 457 190                   | 499 760 118            | 91 779 728               | 6 336 545          | 47 534 165           | 9 265 081              | 3 661 340           | 1 090 432 428 |
| At cost  | (5 242 650) | (44 279 711) | (5 962 763)         | (118 217 073)    | (11 722 742)                 | (113 762 849)          | (2 357 425)              | (3 732 014)        | (32 401 488)         | (8 131 855)            | (2 368 959)         | (348 179 648) |
| Accumulated depreciation and impairment          |             |              |                     |                  |                              |                        |                          |                    |                      |                        |                     |               |
| Net book value                                   | 34 937 640  | 44 703 916   | 13 549 782          | 144 744 725      | 8 734 448                    | 385 997 269            | 89 422 303               | 2 604 531          | 15 132 677           | 1 133 226              | 1 292 381           | 742 252 879   |
| Movements for the year ended 30 June 2024        |             |              |                     |                  |                              |                        |                          |                    |                      |                        |                     |               |
| Additions  | -           | -            | -                   | 8 903 277        | -                            | -                      | 23 157 510               | -                  | 1 068 202            | 48 354                 | 79 000              | 24 363 066    |
| Transfers  | -           | -            | -                   | (8 410 925)      | (926 471)                    | (46 168 308)           | (55 071 585)             | (697 249)          | (2 503 185)          | (290 978)              | (164 137)           | (31 306 489)  |
| Depreciation                                     | -           | (2 479 313)  | (567 335)           | (3 226 884)      | -                            | (665 012)              | -                        | (18 166)           | -                    | (14 444)               | (6 257)             | (3 930 763)   |
| Impairment loss recognised in surplus or deficit | -           | -            | -                   | -                | -                            | (529 396)              | -                        | (28 053)           | -                    | -                      | -                   | (557 449)     |
| Disposals  | -           | -            | 1 585 511           | -                | -                            | -                      | -                        | -                  | -                    | -                      | -                   | 1 585 511     |
| Other movements                                  | -           | -            | -                   | -                | -                            | -                      | -                        | -                  | -                    | -                      | -                   | -             |
| Property, plant and equipment at end of year     | 34 937 640  | 42 224 603   | 14 567 938          | 142 010 193      | 7 807 977                    | 415 704 273            | 57 508 228               | 1 861 063          | 13 697 694           | 876 168                | 1 200 987           | 732 396 765   |
| Closing balance at 30 June 2024                  |             |              |                     |                  |                              |                        |                          |                    |                      |                        |                     |               |
| At cost  | 40 180 290  | 88 983 627   | 21 098 056          | 271 865 072      | 20 457 196                   | 545 201 280            | 59 865 653               | 6 269 591          | 48 602 367           | 9 313 435              | 3 690 340           | 1 116 528 917 |
| Accumulated depreciation and impairment          | (5 242 650) | (46 759 024) | (6 530 118)         | (129 854 879)    | (12 649 213)                 | (129 497 013)          | (2 357 425)              | (4 408 528)        | (34 904 673)         | (8 437 277)            | (2 489 354)         | (383 130 153) |
| Net book value                                   | 34 937 640  | 42 224 603   | 14 567 938          | 142 010 193      | 7 807 983                    | 415 704 277            | 57 508 228               | 1 861 063          | 13 697 694           | 876 168                | 1 200 986           | 732 396 764   |

# Lepelle-Nkumpi Municipality

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### 8.2 Additional disclosures

*Property, plant and equipment continued...*

Assets whose title is restricted and pledged as security  
No property, plant and equipment were pledged as security for any financial liability.

#### Details of properties

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

During the financial year, the municipality has received amounts for reimbursement due to loss of assets from the insurer. The amounts received are detailed below:

An amount of R35 126 has been received from Guard Risk Holdings Limited for vehicle repairs and generator.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

|                | 2025              | 2024              |
|----------------|-------------------|-------------------|
| Buildings      | 846 631           | -                 |
| Infrastructure | 21 396 103        | 3 987 111         |
| Other Assets   | 12 437 265        | 7 998 402         |
| <b>Total</b>   | <b>34 679 999</b> | <b>11 985 514</b> |

#### Work in progress

##### Reconciliation of Work in progress

|                                 | 2025              | 2024              |
|---------------------------------|-------------------|-------------------|
| Opening balance                 | 29 122 817        | 29 122 817        |
| Additions/capital expenditure   | 696 202           | 696 202           |
| Transfers to completed projects | -                 | -                 |
| Other movements                 | -                 | -                 |
| <b>Total</b>                    | <b>29 819 019</b> | <b>29 819 019</b> |

##### Reconciliation of Work in progress

|                                 | 2024              | 2025              |
|---------------------------------|-------------------|-------------------|
| Opening balance                 | 29 122 817        | 29 122 817        |
| Additions/capital expenditure   | -                 | -                 |
| Transfers to completed projects | -                 | -                 |
| Other movements                 | -                 | -                 |
| <b>Total</b>                    | <b>29 122 817</b> | <b>29 122 817</b> |

**Notes to the Financial Statements**

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*Property, plant and equipment continued...*

The following projects are identified as slow moving:

| Project description                             | Reason for slow moving   | 2025 Amount      |
|---|--|------------------|
| Upgrading of Malakabaneng Road To Tar           | Budgetary constraints  | 775 229.50       |
| Stormwater Drainange at Sehlabeng/Hakano 5km    | Budget constraints   | 1 129 559.00     |
| Construction of Madisha Ditiro Community Hall   | Project advertised in the current year but SCM processes not yet finalised | 3 822 565.15     |
| Development of Recreational Facility at Maljane | Budget Constraints   | 1 387 090.65     |
| Revitalisation Mun Building (Civic)             | Under investigation.   | 1 416 859.08     |
| Highmast Light: Marulaleng                      | Awaiting Eskom to energise   | 207 441.67       |
| Highmast Light: Makgothane                      | Awaiting Eskom to energise   | 207 441.67       |
| Highmast Light: Landfill Site                   | Awaiting Eskom to energise   | 207 441.67       |
| Highmast Light: Makapepa                        | Awaiting Eskom to energise   | 207 441.67       |
|   |  | <u>9 361 070</u> |

**9. Intangible assets**

| 2025   | 2024           | 2024             | 2024                                    | 2024           |
|--|----------------|------------------|---|----------------|
| Cost / Accumulated amortisation and impairment | Carrying value | Cost / Valuation | Accumulated amortisation and impairment | Carrying value |
| 662 435  | (651 381)      | 938 145          | (927 091)                               | 11 054         |
| Computer software                              |                |                  |   |                |

**Notes to the Financial Statements**

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*Intangible assets continued...*

Reconciliation of changes in intangible assets

|  | Intangible assets | Total     |
|--|-------------------|-----------|
| Reconciliation for the year ended 30 June 2025 |                   |           |
| Balance at 1 July 2024                         | 938 145           | 938 145   |
| At cost  |                   |           |
| Accumulated amortisation and impairment        | (927 091)         | (927 091) |
| Net book value                                 | 11 054            | 11 054    |
| Movements for the year ended 30 June 2025      |                   |           |
| Disposals                                      | -                 | -         |
| Intangible assets at end of period             | 11 054            | 11 054    |
| Closing balance at 30 June 2025                | 662 435           | 662 435   |
| At cost  |                   |           |
| Accumulated amortisation and impairment        | (651 381)         | (651 381) |
| Net book value                                 | 11 054            | 11 054    |
| Reconciliation for the year ended 30 June 2024 |                   |           |
| Balance at 1 July 2024                         | 938 145           | 938 145   |
| At cost  |                   |           |
| Accumulated amortisation and impairment        | (927 091)         | (927 091) |
| Net book value                                 | 11 054            | 11 054    |

Reconciliation for the year ended 30 June 2024

|   |           |           |
|---|-----------|-----------|
| Balance at 1 July 2023                  | 938 145   | 938 145   |
| At cost                                 |           |           |
| Accumulated amortisation and impairment | (927 091) | (927 091) |
| Net book value                          | 11 054    | 11 054    |
| Closing balance at 30 June 2024         | 938 145   | 938 145   |
| At cost                                 |           |           |
| Accumulated amortisation and impairment | (927 091) | (927 091) |
| Net book value                          | 11 054    | 11 054    |

Other information

Intangible assets with indefinite lives:

Intangible assets comprise of computer software with indefinite useful life. These assets are not amortised. The intangible assets with indefinite useful life are assessed annually for impairment. Whenever there is an indication of impairment, the intangible assets are impaired.

The intangible asset has indefinite useful life as the software continues to be widely used and remains relevant in the municipality's operations, with no foreseeable obsolescence due to technological advancements or changes in operations. Furthermore, the software is not subject to legal, contractual, or regulatory constraints that would limit its useful life, such as expiration of licenses or support agreements.



**Notes to the Financial Statements**

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**11. Payables from exchange transactions**

Payables from exchange transactions comprise:

|  |                    |                   |
|--|--------------------|-------------------|
| Trade payables                                   | 22 751 906         | 2 594 407         |
| Retentions                                       | 34 693 028         | 23 068 082        |
| Leave provision                                  | 7 295 512          | 7 545 715         |
| Bonus provision                                  | 2 723 509          | 2 748 395         |
| Traffic department creditor                      | 48 714             | 48 714            |
| Debtors with credit balances                     | 2 221 410          | 2 525 564         |
| CDM Advance Account: R&M                         | 68 169             | 68 169            |
| Accruals   | 13 353 408         | 5 948 994         |
| Bank suspense                                    | 105 046            | 6 435             |
| CDM Creditor                                     | 28 409 306         | 18 195 710        |
| VAT Output Accrual                               | 27 643 264         | 21 068 516        |
| Deposits Various                                 | 155 929            | 135 229           |
| Deferred Revenue - INEP                          | 774 108            | 3 089 522         |
| Unallocated deposits                             | 316 205            | 2 136 736         |
| Monies withheld - Land sales                     | 14 338 735         | 676 507           |
| Traffic department - 80:20 Split                 | 1 336 167          | 890 012           |
| SABS   | 161                | 161               |
| Prodba   | 38 157             | 50 323            |
| Road transport management                        | 67 536             | 56 808            |
| Eskom Creditor                                   | 2 076 263          | 2 309 951         |
| <b>Total payables from exchange transactions</b> | <b>158 416 534</b> | <b>93 163 951</b> |

The fair value of trade and other payables approximates their carrying amounts

**12. Consumer deposits**

Consumer deposits comprise:

|  |           |           |
|--|-----------|-----------|
| Rental properties                        | 49 925    | 49 925    |
| Service charges                          | 2 125 163 | 2 124 636 |
| No interest is paid on consumer deposits | 2 175 088 | 2 174 561 |

**Notes to the Financial Statements**

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**13. Unspent conditional grants and receipts**

Unspent conditional grants and receipts comprise the following balances

|  | 2025              | 2024              |
|--|-------------------|-------------------|
| MIG  | 9 306 082         | 51 121 765        |
| Finance management grant                     | 378 708           | 961 870           |
| CDM : Halls                                  | 6 135             | 6 135             |
| CDM : Stadiums                               | 300 000           | 300 000           |
| CDM : Eradication of Alien Plants            | 16 455            | 16 455            |
| CDM : Integrated Transport plan              | 377 308           | 377 308           |
| Municipal disaster relief                    | 0                 | 12 338 668        |
| Energy Efficiency and Demand Side Management | 2 145 685         | -                 |
|  | <b>12 530 372</b> | <b>65 122 199</b> |

**Conditional Grants**

The amounts will be recognised as revenue when conditions have been met.

The extent of government grants recognised in the Statement of financial performance relates to the portion of the grant where the conditions have been met.

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of financial position.

See note 25 for reconciliation of grants from National/Provincial Government.

**Notes to the Financial Statements**

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**14. Provisions**

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

|                                     | 2025                         | 2024                         |
|-------------------------------------|------------------------------|------------------------------|
| Environmental rehabilitation        | 3 012 267                    | 3 012 267                    |
| Reconciliation of provisions - 2025 | Opening balance<br>3 012 267 | Opening balance<br>1 280 502 |
|                                     | Additions<br>(1 618 815)     | Additions<br>1 731 765       |
|                                     | Reductions<br>1 393 452      | Reductions<br>3 012 267      |
|                                     | Closing balance<br>1 393 452 | Closing balance<br>3 012 267 |
| Environmental rehabilitation        | 1 393 452                    | 1 280 502                    |
| Reconciliation of provisions - 2024 | Opening balance<br>3 012 267 | Opening balance<br>1 280 502 |
|                                     | Additions<br>-               | Additions<br>1 731 765       |
|                                     | Reductions<br>(1 618 815)    | Reductions<br>1 731 765      |
|                                     | Closing balance<br>1 393 452 | Closing balance<br>3 012 267 |

**Environmental rehabilitation provision**

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study by taking into account a number of factors to the design, manner of operations and rehabilitation measures proposed which was assessed, investigated and tested. There is no anticipated environmental harm, groundwater pollution, leachate leakage that could be found. The municipality did not alter any structure and infrastructure to the existing landfill.

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three months average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 3.2095%.

The amount of the discounted landfill closure provision of R1,393,452 represents a decrease of R1,618,815 over the provision of R3,012,267 in the previous financial statements.

The current expected remaining life of the landfill is estimated at 50 years, after which the resulting outflows of economic benefits or service potential is expected.

Rehabilitation and closure report was compiled by Environmental and Sustainability Solutions CC appointed by the Council.

Changes in the present value of provision for landfill rehabilitation are as follows:

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Opening balance       | 3 012 267        | 1 280 502        |
| Additions (Reduction) | (1 618 815)      | 1 731 765        |
|                       | <u>1 393 452</u> | <u>3 012 267</u> |

**Notes to the Financial Statements**

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**15. Employee benefit obligation**

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

|                                     |                 |             |           |
|-------------------------------------|-----------------|-------------|-----------|
| Long service awards                 | 6 436 468       | 6 318 342   | 6 436 468 |
| Reconciliation of provisions - 2025 | Opening balance | 6 436 468   | 6 318 343 |
|                                     | Additions       | 1 869 870   | 6 318 343 |
|                                     | Reductions      | (1 987 995) | 6 318 343 |
|                                     | Closing balance | 6 318 343   | 6 318 343 |
| Reconciliation of provisions - 2024 | Opening balance | 5 597 963   | 5 597 963 |
|                                     | Additions       | 1 403 131   | 5 597 963 |
|                                     | Reductions      | (564 626)   | 5 597 963 |
|                                     | Closing balance | 6 436 468   | 6 436 468 |

# Lepelle-Nkumpi Municipality

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### Employee benefit obligation continued...

#### Long Service Award

Employees qualify for the long service awards in terms of the SALGA collective agreement: The employees will qualify for long service award for every five years of service completed, from ten years of service to 45 years of services in the following manner:

| (Years)       | Long Service Bonus Awards (Number of Days) | Determination of cash bonus |
|---------------|--|-----------------------------|
| - 10 year     | 10   | 10/250x Annual Salary       |
| - 15 years    | 20   | 20/250x Annual Salary       |
| - 20-45 years | 30   | 30/250x Annual Salary       |

In the month that each "Completed Service" milestone is reached, the employee is granted a long service award. Working days awarded are valued at 1/250 of annual salary per day.

An actuarial valuation of the obligation has been performed by One Pangea Expertise and Solutions on all 184 employees that are entitled to long service awards as at 30 June 2025.

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

##### Carrying value

Long service awards - Non current

portion

Long service awards - Current portion

|                  |                  |
|------------------|------------------|
| 5 443 631        | 5 199 589        |
| 992 837          | 1 118 753        |
| <b>6 436 468</b> | <b>6 318 342</b> |

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

##### Long service awards

Opening balance

Net expense or (gain) recognised in the statement of financial performance

|                  |                  |
|------------------|------------------|
| 5 597 963        | 6 436 468        |
| 838 505          | (1 118 125)      |
| <b>6 436 468</b> | <b>6 318 343</b> |

#### Net expense or (gain) recognised in the statement of financial performance in Employee cost.

Current service cost

Interest cost

Benefit vesting

Actuarial (gains) or losses

|                |                    |
|----------------|--------------------|
| 422 870        | 455 654            |
| 577 387        | 603 008            |
| (564 626)      | (1 987 995)        |
| 402 874        | 811 208            |
| <b>838 505</b> | <b>(1 118 125)</b> |

#### Key assumptions used at the reporting date:

Average retirement age

Discount rates used

Expected increase in salaries

|          |          |
|----------|----------|
| 63 years | 63 years |
| 10.15%   | 8.86%    |
| 5.68%    | 4.36%    |

**Lepelle-Nkumpi Municipality**  
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**16. Value Added Tax**  
The municipality accounts for Value Added Tax on accrual basis for financial reporting purposes and on the cash basis for submissions of VAT 201 reports to SARS. Please refer to Note 4 and Note 11 for details.

|                              |           |           |
|------------------------------|-----------|-----------|
| <b>17. Service charges</b>   | 7 752 344 | 7 413 747 |
| Refuse removal (Lebowakgomo) | 19 997    | 1 614     |
| Landfill proceeds            | -         | 3 848     |
| Connection fee               | 7 772 340 | 7 419 208 |

**18. Rental of facilities and equipment**  
Rental of Communication Network  
Rental of facilities

|                |                |
|----------------|----------------|
| 254 932        | 283 524        |
| 104 000        | 83 043         |
| <b>358 932</b> | <b>366 567</b> |

**Operating leases - as lessor (Income)**

Certain of the municipality's properties are held to generate rental income. At the reporting date the Municipality has operating lease agreements with various tenants. The minimum lease receivable under operating leases will fall due as follows:

|                                   |                                   |
|-----------------------------------|-----------------------------------|
| <b>2025</b>                       | <b>2024</b>                       |
| Not later than one year           | Not later than one year           |
| in second to fifth year inclusive | in second to fifth year inclusive |
| later than five years             | later than five years             |
| 98 348                            | 397 610                           |
| 6 782 416                         | 6 896 447                         |

Minimum lease receivable

**19. Water and Sanitation : Commission earned**  
Commission received from sale of water

|                   |                   |
|-------------------|-------------------|
| 24 460 363        | 34 924 139        |
| <b>24 460 363</b> | <b>34 924 139</b> |

Lepelle-Nkumpi Municipality entered into a principal agent relationship with the Capricorn District Municipality (CDM) whereby the Municipality performs collection of revenue relating to water and sanitation on behalf of the Municipality.

Lepelle-Nkumpi Municipality is the agent as defined in GRAP 109 as it has been directed by Capricorn District Municipality (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

The current signed SLA allows Lepelle-Nkumpi to receive 30% of the revenue collected during the current year (2024: 30%). There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note 11 for details of the liability resulting from the arrangement.

**Lepelle-Nkumpi Municipality**  
(Registration Number LIM 355)  
Financial Statements for the year ended 30 June 2025

**Notes to the Financial Statements**

| Figures in R                                  | 2025      | 2024<br>Restated |
|---|-----------|------------------|
| Agency fees: Licences and permits             | 4 524 453 | 5 390 211        |
| Licences and permits: Department of transport | 4 524 453 | 5 390 211        |

Lepelle-Nkumpi Municipality entered into a principal agent relationship with the Department of Transport (DOT) whereby the Municipality performs vehicle registration and licencing functions on behalf of the Department of transport.

Lepelle-Nkumpi Municipality is the agent as defined in GRAP 109 as it has been directed by Department of Transport (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

Lepelle-Nkumpi Municipality receives a fixed fee of 20% of all monthly revenue collected in respect of licencing and registration of motor vehicles and shall deposit 80% of the said revenue collected on a monthly basis to Department of Transport Account on or before the 15th day of each month. There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note 11 for details of the liability resulting from the arrangement.

| 21. Other Revenue                         | 30 354 987        | 2 272 721        |
|---|-------------------|------------------|
| Application fees: pto - residential       | 3 044             | 1 461            |
| Transfer of property                      | 89 104            | 93 157           |
| Advertising boards                        | -                 | 10 435           |
| Burial fees                               | 109 140           | 90 661           |
| Building plans: bussiness and residential | 447 971           | 552 475          |
| Building plans : Rural                    | 472 001           | -                |
| Connection fees                           | 23 886            | 42 320           |
| Skills development program                | 182 886           | 190 653          |
| Application fees: pto - bussiness         | 42 609            | 7 986            |
| Consolidation fees                        | 7 913             | 5 043            |
| Drain blockage                            | 3 656             | 925              |
| Rezoning application                      | 12 817            | 6 435            |
| Gain on inventory write down reversal     | 12 204            | 191 322          |
| Instructor certificate                    | 94                | 498              |
| Clearance certificate                     | 52 348            | 52 591           |
| Proof of residence                        | 128 528           | 126 667          |
| Special consent                           | 70 678            | 16 957           |
| Stop Clock                                | -                 | 108              |
| Mortgage Bonds                            | 5 773             | 9 165            |
| Sundry Income                             | 363 932           | 285 785          |
| Relocations of Beacons                    | 2 435             | 2 348            |
| Reconnection fees                         | -                 | 167              |
| Trading                                   | 201 134           | 3 115            |
| Sale of Sites                             | 222 834           | 303 131          |
| VBS Recoveries                            | 27 900 000        | -                |
| Leave provision charge                    | -                 | 279 317          |
|   | <b>30 354 987</b> | <b>2 272 721</b> |

**Notes to the Financial Statements**

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**22. Finance Income - Exchange**

|  |                   |            |
|--|-------------------|------------|
| Interest receivable - Exchange receivables | 5 328 970         | 4 896 965  |
| Interest receivable - External Investments | 52 104 838        | 44 842 023 |
| Interest receivable - Current accounts     | -                 | 397        |
| <b>57 433 809</b>                          | <b>49 739 385</b> |            |

**23. Finance Income - Non-exchange**  
Interest receivable - Non-Exchange receivables

|                   |                   |
|-------------------|-------------------|
| 19 240 084        | 17 139 139        |
| <b>19 240 084</b> | <b>17 139 139</b> |

**24. Property rates**

|                   |                   |            |
|-------------------|-------------------|------------|
| Residential       | 23 902 196        | 21 264 179 |
| Commercial        | 6 871 945         | 6 554 241  |
| State             | 11 320 768        | 10 958 087 |
| Agriculture       | 4 683 350         | 4 330 327  |
| <b>46 778 259</b> | <b>43 106 834</b> |            |

|             |                |                |
|-------------|----------------|----------------|
| Valuations  | 3 951 039 500  | 3 624 013 150  |
| Residential | 858 318 000    | 821 450 000    |
| Commercial  | 2 316 973 260  | 2 305 542 610  |
| State       | 3 760 326 000  | 3 719 525 000  |
| Agriculture | 10 886 656 760 | 10 470 530 760 |

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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| 2024               | 2025               |
|--------------------|--------------------|
| Restated           |                    |
| 2024               | 2025               |
| 319 605 000        | 336 520 303        |
| 1 038 130          | 2 374 292          |
| 1 244 000          | 1 756 000          |
| <b>321 887 130</b> | <b>340 650 595</b> |
| 20 014 664         | 58 265 918         |
| 7 161 332          | 12 000 000         |
| -                  | 1 054 315          |
| <b>27 175 997</b>  | <b>71 320 233</b>  |
| <b>349 063 126</b> | <b>411 970 828</b> |

### 25. Government grants and subsidies

#### Operating grants

Equitable share

Finance management grant

EPWP

#### Capital grants

Municipal Infrastructure Grant

Municipal disaster grant

Energy Efficiency and Demand Side Management

Management

Conditional and Unconditional  
Included in above are the following grants and subsidies received:

#### Equitable Share

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

#### Finance Management Grant (FMG)

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Withheld

Unspent amount transferred to liabilities

|                |                |
|----------------|----------------|
| 370 217        | 961 870        |
| 2 000 000      | 2 000 000      |
| (1 038 130)    | (2 374 292)    |
| (370 217)      | (208 870)      |
| <b>961 870</b> | <b>378 708</b> |

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year

Current year receipts

Conditions met - transferred to revenue

Withheld

Unspent amount transferred to liabilities

|                   |                  |
|-------------------|------------------|
| 21 051 076        | 51 121 765       |
| 60 029 000        | 39 172 000       |
| (20 014 664)      | (58 265 918)     |
| (9 943 647)       | (22 721 765)     |
| <b>51 121 765</b> | <b>9 306 082</b> |

Conditions still to be met - remain liabilities (see note 13).

This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households.

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Government grants and subsidies continued...

|  | 2025        | 2024 Restated |
|--|-------------|---------------|
| Balance unpaid at beginning of year                            | -           | 9 136         |
| Current year receipts  | 1 756 000   | 1 244 000     |
| Conditions met - transferred to revenue                        | (1 756 000) | (1 244 000)   |
| Withheld   | -           | (9 136)       |
| Unspent amount transferred to liabilities                      | -           | -             |
| Conditions still to be met - remain liabilities (see note 13). | -           | -             |
| <b>CDM: Refurbishment of Mamaolo Hall</b>                      |             |               |
| Balance unpaid at beginning of year                            | 6 135       | 6 135         |
| Unspent amount transferred to liabilities                      | 6 135       | 6 135         |
| Conditions still to be met - remain liabilities (see note 13). | -           | -             |
| <b>CDM: Seteng Diamond Softball</b>                            |             |               |
| Balance unpaid at beginning of year                            | 300 000     | 300 000       |
| Unspent amount transferred to liabilities                      | 300 000     | 300 000       |
| Conditions still to be met - remain liabilities (see note 13). | -           | -             |
| <b>CDM: Eradication of Alien Plants</b>                        |             |               |
| Balance unpaid at beginning of year                            | 16 455      | 16 455        |
| Unspent amount transferred to liabilities                      | 16 455      | 16 455        |
| Conditions still to be met - remain liabilities (see note 13). | -           | -             |
| <b>CDM Integrated Transport plan</b>                           |             |               |
| Balance unpaid at beginning of year                            | 377 308     | 377 308       |
| Unspent amount transferred to liabilities                      | 377 308     | 377 308       |
| Conditions still to be met - remain liabilities (see note 13). | -           | -             |
| <b>CDM Waste management Cleaning</b>                           |             |               |
| Balance unpaid at beginning of year                            | (40 000)    | (40 000)      |
| Transferred to Receivables                                     | (40 000)    | (40 000)      |

Conditions were met and the grant was overspent by R40 000 during the 2019 financial year. This amount is disclosed under debtors. (see note 4).

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2025

*Government grants and subsidies continued...*

|   |              |             |
|---|--------------|-------------|
| Disaster management grant                 | 12 338 668   | 0           |
| Balance unspent at beginning of year      | 4 500 000    | 15 000 000  |
| Current year receipts                     | -            | -           |
| Conditions met - transferred to revenue   | (12 000 000) | (7 161 332) |
| Withheld                                  | (338 668)    | -           |
| Unspent amount transferred to liabilities | 12 338 668   | 12 338 668  |

Conditions still to be met - remain liabilities (see note 13).

|  |             |           |
|--|-------------|-----------|
| Energy Efficiency and Demand Side Management | -           | 3 200 000 |
| Balance unspent at beginning of year         | -           | -         |
| Current year receipts                        | -           | -         |
| Conditions met - transferred to revenue      | (1 054 315) | -         |
| Withheld                                     | -           | -         |
| Unspent amount transferred to liabilities    | 2 145 685   | -         |

Conditions still to be met - remain liabilities (see note 13).

|                           |         |         |
|---------------------------|---------|---------|
| Fines                     | 708 144 | 774     |
| Fines - Traffic Municipal | 947 500 | -       |
| Fines - Pound fees        | 947 500 | 708 144 |

## 27. Fair value gains or (losses)

|  |                  |                  |
|--|------------------|------------------|
| Fair value on land   | 3 509 093        | 4 607 958        |
| Actuarial gain/ (loss) on remeasurement of Long service award. | (811 208)        | (402 874)        |
|  | <b>2 697 885</b> | <b>4 205 084</b> |

In 2024/2025 financial year, investment properties which consists of vacant land (encroached land, residential stands, business stands and shopping malls) were fairly valued in line with the accounting policy.

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|                                      | 2025              | 2024<br>Restated |
|--------------------------------------|-------------------|------------------|
| <b>28. Employee related Cost</b>     |                   |                  |
| Basic                                | 65 168 264        | 62 445 579       |
| Bonus                                | 5 135 564         | 4 966 294        |
| Medical aid - company contribution   | 4 081 106         | 3 955 011        |
| UIF                                  | 414 778           | 413 199          |
| SALGBC                               | 25 614            | 24 638           |
| Leave pay provision charge           | 612 311           | 0                |
| Pension Funds - Company contribution | 12 340 581        | 11 997 841       |
| Other allowances                     | 10 297 513        | 10 159 211       |
| Overtime payments                    | 1 888 846         | 1 718 710        |
| Long-service awards                  | 455 654           | 422 870          |
| Acting allowances                    | 1 327 723         | 1 406 183        |
| Housing benefits and allowances      | 269 685           | 265 536          |
| FMG Intern allowance                 | 200 000           | 300 000          |
| Non pensionable                      | 164 000           | -                |
| <b>102 381 638</b>                   | <b>98 075 071</b> |                  |

Other allowances include Travel, motor car, accommodation, subsistence, standby, data, cellphone, uniforms and scarcity allowances.

### Remuneration of Acting Municipal Manager - Mananga A ( 1 June 2025 to 30 June 2025)

|   |          |          |
|---|----------|----------|
| Annual Remuneration                             | -        | -        |
| Car Allowance                                   | -        | -        |
| Acting allowance                                | 15 582   | -        |
| Contributions to UIF, Medical and Pension Funds | -        | -        |
| Leave pay out                                   | -        | -        |
| Other allowances                                | -        | -        |
| <b>15 582</b>                                   | <b>-</b> | <b>-</b> |

### Remuneration of Delegated Municipal Manager - Maphoru LD (October 2024 to May 2025)

|   |          |          |
|---|----------|----------|
| Annual Remuneration                             | -        | -        |
| Car Allowance                                   | -        | -        |
| Acting allowance                                | -        | -        |
| Contributions to UIF, Medical and Pension Funds | -        | -        |
| Leave pay out                                   | -        | -        |
| Other allowances                                | -        | -        |
| <b>-</b>  | <b>-</b> | <b>-</b> |

### Remuneration of Acting Municipal Manager - Diale D.s (01 July to August 2024)

|                  |               |               |
|------------------|---------------|---------------|
| Acting allowance | 44 114        | 44 114        |
| <b>87 066</b>    | <b>87 066</b> | <b>87 066</b> |

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*Employee related Cost continued...*

Remuneration of Municipal Manager -  
Monyepao M.A (From 1 October 2022  
to 31 December 2024)

|   |                  |         |
|---|------------------|---------|
| Annual Remuneration                             | 428 216          | 982 646 |
| Car Allowance                                   | 181 208          | 413 117 |
| Contributions to UIF, Medical and Pension Funds | -                | 267 618 |
| Leave pay out                                   | 82 105           | -       |
| Other allowances                                | 15 522           | 36 000  |
| <b>707 050</b>                                  | <b>1 699 381</b> |         |

The Municipal Manager was on precautionary leave for the period July 2024 to December 2024.

Remuneration of Chief Financial Officer -  
Diale D.S

|   |                |         |
|---|----------------|---------|
| Annual Remuneration                             | 1 017 141      | 629 986 |
| Car Allowance                                   | 100 000        | 160 000 |
| Contributions to UIF, Medical and Pension Funds | -              | 2 834   |
| Other allowances                                | 49 185         | 24 000  |
| <b>1 166 327</b>                                | <b>816 820</b> |         |

Remuneration of Delegated Chief Financial Officer -  
Masemola MN (01 July 2024 to May 2025)

|                  |   |   |
|------------------|---|---|
| Acting allowance | - | - |
|                  | - | - |

Remuneration of Executive Managers

Acting Executive Manager: Technical  
Services - Ramuseteli M.B (Dec 2023  
to June 2024 )

|                  |   |       |
|------------------|---|-------|
| Acting allowance | - | 8 386 |
|                  | - | 8 386 |

Executive Manager: Technical  
Services - Mananga A (February 2025  
to June 2025)

|                     |          |          |
|---------------------|----------|----------|
| Annual Remuneration | 304 983  | -        |
| Car Allowance       | 97 500   | -        |
| Acting allowance    | -        | -        |
| Leave pay out       | -        | -        |
| Other allowances    | 29 058   | -        |
| <b>431 541</b>      | <b>-</b> | <b>-</b> |

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Employee related Cost continued...

Acting Executive Manager: Technical Services - Jiyane SD (July 2024 to January 2025 and June 2025)

Acting allowance

2 832

2 832

Acting Executive Manager: Community Services - Mameja M.Z. (July 2024 - June 2025)

Acting allowance

15 566

15 566

Executive Manager: Corporate Services - Nxumalo SA (February 2025 - June 2025)

Annual Remuneration

304 983

-

Car Allowance

97 500

-

Acting allowance

-

-

Leave pay out

22 741

-

Other allowances

425 223

-

Acting Executive Manager: Corporate Services - Maphoru L.D (April 2024 - September 2024)

Acting allowance

2 820

2 820

Acting Executive Manager: Corporate Services - Rampheri MA (Oct 2024 - Jan 2025)

Acting allowance

1 861

-

Acting Executive Manager: Planning & LED - Setsiba PP (March 2025 - 30 June 2025)

Acting allowance

4 162

-

Acting Executive Manager: Planning & LED - Mphahlele T (1 July 2024 - 30 July 2024)

Acting allowance

486

486

2 929

**Notes to the Financial Statements**

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| 2025              | 2024              |
|-------------------|-------------------|
| 994 994           | 994 994           |
| 757 999           | 757 999           |
| 805 397           | 805 397           |
| 5 048 738         | 4 933 983         |
| 16 306 902        | 16 013 486        |
| 1 202 766         | 1 146 053         |
| <b>25 177 230</b> | <b>24 651 912</b> |

**29. Remuneration of councillors**

Mayor  
Chief Whip  
Speaker  
Executive Committee Members  
Councillors  
MPAC and Ethics oversight members

The Mayor, Speaker and Chief Whip are employed on a full-time. Each is provided with an office and secretarial support. The Mayor and the Speaker have use of a Council owned vehicle.

**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding at 30 June 2025:

| 30-Jun-25                     | Mollo M.I  |            |
|-------------------------------|------------|------------|
| Outstanding less than 90 days | 277        | 277        |
| Outstanding more than 90 days | -          | -          |
| <b>Total</b>                  | <b>277</b> | <b>277</b> |

| 30-Jun-24                     | Mollo M.I    |              |
|-------------------------------|--------------|--------------|
| Outstanding less than 90 days | 799          | 799          |
| Outstanding more than 90 days | 526          | 526          |
| <b>Total</b>                  | <b>1 325</b> | <b>1 325</b> |

**30. Depreciation, Amortisation and Impairment**

Depreciation - Property, plant and equipment  
Impairment of assets - Property, plant and equipment  
Impairment reversal

|                   |                   |
|-------------------|-------------------|
| 31 306 489        | 31 038 766        |
| 3 930 764         | 6 230 585         |
| -                 | (19 217)          |
| <b>35 237 253</b> | <b>37 250 134</b> |

**31. Finance cost**

Interest on long service award  
Interest on provision for landfill rehabilitation  
Interest on SARS accounts

|                |                |
|----------------|----------------|
| 577 387        | 603 008        |
| 146 254        | 321 421        |
| -              | 10 209         |
| <b>723 641</b> | <b>934 638</b> |

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### 32. Provision for impairment adjustment

|  |                   |                   |
|--|-------------------|-------------------|
| Provision for impairment - Receivables | 70 387 251        | 86 135 987        |
|  | <u>70 387 251</u> | <u>86 135 987</u> |

The provision for impairment adjustment movement for the year has been calculated as follows:

| Provision per Statement of Financial Position | 30-Jun-25          | 30-Jun-24          | Movement charged to Statement of Financial Performance |
|---|--------------------|--------------------|--|
| CDM advance commission                        | 250 161 101        | 228 059 336        | 22 101 766   |
| Refuse  | 95 249 278         | 87 081 044         | 8 168 234  |
| Traffic fines                                 | 1 152 260          | 1 013 548          | 138 712  |
| Rates   | 338 693 879        | 297 903 828        | 40 790 051   |
| VAT on debt impairment                        | (29 925 305)       | (28 629 232)       | (1 296 073)  |
|   | <u>655 331 214</u> | <u>585 428 523</u> | <u>69 902 691</u>                                      |

### Adjustment due to write off

484 560

70 387 251

### 33. Contracted services

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Security services                   | 20 004 976        | 16 477 660        |
| Landfill site                       | 5 081 226         | 2 176 949         |
| Forensic services                   | 1 090 250         | 438 487           |
| Legal fees                          | 12 870 026        | 7 448 367         |
| Consulting and professional fees    | 9 280 216         | 8 268 365         |
| Repairs and maintenance             | 34 679 999        | 11 985 514        |
| Expenditure on third party projects | 3 739 362         | 2 560 666         |
| Other                               | 10 105 980        | 5 570 913         |
|                                     | <u>96 852 035</u> | <u>54 926 920</u> |

### 34. Other materials

|   |                  |                  |
|---|------------------|------------------|
| Inventories and stores - Materials and supplies | 1 824 968        | 1 143 427        |
| Cleaning materials                              | 221 087          | 278 824          |
| Environmental waste management                  | 97 496           | 45 201           |
| Repairs & Maintenance materials                 | 100 749          | 232 025          |
|   | <u>2 250 910</u> | <u>1 699 477</u> |

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|  | 2025              | 2024           |
|--|-------------------|----------------|
| <b>35. General Expenses</b>            | <b>903 159</b>    | <b>662 278</b> |
| Accommodation and meals                | 903 159           | 662 278        |
| Advertising                            | 984 225           | 62 270         |
| Audit fees                             | 5 302 769         | 6 236 937      |
| Bank charges                           | 60 297            | 52 813         |
| Commission on SAP/easy pay deposits    | 495 757           | 465 821        |
| Bursaries - staff                      | -                 | 31 937         |
| Refreshments: Mayor's office           | 6 704             | 27 318         |
| Bad debts written off                  | 7 213 730         | 6 990 487      |
| Insurance                              | 2 372 420         | 2 283 697      |
| Council: Function                      | 789 132           | 567 774        |
| Inventory write down                   | 1 340 976         | 877 151        |
| Assessment rates and Municipal charges | 6 381             | 2 799          |
| Council: skills development levy       | 15 200            | 12 801         |
| Council: travel & subsistence          | 866 380           | 784 409        |
| IT support services                    | 990               | 873 878        |
| Municipal vehicles - fuel              | 3 235 224         | 2 627 512      |
| Municipal fleet - licensing            | 354 695           | 339 710        |
| Postage                                | 1 129 668         | 882 115        |
| Printing & stationary                  | 95 509            | 55 551         |
| Internal audit services                | 9 638             | 17 793         |
| Protective clothing                    | 839 345           | 2 713 461      |
| Membership fees                        | 1 808 156         | 1 694 097      |
| Subscriptions and system licencing     | 3 115 986         | 2 638 427      |
| Telephone and fax                      | 836 564           | 673 121        |
| Substance and travelling allowance     | 1 889 128         | 2 187 386      |
| Skills development levy                | 1 001 769         | 951 413        |
| Free basic Electricity                 | 3 081 197         | 2 644 109      |
| Traffic uniform & tags                 | -                 | -              |
| Ward committees                        | 5 352 111         | 5 368 500      |
| Refreshments - whippery office         | 1 995             | 1 939          |
| Workmen's compensation                 | 698 816           | 500 503        |
| Recruitment expenses                   | 79 760            | 141 812        |
| Municipal services                     | 11 737 033        | 11 291 434     |
| Hire charges                           | 593 947           | 468 087        |
| Refunds - Sale of sites                | 71 100            | -              |
| Deeds                                  | 127 436           | 73 499         |
| Registration fees                      | 51 057            | 8 325          |
| <b>56 468 256</b>                      | <b>56 211 166</b> |                |
| <b>36. Loss (Gain) on disposal</b>     | <b>70 847</b>     | <b>320 010</b> |
| Disposal of assets                     | 70 847            | 515 899        |
| Disposal of liabilities                | -                 | (195 889)      |

**Notes to the Financial Statements**

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**37. Construction contract income**

|   |             |             |
|---|-------------|-------------|
|   | 1 622 414   | 1 622 414   |
| Deferred Revenue - Integrated National Electrification Programme (INEP) |             |             |
| Balance of unutilised at beginning of year                              | 3 089 522   | 5 533 000   |
| Current-year receipts   | -           | 2 556 522   |
| Utilised - transferred to revenue                                       | (1 622 414) | -           |
| Unutilised funds returned   | (693 000)   | (5 000 000) |
| Unutilised amount transferred to liabilities                            | 774 108     | 3 089 522   |
| Unutilised funds - remain liabilities (see note 11).                    |             |             |

**Method Used to Determine Contract Revenue Recognised in the Period**

Contract revenue is recognised based on the stage of completion of the contract activity at the reporting date. The stage of completion is determined using the cost-to-cost method, whereby revenue is recognised in proportion to the actual costs incurred to date relative to the estimated total costs of the contract. This method faithfully represents the work performed and the transfer of economic benefits.

**Method Used to Determine the Stage of Completion**

The stage of completion is assessed using the percentage of costs incurred to date compared to the total estimated costs of the construction project. This approach is considered to provide the most reliable measure of progress towards completion, especially in the context of infrastructure-related projects funded through conditional grants.

**Amount of Retentions**

At the reporting date, the total amount of retentions held on construction contracts in progress amounted to R137 404 . These retentions represent amounts withheld from contractors as per the terms of the construction agreements, to be released upon satisfactory completion of the contract and the expiry of the defects liability period.

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**38. Cash flows from operating activities**

|  | 2025               | 2024               |
|--|--------------------|--------------------|
| <b>Surplus for the year</b>                        | <b>216 388 916</b> | <b>157 353 899</b> |
| <b>Adjustments for:</b>                            |                    |                    |
| Depreciation and amortisation                      | 37 250 134         | 35 237 250         |
| Employee benefit obligation adjustment             | (118 125)          | 838 505            |
| Leave and bonus provision                          | (275 089)          | (611 970)          |
| Fair value adjustments                             | (3 509 094)        | (4 205 084)        |
| Impairment adjustment                              | 71 198 763         | 86 135 987         |
| Deferred Revenue                                   | (2 315 414)        | -                  |
| Gain on sale of sites                              | -                  | (303 131)          |
| Loss on inventory write down                       | 1 340 976          | -                  |
| Gain on inventory write down reversal              | (12 204)           | (191 322)          |
| Loss/ (profit) on disposal of assets               | 70 847             | 320 010            |
| Bad debts written off                              | 7 213 730          | 6 990 487          |
| Non cash finance cost                              | 321 421            | 723 641            |
| Non cash other revenue ( Lease straightlining)     | 86 262             | 97 409             |
| Effects of prior period errors                     | -                  | 650 719            |
| Other non-cash items                               | (86 788)           | 2 185 916          |
| <b>Change in operating assets and liabilities:</b> |                    |                    |
| Inventories  | 276 263            | (552 291)          |
| Receivables from exchange transactions             | (24 821 803)       | (45 367 362)       |
| Other receivables from Non-exchange transactions   | (49 383 309)       | (43 081 381)       |
| Payables from exchange transactions                | 48 239 316         | (11 876 056)       |
| VAT Payable  | 6 574 748          | 4 386 971          |
| VAT Receivable                                     | (12 440 976)       | 3 930 217          |
| Unspent conditional grants and receipts            | (52 591 828)       | 36 431 874         |
| Consumer deposits                                  | 527                | 40 000             |
| <b>Net cash flows from operations</b>              | <b>243 407 274</b> | <b>229 134 288</b> |

**39. Commitments**

**Authorised Capital commitments**

**Already contracted for but not provided for**

Property, plant and equipment

Authorised capital expenditure

|             |             |
|-------------|-------------|
| 237 833 370 | 237 833 370 |
| 237 833 370 | 237 833 370 |
| 51 844 631  | 51 844 631  |
| 237 833 370 | 237 833 370 |
| 51 844 631  | 51 844 631  |

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|----------|------|
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40.

**Prior year adjustments and reclassifications**

The following prior period errors were identified and the corrections have now been made to amounts previously reported in the annual financial statements of the Municipality.

**Receivables from exchange transactions**

Receivables from exchange transactions were understated by R36 900 263 due to incorrect classification of VAT balances.

**Payables from exchange transactions**

Payables from exchange transactions were understated by R25 858 757 due to the following:

- Employee costs salary accruals understated by R23 577 due to salary accrual relating to admin officer back pay not raised during the 2024 financial year.
- Councilors salary accruals understated by R627 142 due to salary accrual relating to councilors back pay not raised during the 2024 financial year.
- Legal fees amounting to R1 050 000 not accrued for during the 2022/23 financial year.
- Incorrect classification of Deferred Revenue relating to INEP as Unspent conditional grants amounting to R3 089 522.
- Incorrect classification of Output VAT Accrual amounting to R21 068 516 as VAT payable.

**Unspent conditional grants**

Unspent conditional grants were overstated by R3 473 000 due to incorrect classification of deferred revenue relating to INEP as Unspent conditional grants and incorrect treatment of VAT.

**VAT Payable**

VAT Payable was overstated by R28 245 754 due to understatement by R383 478 as a result of incorrect treatment of INEP receipts during the 2023-24 financial year and overstatement by R(28 629 232) as a result of incorrect treatment of VAT on Debt impairment. The error on VAT on debt impairment occurred during the year 2024 (R3 103 127) and R25 526 105 during the periods preceeding 2024 financial year.

VAT payable was also not correctly classified as required by GRAP. VAT was reclassified to payables and receivables accordingly.

**Employee related cost**

Employee related cost was understated by R23 577 due to backpay amounting to R23 577 which was not accounted for in the 2024 financial year.

**Remuneration of councilors**

Remuneration of councilors was understated by R627 142 due to backpay amounting to R627 142 which was not accounted for in the 2024 financial year.

**Provision for impairment adjustments**

Debt impairment was overstated by R3 103 127 due to incorrect VAT treatment.

**Cashflow statement**

The cashflow statement for the 2023/24 financial year was restated for the effects of the errors above.

**1. Other income**

Other income was restated by R1 486 739 due to the movement in deferred revenue of (R2 060 000) and VAT correction amounting to (R383 478) previously accounted for under unspent conditional grants and movement in VAT of R3 930 217 previously accounted for under suppliers.

**Notes to the Financial Statements**

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2025 Restated  
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*Prior year adjustments and reclassifications continued...*

**2. Transfers and subsidies - capital**  
Transfers and subsidies - capital was restated by R2 060 000 due to movement in deferred income amounting to R2 060 000 reclassified to payables.

**3. Payments to suppliers for goods and services**  
Cash paid to suppliers was restated by R6 403 023 due to movement in accruals relating to purchase of PPE amounting to R9 949 762 previously accounted for under payments to suppliers; Correction of VAT relating to Deferred income amounting to R383 478 previously accounted for under transfers and subsidies and VAT movement amounting to (R3 930 217) reclassified to Other income

**4. Purchase of property, plant and equipment**  
Purchase of property plant and equipment was restated by R9 949 762 due to movement in accruals amounting to R9 949 762 previously accounted for under cash paid to suppliers

The impact of the error(s) results in adjustment as follows:  
Statement of financial position

|  | Restated balance       | Reclassification | Correction of prior period error | Previously reported    | (1 694 697 371)        |
|--|------------------------|------------------|----------------------------------|------------------------|------------------------|
| Receivables from exchange transactions | 58 107 123             | 36 900 263       | (1 700 719)                      | 21 206 860             | (1 694 697 371)        |
| Payables from exchange transactions    | (93 163 951)           | (24 158 038)     | (1 700 719)                      | (67 305 194)           | (1 694 697 371)        |
| VAT Payable                            | (0)                    | (15 831 747)     | 28 245 754                       | (12 414 007)           | (1 694 697 371)        |
| Unspent conditional grants             | (65 122 199)           | 3 089 522        | 383 478                          | (68 595 199)           | (1 694 697 371)        |
| Accumulated surplus                    | (1 594 518 344)        | 0                | (26 928 513)                     | (1 567 589 831)        | (1 694 697 371)        |
| <b>Total</b>                           | <b>(1 694 697 371)</b> | <b>0</b>         | <b>(0)</b>                       | <b>(1 694 697 371)</b> | <b>(1 694 697 371)</b> |

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*Prior year adjustments and reclassifications continued...*

### Statement of Financial Performance

|                                     | Restated Amount      | Reclassification n | Correction of prior period error | Previously reported  |
|-------------------------------------|----------------------|--------------------|----------------------------------|----------------------|
| Employee related cost               | (98 075 071)         | -                  | (23 577)                         | (98 051 494)         |
| Remuneration of councillors         | (24 651 912)         | -                  | (627 142)                        | (24 024 770)         |
| Provision for impairment adjustment | (86 135 988)         | -                  | 3 103 127                        | (89 239 115)         |
| Surplus for the year                | (157 353 899)        | -                  | (2 452 409)                      | (154 901 490)        |
| <b>(366 216 869)</b>                | <b>(366 216 869)</b> | <b>-</b>           | <b>-</b>                         | <b>(366 216 869)</b> |

### Statement of Cashflows

|  | Restated balance    | Reclassification n | Correction of prior period error | Previously reported |
|--|---------------------|--------------------|----------------------------------|---------------------|
| Other Income                                 | 12 576 066          | -                  | 1 486 739                        | 11 089 327          |
| Transfers and subsidies - capital            | 65 085 353          | -                  | 2 060 000                        | 63 025 353          |
| Payments to suppliers for goods and services | (110 190 185)       | -                  | 6 403 023                        | (116 593 208)       |
| Purchase of property, plant and equipment    | (34 302 828)        | -                  | (9 949 762)                      | (24 353 066)        |
| <b>(66 831 594)</b>                          | <b>(66 831 594)</b> | <b>-</b>           | <b>-</b>                         | <b>(66 831 594)</b> |

### Disclosures

Related parties  
Related party transactions relating to Councillors remuneration was understated R627 142 due to backpay amounting to R627 142 which was not accounted for in the 2024 financial year.

|                             | Restated balance  | Reclassification n | Correction of prior period error | Previously reported |
|-----------------------------|-------------------|--------------------|----------------------------------|---------------------|
| Remuneration of councillors | 24 651 912        | -                  | 627 142                          | 24 024 770          |
| <b>24 651 912</b>           | <b>24 651 912</b> | <b>-</b>           | <b>627 142</b>                   | <b>24 024 770</b>   |

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### 41. Contingencies

| 2025       | 2024       |  |
|------------|------------|--|
| 72 435     | 72 435     | 1 DAVID MAKGADI - The municipality is sued for an amount of R72 435,17 for vehicle collision.  |
| 812 818    | 812 818    | 2 PETER MAKWELA - The municipality is sued for an amount of R812 818,10 for non-allocation a developed land for business despite been requested to do so.  |
| 405 050    | 405 050    | 3 ZACHARIAS JACOBUS PRINSLOO DU TOIT - the municipality is sued an amount of R405 050,00 for negligence conduct.   |
| 13 300     | 13 230     | 4 MODIBA GOLOLO - The municipality is sued for an amount of R13 229,87 for negligence conduct.   |
| 220 000    | 220 000    | 5 DITSIO HUDSON MOLABA - The municipality is sued for an amount of R220 000,00 for unlawful arrest, assault and detention without a warrant of arrest.   |
| 60 000 000 | 60 000 000 | 6 PHILLIP MADIMETJA - The municipality is sued for an amount of R60 000,00 for loss of income.   |
| 335 000    | 335 000    | 7 MAHLOLO CHARLES RATHANGA - The municipality is sued for an amount R335 000,00 for breach of contract.  |
| 155 000    | -          | 8 Lerato Faith Kekana/Eva Frankie Ledwaba, the applicant instituted a claim against the respondent for damages as a result of her alleged unlawful arrest CV CHABANE & ASSOCIATES (PTY) LTD - The municipality is been sued an amount R2 882 190,28 for services rendered.   |
| 2 882 190  | 2 882 190  | 9 SELLO SILAS SETHOSA - The municipality is sued for an amount of R80 610,52 for vehicle collision.  |
| 80 611     | 80 611     | 10 Mashabane Jacob Ndhlozi - it is alleged that the Municipality has unlawfully and wrongly demolished the plaintiff's building structure and as a result the plaintiff suffered financial loss  |
| 17 500 000 | 17 500 000 | 11 Mokoni Elmon Mabou - suing the Municipality for unlawful arrest and detention   |
| 350 000    | 350 000    | 12 Wantlha Architects lodged a copyright claim against the Municipality Inzalo Enterprise Management (formerly Sebata Municipal Solutions) - Municipality cancelled their contract due to non performance  |
| 4 474 963  | -          | 13 - On the 12/03/2014, The plaintiff issued summons at High Court whereby he alleged that he was unlawfully arrested by the municipal traffic officers and detained in the police cells. And as a result he suffered general and specific damages in the amount of R366 719-40. The municipality instructed an attorney to oppose the matter.   |
| 4 943 578  | 4 943 578  | 14 Koith Property Consultants (Pty) Ltd // LNM - The Municipality received a request for settlement from Koith Property Consultants wherein Koith alleges that the Municipality appointed Koith as a service provider for the revaluation of properties for purposes of the completion of the Municipal Valuation roll of the Municipality and as a result owes Koith a balance of R 2,221,200,00 for the work done  |
| 357 510    | 357 510    | 15 Choshi Abel Mathobela// Lepelle Nkumpi Local Municipality - We received instruction to defend an action brought against the municipality wherein the plaintiff alleges that his motor vehicle was damaged as a result of hitting a pothole on the road belonging to the Dux Auto Electrical services/LNM - The Plaintiff issued summons against the Municipality for services rendered which the Municipality did not pay on the Municipality's plant vehicles. |
| 723 200    | 723 200    | 16 Virginia Mapurtsa/ LNM - Damages suffered by the Claimant following dismissal from the Municipality   |
| 1 414 914  | 1 414 914  | 19   |

**Lepelle-Nkumpi Municipality**  
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|----|---|--------------------|
| 20 | Lehaga Ezekiel Mphahlele - Damages suffered as result of loss salary  | 2 763 165          |
| 21 | Thapelo Lethamaga Mphahlele - Physiological damages suffered as a result of witnessing drowning.  | 4 000 000          |
| 22 | MAKETU FREDIE RAMAPHAKELA/LNM - Damages suffered by the plaintiff due to negligence in providing a wrong application form for Pension Fund contributions. | 10 000 000         |
| 23 | PHATUDI-MPHAHLELE / LEPELLE NKUMPI MUNICIPALITY & TC  | 140 700            |
| 24 | LNM/ M.A. Monyepao - Application for interdict  | 2 200 000          |
|    |   | <b>105 626 726</b> |
|    |   | <b>96 974 094</b>  |

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims.

There is no reimbursement from any third parties for potential obligations of the municipality.

**Notes to the Financial Statements**

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**42. Risk Management**

**Liquidity risk**

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

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

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

|                          | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
| <b>At 30 June 2025</b>   |                  |                       |                       |              |
| Trade and other payables | 148 397 513      | -                     | -                     | -            |
| <b>At 30 June 2024</b>   |                  |                       |                       |              |
| Trade and other payables | 82 869 840       | -                     | -                     | -            |

**Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

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*Risk Management continued...*

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

| Financial instrument                   | 2025        | 2024        |
|--|-------------|-------------|
| Receivables from exchange transactions | 12 640 812  | 21 206 860  |
| VAT Input Accrual                      | 14 503 317  | 7 363 750   |
| Cash and cash equivalent               | 828 719 428 | 741 833 178 |

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 5 & 4 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

For financial assets which are past due and impaired refer to note 5 & 4. None of the financial assets terms have been renegotiated. None of the financial assets were used as security or collateral

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed above.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed above.

**Interest rate risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

**Foreign exchange risk**

The municipality does not engage in foreign currency transactions.

**Price risk**

The municipality is not exposed to price risk.

The municipality does not hedge foreign exchange fluctuations.

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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### 43. Financial Instruments disclosure

#### Categories of financial instruments

| Financial Assets                       | Classification                          | 2025               | 2024               |
|--|---|--------------------|--------------------|
| Investments                            |   |                    |                    |
| Short term deposits                    |   | 101 314 544        | 95 596 012         |
| FNB Money market account               | Financial instruments at amortised cost | 719 334 510        | 633 240 851        |
| <b>Consumer Debtors</b>                |   |                    |                    |
| Receivables from exchange transactions | Financial instruments at amortised cost | 12 640 812         | 21 206 860         |
| Other Receivables                      |   | 14 503 317         | 7 363 750          |
| VAT Input Accrual                      |   |                    |                    |
| <b>Bank Balances and Cash</b>          |   |                    |                    |
| FNB Paymaster account                  | Financial instruments at amortised cost | 3 821 263          | 11 130 723         |
| FNB revenue account                    | Financial instruments at amortised cost | 3 575 108          | 1 564 305          |
| FNB salaries account                   | Financial instruments at amortised cost | 673 002            | 300 286            |
| Cash Floats and Advances               | Financial instruments at amortised cost | 1 000              | 1 000              |
| <b>Summary of Financial Assets</b>     |   | <b>855 863 557</b> | <b>770 403 787</b> |
| <b>Financial Liability</b>             |   |                    |                    |
| Trade Payables                         |   |                    |                    |
| Payables from exchange transactions    | Financial instruments at amortised cost | 148 397 513        | 82 869 840         |
| Consumer deposits                      |   | 2 175 088          | 2 174 561          |
| <b>Summary of Financial Liability</b>  |   | <b>150 572 601</b> | <b>85 044 402</b>  |

### 44. Events after the reporting date

The municipality have not identified any material non-adjusting events after the reporting date relating to the financial period ended 30 June 2025.

**Notes to the Financial Statements**

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**45. Going concern**

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

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R1 810 907 260 and that the municipality's total assets exceed its liabilities by R1 810 907 260.

The Council is not aware of any new material changes that may adversely impact the Municipality. The Council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Municipality.

**46. Fruitless and wasteful expenditure**

Opening balance as previously reported 9 124 829

9 124 829

Restated opening balance 9 181 517

9 181 517

Add: Fruitless and wasteful Expenditure - current year 11 624

11 624

Less: Amount recovered - current (56 688)

(56 688)

Closing balance 9 124 829

9 136 453

9 124 829

Expenditure identified in the current year include those listed below:

Incident

Disciplinary steps taken/criminal proceedings

Interest on Telkom account

1 415

Under investigation

10 209

Interest and penalties on SARS account

11 624

-

**47. Unauthorised expenditure**

Opening balance as previously reported 294 269 974

294 269 974

Add: Unauthorised expenditure identified in the prior year 322 542

322 542

Add: Unauthorised expenditure for the year -

-

Less: Amounts Authorised (294 269 974)

(294 269 974)

322 542

-

**Notes to the Financial Statements**

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**48. Irregular expenditure**

Opening balance as previously reported  
 Prior period error. Refer to Note 40  
 Opening balance as restated

Add: Irregular Expenditure - current  
 Add: Irregular Expenditure relating to expenditure identified in prior year  
 Less: Irregular expenditure written off  
 Irregular expenditure

|               |                   |
|---------------|-------------------|
| 79 862 340    | 77 529            |
| -             | -                 |
| 79 862 340    | 77 529            |
| 4 245 108     | 43 487 808        |
| 51 955 418    | -                 |
| (135 985 337) | (17 000 037)      |
| <b>77 529</b> | <b>26 565 300</b> |

| Incidents   | Disciplinary steps taken/criminal proceedings | Amount            |
|---|---|-------------------|
| Award was made to a service provider who is non-tax compliant   | Under investigation                           | 10 648 461        |
| Bidders were awarded bids after the validity period has lapsed  | Under investigation                           | 329 648           |
| No deviation approval since the expiry of the 2019 extension  | Under investigation                           | 481 097           |
| Senior SCM practitioner was not part of the bid adjudication committee during the bid adjudication and award of the bid | Under investigation                           | 4 199 857         |
| Winning bidder did not attach municipal rates for director.   | Under investigation                           | 1 763 554         |
| Payments made after contract expiry date  | Under investigation                           | 3 840 000         |
| Non-disclosure on MBD4  | Under investigation                           | 15 507 905        |
| Incomplete information or unsigned documentation  | Under investigation                           | 3 965 665         |
| Copyright infringement  | Under investigation                           | 2 382 832         |
| Non-compliance with SCM prescripts  | Under investigation                           | 368 789           |
|   |   | <b>43 487 808</b> |

**Notes to the Financial Statements**

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**49. Additional disclosure in terms of Section 125 Municipal Finance Management Act Section 2003**

**Contribution to SALGA**

Current year subscription / fee  
 Amount paid - current year

|             |             |
|-------------|-------------|
| 1 757 480   | 1 679 489   |
| (1 757 480) | (1 679 489) |
| -           | -           |

**Audit fees**

Opening balance

Current year fee

Amount paid - current year

Closing balance

|             |             |
|-------------|-------------|
| 105 683     | 9 436       |
| 5 302 131   | 6 178 780   |
| (5 302 131) | (6 082 533) |
| 105 683     | 105 683     |

The outstanding audit fees is part of the creditors accruals for the year.

**PAYE and UIF**

Current year subscription / fee

Amount paid - current year

Closing balance

|              |              |
|--------------|--------------|
| 20 424 836   | 17 934 086   |
| (20 424 836) | (17 934 086) |
| -            | -            |

**Pension and medical aid deductions**

Current year subscription / fee

Amount paid - current year

Closing balance

|              |              |
|--------------|--------------|
| 16 421 687   | 15 952 852   |
| (16 421 687) | (15 952 852) |
| -            | -            |

**VAT**

VAT receivable/(payable)

VAT is payable on the cash basis.

|           |         |
|-----------|---------|
| 6 208 691 | 907 281 |
| 6 208 691 | 907 281 |

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

# Lepelle-Nkumpi Municipality

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### 50. Related parties

| Key management information |                             | Class  | Name  | Number    |
|----------------------------|-----------------------------|--|---|-----------|
| Remuneration of management | Executive management        | Acting Municipal Managers                      | Mananga A ( 01 June 2025 to 30 June 2025)             | 1         |
|                            |                             | Acting Municipal Managers                      | Maphoru LD ( October 2024 to June 2025)               | 1         |
|                            |                             | Acting Municipal Managers                      | Diale DS (Up to August 2024)                          | 1         |
|                            |                             | Municipal Managers                             | Monyepao MA (up to December 2024)                     | 1         |
|                            |                             | Chief Financial Officer                        | Diale DS  | 1         |
|                            |                             | Delegated Chief Financial Officer              | Masemola M.N (01 July 2024 to May 2025)               | 1         |
|                            |                             | Acting Director: Community Services            | Mameña MZ (July 2023 to June 2025)                    | 1         |
|                            |                             | Director: Corporate Services                   | Nxumalo SA ( February 2025 to June 2025)              | 1         |
|                            |                             | Acting Director: Corporate Services            | Ramphert MA ( October 2024 to January 2025)           | 1         |
|                            |                             | Acting Director: Corporate Services            | Maphoru L.D (April 2024 to September 2024)            | 1         |
|                            |                             | Acting Director: Planning & LED                | Setisba PP (November 2024 to June 2025)               | 1         |
|                            |                             | Acting Director: Planning & LED                | Mphahlele T (April 2024 to October 2024)              | 1         |
|                            |                             | Director: Technical Services                   | Mananga A ( February 2025 to June 2025)               | 1         |
|                            |                             | Delegated Director: Technical Services         | Jiyane SD ( July 2024 to January 2025 and June 2025)) | 1         |
|                            |                             | Acting Director: Technical Services            | Jiyane SD ( October 2024 to January 2025)             | 1         |
|                            |                             | Council  | Mayor   | Molala MM |
|                            | Executive Committee members | Refer under General information                |   | 11        |
|                            | Councillors                 | Refer to General Information under Councillors |   | 48        |

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*Related parties continued...*

| 2025                        | Basic salary        | Other short term employee benefits        | Post employment benefits        | Other long term benefits        | Other benefits received        | Total            |
|-----------------------------|---------------------|---|---------------------------------|---------------------------------|--------------------------------|------------------|
| Municipal Manager           | 428 216             | 323 008                                   | -                               | -                               | 15 522                         | 766 745          |
| Chief Financial Officer     | 1 017 141           | 100 000                                   | -                               | -                               | 49 185                         | 1 166 327        |
| <b>2024</b>                 | <b>Basic salary</b> | <b>Other short term employee benefits</b> | <b>Post employment benefits</b> | <b>Other long term benefits</b> | <b>Other benefits received</b> | <b>Total</b>     |
| Municipal Manager           | 982 646             | 767 801                                   | -                               | -                               | 36 000                         | 1 786 448        |
| Chief Financial Officer     | 629 986             | 162 834                                   | -                               | -                               | 24 000                         | 816 820          |
| <b>Executive management</b> | <b>1 612 632</b>    | <b>930 635</b>                            | <b>-</b>                        | <b>-</b>                        | <b>60 000</b>                  | <b>2 603 268</b> |

| 2025  | Technical Services | Community Services | Corporate Services | Strategic Planning (LED) | Total   |
|---|--------------------|--------------------|--------------------|--------------------------|---------|
| Annual remuneration                                   | 304 983            | -                  | 304 983            | -                        | 609 965 |
| Acting allowances                                     | 2 832              | 15 566             | 2 820              | 4 648                    | 25 868  |
| Travel, Motor Car, Accommodation and other allowances | 97 500             | -                  | 97 500             | -                        | 195 000 |
| Contribution to UIF, Medical Aid and Pension Funds    | -                  | -                  | -                  | -                        | -       |
| Other allowances                                      | 29 058             | -                  | 22 741             | -                        | 51 799  |
| <b>434 373</b>  | <b>15 566</b>      | <b>429 905</b>     | <b>4 648</b>       | <b>884 493</b>           |         |

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Related parties continued...

| 2024  | Technical Services | Community Services | Corporate Services | Strategic Planning (LED) | Total         |
|---|--------------------|--------------------|--------------------|--------------------------|---------------|
| Categories  |                    |                    |                    |                          |               |
| Annual remuneration                                   | -                  | -                  | -                  | -                        | -             |
| Acting allowances                                     | 8 386              | 39 724             | 2 929              | 2 929                    | 53 968        |
| Travel, Motor Car, Accommodation and other allowances | -                  | -                  | -                  | -                        | -             |
| Contribution to UIF, Medical Aid and Pension Funds    | -                  | -                  | -                  | -                        | -             |
| Leave payout  | -                  | -                  | -                  | -                        | -             |
| Bonus   | -                  | -                  | -                  | -                        | -             |
| Other allowances                                      | -                  | -                  | -                  | -                        | -             |
| <b>8 386</b>  | <b>39 724</b>      | <b>2 929</b>       | <b>2 929</b>       | <b>2 929</b>             | <b>53 968</b> |

For more details on remuneration of executive management, please refer to note 28.

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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### Councillors 2025 Related parties continued...

#### Surname and Initials

|                 |         |         |           |
|-----------------|---------|---------|-----------|
| Ledwaba PE      | 551 327 | 224 447 | 775 774   |
| Makgahlele MB   | 551 327 | 224 447 | 775 774   |
| Ramoshaba RS    | 298 544 | 143 090 | 441 634   |
| Matsimela MD    | 551 327 | 224 447 | 775 774   |
| Marema TG       | 275 463 | 79 035  | 354 498   |
| Tlajane JB      | 264 654 | 89 844  | 354 498   |
| Mollo MI        | 540 250 | 220 882 | 761 132   |
| Makgati MA      | 307 494 | 47 004  | 354 498   |
| Mphofela SM     | 307 494 | 47 004  | 354 498   |
| Takalo ME       | 232 623 | 121 874 | 354 498   |
| Phele RS        | 232 623 | 121 874 | 354 498   |
| Mphahlele TJ    | 245 436 | 109 062 | 354 498   |
| Molala MM       | 875 817 | 142 877 | 1 018 694 |
| Mphogo RJ       | 232 623 | 121 874 | 354 498   |
| Hiongoane HM    | 232 623 | 121 874 | 354 498   |
| Mahlobogoane MD | 264 654 | 89 844  | 354 498   |
| Makhafola SJ    | 232 623 | 121 874 | 354 498   |
| Ramothole TR    | 232 623 | 121 874 | 354 498   |
| Kekane MA       | 232 623 | 121 874 | 354 498   |
| Ntsoane NP      | 232 623 | 121 874 | 354 498   |
| Mphahlele MJ    | 307 574 | 145 996 | 453 569   |
| Mathabatha RE   | 232 623 | 121 874 | 354 498   |
| Mogodi MM       | 232 623 | 121 874 | 354 498   |
| Sello SG        | 728 770 | 47 004  | 775 774   |
| Molomo RO       | 307 574 | 145 996 | 453 569   |
| Matibidi MI     | 232 623 | 121 874 | 354 498   |
| Mokone SM       | 232 623 | 121 874 | 354 498   |
| Lekgoathi FP    | 232 623 | 121 874 | 354 498   |
| Kekana MS       | 232 623 | 121 874 | 354 498   |
| Mapoto ME       | 307 494 | 47 004  | 354 498   |
| Makhafola TH    | 232 623 | 121 874 | 354 498   |
| Mimako NS       | 232 623 | 121 874 | 354 498   |
| Maleka PI       | 232 623 | 121 874 | 354 498   |
| Moeti TL        | 277 154 | 77 344  | 354 498   |
| Mazwi DP        | 307 574 | 145 996 | 453 569   |
| Phogole ML      | 232 623 | 121 874 | 354 498   |
| Mahlatji MA     | 232 623 | 121 874 | 354 498   |
| Mphahlele KP    | 277 154 | 77 344  | 354 498   |
| Ntshane LJ      | 232 623 | 121 874 | 354 498   |
| Maposho MW      | 277 154 | 77 344  | 354 498   |
| Ledwaba MW      | 232 623 | 121 874 | 354 498   |
| Muthwa LS       | 232 623 | 121 874 | 354 498   |
| Kekana MP       | 232 623 | 121 874 | 354 498   |
| Nkoabela NJ     | 745 753 | 78 604  | 824 357   |
| Mgomezulu LJ    | 232 623 | 121 874 | 354 498   |
| Nkoana RTF      | 307 574 | 145 996 | 453 569   |
| Ramaremo MB     | 232 623 | 121 874 | 354 498   |



# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

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*Related parties continued...*

2024

Surname and Initials

| 2024            | 2025    | 2024    | 2025    |
|-----------------|---------|---------|---------|
| Ledwaba PE      | 540 003 | 217 996 | 757 999 |
| Makgahlele MB   | 477 210 | 177 067 | 654 277 |
| Ramoshaba RS    | 292 413 | 139 596 | 432 009 |
| Matsimela MD    | 540 003 | 217 996 | 757 999 |
| Marema TG       | 299 994 | 47 004  | 346 998 |
| Tabjane JB      | 227 844 | 119 154 | 346 998 |
| Mollo MI        | 494 372 | 187 408 | 681 781 |
| Makgati MA      | 299 994 | 47 004  | 346 998 |
| Mphofela SM     | 571 739 | 47 004  | 618 743 |
| Takalo ME       | 227 844 | 119 154 | 346 998 |
| Phele RS        | 227 844 | 119 154 | 346 998 |
| Mphahlele TJ    | 227 844 | 119 154 | 346 998 |
| Masebe BN       | 126 391 | 47 108  | 173 499 |
| Molala MM       | 775 419 | 219 575 | 994 994 |
| Mphogo RJ       | 227 844 | 119 154 | 346 998 |
| Hlongwane HM    | 227 844 | 119 154 | 346 998 |
| Mahlobogoane MD | 258 184 | 88 814  | 346 998 |
| Makhafola SJ    | 227 844 | 119 154 | 346 998 |
| Kgaphola LK     | 159 053 | 83 018  | 242 071 |
| Ramothole TR    | 227 844 | 119 154 | 346 998 |
| Thobejane CM    | 185 082 | 100 486 | 285 569 |
| Kekane MA       | 227 844 | 119 154 | 346 998 |
| Ntsoane NP      | 227 844 | 119 154 | 346 998 |
| Mphahlele MJ    | 297 203 | 138 631 | 435 834 |
| Mathabatha RE   | 227 844 | 119 154 | 346 998 |
| Mogodi MM       | 239 980 | 107 018 | 346 998 |
| Sello SG        | 669 432 | 88 567  | 757 999 |
| Molomo RO       | 301 256 | 142 397 | 443 653 |
| Matibidi MI     | 227 844 | 119 154 | 346 998 |
| Mokone SM       | 227 844 | 119 154 | 346 998 |
| Lekgoathi FP    | 227 844 | 119 154 | 346 998 |
| Kekana MS       | 227 844 | 119 154 | 346 998 |
| Maphoto ME      | 299 994 | 47 004  | 346 998 |
| Makhafola TH    | 227 844 | 119 154 | 346 998 |
| Mimako NS       | 227 844 | 119 154 | 346 998 |
| Maleka PI       | 227 844 | 119 154 | 346 998 |
| Moeti TL        | 227 844 | 119 154 | 346 998 |
| Mazwi DP        | 301 256 | 142 397 | 443 653 |
| Phogole ML      | 227 844 | 119 145 | 346 989 |
| Mahatyi MA      | 227 844 | 119 154 | 346 998 |
| Mphahlele KP    | 245 382 | 101 616 | 346 998 |
| Nthlane LJ      | 227 844 | 119 154 | 346 998 |
| Maphoso MW      | 245 382 | 101 616 | 346 998 |
| Ledwaba MW      | 227 844 | 119 154 | 346 998 |
| Muthwa LS       | 227 844 | 119 154 | 346 998 |
| Kekana MP       | 252 116 | 94 882  | 346 998 |
| Nkocabela NJ    | 758 393 | 47 004  | 805 397 |
| Mgomezulu LJ    | 227 844 | 119 154 | 346 998 |

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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*Related parties continued...*

|                   |                  |                   |         |
|-------------------|------------------|-------------------|---------|
| Tsela FD          | 73 483           | 39 274            | 112 757 |
| Nkoana RTF        | 301 256          | 142 397           | 443 653 |
| Ramaremo MB       | 227 844          | 119 154           | 346 998 |
| Phaahla SS        | 227 844          | 119 154           | 346 998 |
| Mathabatha MD     | 227 844          | 119 154           | 346 998 |
| Lebese JM         | 245 382          | 101 616           | 346 998 |
| Mphahlele MTR     | 126 037          | 58 818            | 184 855 |
| Modula MA         | 282 456          | 64 542            | 346 998 |
| Shogole MW        | 227 844          | 119 154           | 346 998 |
| Maja AD           | 227 844          | 119 154           | 346 998 |
| Kekana L          | 306 540          | 129 293           | 435 834 |
| Motau ME          | 243 027          | 103 971           | 346 998 |
| Molaba FR         | 196 040          | 86 784            | 282 824 |
| Kobo MA           | 85 634           | 13 353            | 98 987  |
| Maluleka TL       | 164 594          | 25 740            | 190 334 |
| Mokalapa MS       | 99 998           | 15 668            | 115 666 |
| Maeneña T         | 46 833           | 7 323             | 54 156  |
| Nkuna W           | 17 718           | 2 742             | 20 460  |
| <b>17 654 569</b> | <b>6 997 343</b> | <b>24 651 912</b> |         |

## Councillors' arrear consumer accounts owing

For more information on councillors's arrear consumer accounts, please refer to note 29.

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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### 51. Deviation from supply chain management regulations

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

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

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned

| Supplier Name   | Services provided  | Reason for deviation  | 2025 Amount |
|---|--|---|-------------|
| Institute of Traffic, Licensing and Metro Police Officers of South Africa | Registration fee for 01 official attending ITLMPOSA 2024 annual Conference in Cape Town                            | Institute of Traffic, Licensing and Metro Police Officers of South Africa is a sole provider, therefore it is impractical to obtain at least three quotations | 5 100       |
| The Institute of Government Finance and Risk Officers                     | Registration fee for Chief Whip to attend annual CIGFARO Conference  | The Institute of Government Finance and Risk Officers is a sole provider, therefore it is impractical to obtain at least three quotations                     | 8 449       |
| Government Printing   | Publishing of a public notice regarding property rates tariff structure 2024-25 on government Gazette              | Government Printing is a sole provider, therefore it is impractical to obtain at least three quotations   | 1 009       |
| Government Printing   | Publishing of a public notice regarding second supplementary valuation roll on government Gazette                  | Government Printing is a sole provider, therefore it is impractical to obtain at least three quotations   | 1 009       |
| The Institute of Government Finance                                       | Registration fee for 03 revenue officials attending Limpopo revenue management symposium from 11 -13 December 2024 | The Institute of Government Finance Audit and Risk Officers is a sole provider, therefore it is impractical to obtain at least three quotations               | 12 900      |
| Leadership Academy for Guardians of Governance                            | Registration fee for two officials attending online and physical training for IASA from 12 - 14 March 2025         | Leadership Academy for Guardians of Governance is a sole provider, therefore it is impractical to obtain at least three quotations                            | 29 265      |
| Truvelo AFRICA Electronics Division                                       | Calibration of three speed measuring machines  | Truvelo AFRICA Electronics Division is a sole provider, therefore it is impractical to obtain at least three quotations                                       | 21 880      |

**Notes to the Financial Statements**

Figures in R

|  | 2025   | 2024           |
|--|--------|----------------|
| <i>Deviation from supply chain management regulations continued...</i>   |        |                |
| The Institute of Government Finance<br>Delegates attending CIGFARO<br>Audit and Risk Indaba on 08-10 April 2025        | 23 700 | 23 700         |
| The Institute of Government Finance<br>Audit and Risk Officers   |        |                |
| MPHAHLELE FM   | 7 000  | 7 000          |
| Mayor live broadcasting at Imbizo's  |        |                |
| THE INSTITUTE OF INTERNAL AUDITORS-SOUTH AFRICA  | 11 083 | 11 083         |
| Renewal of membership fees for three (03) internal audit officials   |        |                |
| All Power and Lawn Equipments T/A LTT  | 32 581 | 32 581         |
| Repairs of brush cutter machines   |        |                |
| All Power and Lawn Equipments T/A LTT is a sole provider, therefore it is impractical to get at least three quotations |        |                |
| SALGA  | 25 000 | 25 000         |
| Registration fee for conference  |        |                |
| SALGA is a sole provider, therefore it is impractical to obtain at least three quotations                              |        |                |
|  |        | <b>178 976</b> |

**Notes to the Financial Statements**

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**52. Budget information and explanation of differences**

**Presentation of budget information**

The budget is approved on an accrual basis by functional classification.

The approved budget covers the period from 1 July 2023 to 30 June 2026.

The Statement of Comparison of Budget and Actual Amounts has been included in the annual financial statements as a separate additional financial statement.

**Notes to the Financial Statements**

Figures in R  
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*Budget information and explanation of differences continued...*

**Material changes from the approved budget to the final budget**

**Statement of financial performance**

Service charges - Waste  
Management

Sale of Goods and  
Rendering of Services

Agency services

Rental from Fixed Assets

Licence and permits

Operational Revenue

Fines, penalties and  
forfeits

Transfer and subsidies -

Operational

Employee related cost

Remuneration of  
councillors

Contracted services

Operational costs

Transfers and subsidies -

capital

**Explanation of variances between budget and actual figures.**

**Statement of financial performance**

Sale of Goods and  
Rendering of Services

Agency services

Interest earned from

Receivables

Interest earned from

Current and Non Current

Assets

Rental from Fixed Assets

Licence and permits

Operational Revenue

Property rates

Fines, penalties and  
forfeits

Licences or permits

Employee related cost

Depreciation,  
amortisation and  
impairment

Irrecoverable debt w/o

Inventory consumed

Contracted services

Departmental requisitions not timely submitted.  
The variance is due to specifications not provided timeously.

Consumers took advantage of the incentives offered for settlement of  
debts

Projects not completed as anticipated

The variance is due to vacant positions not filled.

longer in demand.

The budget is for Roads & Transport: Instructor Certificate which is no

An increase in traffic fines revenue collection

Result from the implementation of the Supplementary valuation roll

unclaimed retention that was not anticipated.

The demand for stands was more than anticipated and recognition of

baseline for collection

Since the service was new to the municipality, there was no proper

Low collection was due to non-renewal of contracts

completed at the end of the financial

interest on investment of uncommitted funds for projects which were not

potential for collection

Non levy of interest on unregistered Public works properties with no

installation of prepaid meters.

The variance is due to commission from CDM which reduced as a result of

No receipts during the course of the financial year

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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*Budget information and explanation of differences continued...*

The variance is due to high vacancy rate.

The variance is due to incomplete projects.

The variance was as a result of a loss on disposal in the current year due to assets write offs, the gain on disposal was budgeted in anticipation of disposal of assets through auction.

The variance is a result of gains on fair value not budgeted for in the current year.

### Statement of financial position

Trade and other receivables from exchange transactions

Receivables from non-exchange transactions

Other current assets

VAT

Property, plant and equipment

Investment property

Trade and other payables from exchange transactions

Provisions

Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions

Provisions

Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions

An increase in impairment as a result of non payment of municipal services

Incorrect budgeting

Incorrect budgeting

Incorrect budgeting

The variance is due to specifications not provided timeously.

The variance was due to over budgeting

The variance is due to over budgeting of payables as a result of over anticipation of project performance.

The variance is due to over budgeting

The variance was due to unanticipated project performance

**Notes to the Financial Statements**

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Restated

53. Reconciliation of actual amounts on a comparable basis

| Statement of financial performance                  |             | Actual      | Actual on comparable basis |
|---|-------------|-------------|----------------------------|
| Finance Income- Exchange                            | 57 433 809  | 57 433 809  | 57 433 809                 |
| Finance income - Exchange                           | -           | -           | 5 328 970                  |
| Interest earned from Receivables                    | -           | -           | 52 104 838                 |
| Interest earned from Current and Non Current Assets | -           | -           | -                          |
| Agency services                                     | 24 460 363  | 24 460 363  | -                          |
| Water and sanitation : Commission Earned            | -           | -           | -                          |
| Agency fees : Licences and permits                  | 4 524 453   | 4 524 453   | 201 228                    |
| Licence and permits                                 | -           | -           | 28 783 588                 |
| Agency services                                     | -           | -           | 28 984 816                 |
| Government grants and subsidies                     | 411 970 828 | 411 970 828 | -                          |
| Government grants and subsidies                     | -           | -           | 340 650 595                |
| Transfers and subsidies                             | -           | -           | 72 942 647                 |
| Transfers and subsidies - Capital                   | -           | -           | -                          |
| Statement of financial position                     | 1 118 753   | 1 118 753   | 1 118 753                  |
| Current liabilities                                 | 1 118 753   | 1 118 753   | 1 118 753                  |
| Employee Benefits Obligation                        | -           | -           | -                          |
| Provisions  | -           | -           | -                          |
| Non current liabilities                             | 1 393 452   | 1 393 452   | -                          |
| Provisions  | 5 199 589   | 5 199 589   | -                          |
| Employee Benefits Obligation                        | -           | -           | 6 593 042                  |
| Provisions  | -           | -           | -                          |
| 6 593 042   | 6 593 042   | 6 593 042   | 6 593 042                  |

**Notes to the Financial Statements**

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**54. Approach used to determine doubtful debts**

1. Ageing of each debtor

Tenant/owner account

Debtor category: residential, business, indigent, government etc

Handover Accounts: if account was handed over for collection

Cut off: Number of times debtor was cut off

A scoring system consisting of the following fields was used and the basis of scoring

**1. Ageing of debtor**

| Score | Cumulative score |
|-------|------------------|
| 1     | 1                |
| 2     | 3                |
| 3     | 6                |
| 4     | 10               |
| 5     | 15               |
| 121 + | 15               |

**2. Type of ownership**

Owner

Tenant

|    |   |
|----|---|
| 1  | 1 |
| 2  | 3 |
| 3  | 4 |
| 15 | 3 |

**Basis for Impairment: Score out of max 17**

| Score          | Residential %    | Business and Church % | Government %     | Agriculture %    |
|----------------|------------------|-----------------------|------------------|------------------|
| 1 - 3 points   | Not impaired     | Not impaired          | Not impaired     | Not impaired     |
| 4 - 5 points   | impaired at 20%  | impaired at 20%       | impaired at 20%  | impaired at 20%  |
| 6 - 9 points   | impaired at 40%  | impaired at 40%       | impaired at 40%  | impaired at 40%  |
| 10 - 12 points | impaired at 60%  | impaired at 60%       | impaired at 60%  | impaired at 60%  |
| 13 - 16 points | impaired at 96%  | impaired at 96%       | impaired at 96%  | impaired at 96%  |
| 17 points      | impaired at 100% | impaired at 100%      | impaired at 100% | impaired at 100% |

**Assumptions**

1. Impairment is based on cumulative points per scoring table above

2. Government-disputed debts are impaired at 100%.

3. The expected future cash flows are determined as the difference between the carrying value and the expected percentage impairment per table above.

4. The future cash flows will be discounted at the prime interest rate at the end of the financial year over the expected payment term.

5. Payment term shall be assessed per group using the total debt for the group divided by the expected collection for the group.

6. Impairment is calculated as the difference between the carrying amounts of the debtor and the present value of the expected future cash flows.

7. Municipal employees and councillors are not impaired.

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

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|------|----------|
|      | Restated |

55. Awards to Close family members in the service of state.  
There were no awards to close family members in the service of state.

56. Change in Accounting Estimate

### Change in Useful Lives of Property, Plant, and Equipment

During the year ended June 30, 2025, the management of Lepelle-Nkumpi conducted a comprehensive review of the useful lives of its property, plant, and equipment. Based on this review, it was determined that certain assets, particularly roads infrastructure, community assets and movable assets, have longer useful lives than previously estimated.

As a result, the estimated useful lives of these assets have been extended as follows:

Community assets : by two years  
Electricity : by four years  
Buildings : by two years

This change in accounting estimate has been applied prospectively from July 1, 2024. The effect of this change on the financial statements for the year ended 30 June, 2025, is as follows:

Depreciation expense for the year ended 30 June 2025, decreased by R79 033,32  
Net income for the year ended 30 June 2025, increased by R79 033,32

Management believes that the revised useful lives more accurately reflect the period during which these assets will contribute to the company's operations.

The impact on future periods will be a reduction in annual depreciation expense, leading to higher net income assuming all other factors remain constant.

**Notes to the Financial Statements**

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**57. Segment Information**

**General Information**

**Identification of segments**  
 The municipality is organised and reports to management on the basis of six major functional segments. The segments are organised around the functions and these are Executive and Council, Planning and Development, Corporate Services, Budget and Treasury.  
 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  
 The municipality considered the relevance of geographical location as a basis for segment reporting. After assessment, it was determined that geographical location is not the primary basis for identifying reportable segments. Instead, the municipality reports segments based on the nature of services delivered, which provides more meaningful information for decision-making and accountability.

**Description of Segments and Principal activities**

**Executive and Council**  
 This segment is responsible for all aspects of governance of municipality.  
 This segment consists of various departments with aligned objectives. It is responsible for urban planning and development.  
 This segment deals with administration and human resources.  
**Corporate Services**  
 This segment is responsible for all aspects of financial management of the municipality. Various transactions are managed and administered centrally.  
**Budget and Treasury**  
 This segment consists of various departments with aligned objectives. It is responsible for community and social service, sports and recreation facilities, crime prevention and traffic enforcement.  
**Community Services**  
 This segment consists of various departments with aligned objectives. It is responsible for development and maintenance of infrastructure.  
**Technical Services**

# Lepelle-Nkumpi Municipality

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## Notes to the Financial Statements

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Segment Information continued...

2 025

| Statement of Financial performance       | Executive and Council | Planning and Development | Corporate Services | Finance     | Community Services | Technical Services | Total       |
|--|-----------------------|--------------------------|--------------------|-------------|--------------------|--------------------|-------------|
| Revenue from exchange transactions       | -                     | -                        | -                  | -           | 7 772 340          | -                  | 7 772 340   |
| Services charges                         | -                     | -                        | 254 932            | -           | 104 000            | -                  | 358 932     |
| Rental of facilities and equipment       | -                     | -                        | -                  | -           | -                  | -                  | -           |
| Water and sanitation - commission earned | -                     | -                        | -                  | 24 460 362  | -                  | -                  | 24 460 362  |
| Agency fees - Licences and permits       | -                     | -                        | -                  | -           | 4 524 453          | -                  | 4 524 453   |
| Other revenue                            | -                     | 1 759 190                | 182 886            | 28 323 536  | 89 376             | -                  | 30 354 987  |
| Finance Income - exchange                | -                     | -                        | -                  | 57 433 809  | -                  | -                  | 57 433 809  |
| Construction contract Income             | -                     | -                        | -                  | -           | -                  | 1 622 414          | 1 622 414   |
| Gain on disposal of assets               | -                     | -                        | -                  | -           | -                  | -                  | -           |
| Total revenue from exchanges             | -                     | 1 759 190                | 437 817            | 110 217 707 | 12 490 169         | 1 622 414          | 126 527 297 |

# Lepelle-Nkumpi Municipality

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## Notes to the Financial Statements

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*Segment information continued...*

|  |   |                   |                |                    |                   |                   |                    |
|--|---|-------------------|----------------|--------------------|-------------------|-------------------|--------------------|
| Revenue from non-exchange transactions     | - | 46 778 259        | -              | -                  | -                 | -                 | 46 778 259         |
| Property rates                             | - | -                 | -              | 19 240 084         | -                 | -                 | 19 240 084         |
| Finance income- non exchange               | - | -                 | -              | 338 894 595        | 1 756 000         | -                 | 340 650 595        |
| Government grants and subsidies -Operating | - | -                 | -              | -                  | 12 000 000        | 59 320 233        | 71 320 233         |
| Government grants and subsidies - Capital  | - | -                 | -              | -                  | 947 500           | -                 | 947 500            |
| Fines                                      | - | -                 | -              | -                  | -                 | -                 | -                  |
| <b>Total Revenue from non-exchanges</b>    | - | <b>46 778 259</b> | -              | <b>358 134 679</b> | <b>14 703 500</b> | <b>59 320 233</b> | <b>478 936 671</b> |
| <b>Total Segment Revenue</b>               | - | <b>48 537 449</b> | <b>437 817</b> | <b>468 352 386</b> | <b>27 193 670</b> | <b>60 942 647</b> | <b>605 463 968</b> |

# Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2025

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Segment information continued...

|   |                     |                   |                     |                    |                     |                   |                    |  |  |
|---|---------------------|-------------------|---------------------|--------------------|---------------------|-------------------|--------------------|--|--|
| <b>Expenditure</b>                                    |                     |                   |                     |                    |                     |                   |                    |  |  |
| Employee cost   | 15 367 425          | 11 541 481        | 17 955 159          | 15 492 011         | 31 799 395          | 10 226 166        | 102 381 638        |  |  |
| Remuneration of councillors                           | 25 177 230          | -                 | -                   | -                  | -                   | -                 | 25 177 230         |  |  |
| Operational costs                                     | 17 501 529          | 8 155 007         | 61 125 665          | 13 311 539         | 20 290 992          | 35 186 468        | 155 571 200        |  |  |
| Finance cost  | -                   | -                 | -                   | 934 638            | -                   | -                 | 934 638            |  |  |
| Provision for impairment and bad debts                | -                   | -                 | -                   | 70 387 251         | -                   | -                 | 70 387 251         |  |  |
| Loss on Disposal of assets                            | -                   | -                 | -                   | -                  | 70 847              | -                 | 70 847             |  |  |
| Depreciation and Amortisation                         | -                   | 2 641 506         | 6 566 159           | -                  | 21 244 922          | 6 797 547         | 37 250 134         |  |  |
| <b>Total segment expenditure</b>                      | <b>58 046 184</b>   | <b>22 337 995</b> | <b>85 646 983</b>   | <b>100 125 439</b> | <b>73 406 155</b>   | <b>52 210 182</b> | <b>391 772 938</b> |  |  |
| <b>Total Municipality Segmental surplus (Deficit)</b> | <b>(58 046 184)</b> | <b>26 199 453</b> | <b>(85 209 166)</b> | <b>368 226 947</b> | <b>(46 212 486)</b> | <b>8 732 465</b>  | <b>213 691 030</b> |  |  |
| Fair value gains                                      | -                   | -                 | (811 208)           | -                  | -                   | 3 509 093         | 2 697 885          |  |  |
| Surplus for the year                                  | (58 046 184)        | 26 199 453        | (86 020 374)        | 368 226 947        | (46 212 486)        | 12 241 558        | 216 388 915        |  |  |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

*Segment information continued...*

| Statement of Financial Position            | Executive and Council    |                    |                    |                    |                    |                    |                  | Technical Services | Unallocated          | Total |
|--|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|----------------------|-------|
|  | Planning and Development | Corporate Services | Finance            | Community Services | Technical Services | Unallocated        | Total            |                    |                      |       |
| <b>Current Assets</b>                      |                          |                    |                    |                    |                    |                    |                  |                    |                      |       |
| Inventories                                | 102 151 209              | -                  | 2 195 731          | -                  | -                  | -                  | -                | -                  | 104 346 940          |       |
| Receivables from exchange transactions     | -                        | -                  | 59 013 841         | 3 011 815          | -                  | -                  | 1 252 469        | -                  | 63 278 125           |       |
| Receivables from non-exchange transactions | 11 841 416               | -                  | -                  | 195 415            | -                  | -                  | -                | -                  | 12 036 831           |       |
| Cash and cash equivalents                  | -                        | -                  | 828 719 428        | -                  | -                  | -                  | -                | -                  | 828 719 428          |       |
| <b>Total Current assets</b>                | <b>113 992 625</b>       | <b>-</b>           | <b>889 929 000</b> | <b>3 207 230</b>   | <b>-</b>           | <b>-</b>           | <b>1 252 469</b> | <b>-</b>           | <b>1 008 381 324</b> |       |
| <b>Non-current Assets</b>                  |                          |                    |                    |                    |                    |                    |                  |                    |                      |       |
| Property, plant and equipment              | 1 430 946                | 56 165 368         | 53 821 966         | 139 172            | 187 889 358        | 563 239 312        | -                | -                  | 862 686 122          |       |
| Investment Properties                      | -                        | 120 478 867        | -                  | -                  | -                  | -                  | -                | -                  | 120 478 867          |       |
| Intangible assets                          | -                        | -                  | 11 054             | -                  | -                  | -                  | -                | -                  | 11 054               |       |
| Heritage asset                             | 183 684                  | -                  | -                  | -                  | -                  | -                  | -                | -                  | 183 684              |       |
| <b>Total Non-Current Assets</b>            | <b>1 614 631</b>         | <b>176 644 235</b> | <b>53 833 020</b>  | <b>139 172</b>     | <b>187 889 358</b> | <b>563 239 312</b> | <b>-</b>         | <b>-</b>           | <b>983 359 727</b>   |       |
| <b>Total Assets</b>                        | <b>1 614 631</b>         | <b>290 636 860</b> | <b>53 833 020</b>  | <b>890 068 172</b> | <b>191 096 588</b> | <b>563 239 312</b> | <b>1 252 469</b> | <b>-</b>           | <b>1 991 741 051</b> |       |
| <b>Liabilities</b>                         |                          |                    |                    |                    |                    |                    |                  |                    |                      |       |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

*Segment information continued...*

|   |                  |                    |                   |                    |                    |                    |                      |                      |                  |  |
|---|------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----------------------|----------------------|------------------|--|
| <b>Current liabilities</b>              |                  |                    |                   |                    |                    |                    |                      |                      |                  |  |
| Consumer deposits                       | -                | -                  | -                 | -                  | -                  | -                  | -                    | 2 175 088            | 2 175 088        |  |
| Payables from exchange transactions     | -                | -                  | -                 | -                  | -                  | -                  | -                    | 158 416 534          | 158 416 534      |  |
| Employee benefit obligation             | -                | -                  | -                 | -                  | -                  | -                  | -                    | 1 118 753            | 1 118 753        |  |
| Unspent conditional grants and receipts | -                | 377 308            | 322 590           | 378 708            | -                  | 11 451 767         | -                    | -                    | 12 530 373       |  |
| <b>Total Current liabilities</b>        | -                | <b>377 308</b>     | <b>322 590</b>    | <b>378 708</b>     | -                  | <b>11 451 767</b>  | <b>161 710 375</b>   | <b>174 240 748</b>   |                  |  |
| <b>Non-current liabilities</b>          |                  |                    |                   |                    |                    |                    |                      |                      |                  |  |
| Provisions                              | -                | -                  | -                 | -                  | -                  | 1 393 452          | -                    | -                    | 1 393 452        |  |
| Employee benefit obligation             | -                | -                  | -                 | -                  | -                  | -                  | -                    | 5 199 589            | 5 199 589        |  |
| <b>Total Non-Current liabilities</b>    | -                | -                  | -                 | -                  | -                  | <b>1 393 452</b>   | -                    | <b>5 199 589</b>     | <b>6 593 042</b> |  |
| <b>Total Liabilities</b>                | -                | <b>377 308</b>     | <b>322 590</b>    | <b>378 708</b>     | <b>1 393 452</b>   | <b>11 451 767</b>  | <b>166 909 965</b>   | <b>180 833 790</b>   |                  |  |
| <b>Net Assets</b>                       | <b>1 614 631</b> | <b>290 259 552</b> | <b>53 510 430</b> | <b>889 689 464</b> | <b>189 703 136</b> | <b>551 787 545</b> | <b>(165 657 496)</b> | <b>1 810 907 261</b> |                  |  |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

Segment Information continued...

|   | Executive<br>and<br>Council | Planning and<br>Development | Corporate<br>Services | Finance    | Community<br>Services | Technical<br>services<br>Services | Total       |
|---|-----------------------------|-----------------------------|-----------------------|------------|-----------------------|-----------------------------------|-------------|
| 2 024                                       |                             |                             |                       |            |                       |                                   |             |
| Revenue                                     | -                           | -                           | -                     | 3 848      | 7 415 360             | -                                 | 7 419 208   |
| Revenue from<br>exchange transactions       | -                           | -                           | -                     | 3 848      | 7 415 360             | -                                 | 7 419 208   |
| Services charges                            | -                           | -                           | 283 524               | -          | 83 043                | -                                 | 366 567     |
| Rental of facilities and<br>equipment       | -                           | -                           | -                     | 34 924 139 | -                     | -                                 | 34 924 139  |
| Water and sanitation -<br>commission earned | -                           | -                           | -                     | 98 380     | 5 390 211             | -                                 | 5 390 211   |
| Agency fees - Licences<br>and permits       | -                           | 1 190 966                   | 891 564               | 98 380     | 91 812                | -                                 | 2 272 721   |
| Other revenue                               | -                           | -                           | -                     | -          | -                     | -                                 | -           |
| Finance Income -<br>exchange                | -                           | -                           | -                     | 49 739 385 | -                     | -                                 | 49 739 385  |
| Gain on disposal of<br>assets               | -                           | -                           | -                     | 19 230     | -                     | 195 889                           | 215 119     |
| Total revenue from<br>exchanges             | -                           | 1 190 966                   | 1 175 088             | 84 784 982 | 12 980 427            | 195 889                           | 100 327 351 |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

*Segment information continued...*

|  |   |                   |                  |                    |                   |                   |                    |
|--|---|-------------------|------------------|--------------------|-------------------|-------------------|--------------------|
| Revenue from non-exchange transactions     | - | 43 106 834        | -                | -                  | -                 | -                 | 43 106 834         |
| Property rates                             | - | -                 | -                | -                  | -                 | -                 | -                  |
| Finance income- non exchange               | - | -                 | -                | 17 139 139         | -                 | -                 | 17 139 139         |
| Government grants and subsidies -Operating | - | -                 | -                | 320 643 130        | 1 244 000         | -                 | 321 887 130        |
| Government grants and subsidies - Capital  | - | -                 | -                | -                  | 7 161 332         | 20 014 664        | 27 175 997         |
| Fines                                      | - | -                 | -                | -                  | 708 918           | -                 | 708 918            |
| <b>Total Revenue from non-exchanges</b>    | - | <b>43 106 834</b> | -                | <b>337 782 269</b> | <b>9 114 250</b>  | <b>20 014 664</b> | <b>410 018 018</b> |
| <b>Total Segment Revenue</b>               | - | <b>44 297 800</b> | <b>1 175 088</b> | <b>422 567 250</b> | <b>22 094 677</b> | <b>20 210 553</b> | <b>510 345 368</b> |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

*Segment Information continued...*

|   |                     |                   |                     |                    |                     |                     |                    |  |
|---|---------------------|-------------------|---------------------|--------------------|---------------------|---------------------|--------------------|--|
| <b>Expenditure</b>                                  |                     |                   |                     |                    |                     |                     |                    |  |
| Employee cost                                       | 14 609 922          | 11 263 478        | 16 311 392          | 16 964 755         | 30 266 798          | 8 658 725           | 98 075 071         |  |
| Remuneration of councillors                         | 24 651 912          |                   |                     |                    |                     |                     | 24 651 912         |  |
| Operational costs                                   | 18 375 978          | 2 294 502         | 52 259 737          | 16 361 125         | 10 351 994          | 12 194 227          | 111 837 563        |  |
| Finance cost  | -                   | 577 387           | 146 254             | -                  | -                   | -                   | 723 641            |  |
| Provision for impairment and bad debts              | -                   | -                 | -                   | 86 135 987         | -                   | -                   | 86 135 987         |  |
| Loss on Disposal of assets                          | -                   | 529 396           | 5 733               | -                  | -                   | -                   | 535 129            |  |
| Depreciation and Amortisation                       | -                   | 2 479 313         | 3 509 578           | -                  | 8 874 950           | 20 373 409          | 35 237 250         |  |
| <b>Total segment expenditure</b>                    | <b>57 637 812</b>   | <b>17 144 076</b> | <b>72 232 695</b>   | <b>119 461 867</b> | <b>49 493 742</b>   | <b>41 226 361</b>   | <b>357 196 553</b> |  |
| <b>Total Municipality Segment surplus (Deficit)</b> | <b>(57 637 812)</b> | <b>27 153 725</b> | <b>(71 057 607)</b> | <b>303 105 383</b> | <b>(27 399 065)</b> | <b>(21 015 808)</b> | <b>153 148 815</b> |  |

# Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2025

## Notes to the Financial Statements

Figures in R

Segment Information continued...

|                      |              |            |              |             |              |              |             |
|----------------------|--------------|------------|--------------|-------------|--------------|--------------|-------------|
| Fair value gains     | -            | -          | (402 874)    | -           | -            | 4 607 958    | 4 205 084   |
| Surplus for the year | (57 637 812) | 27 153 725 | (71 460 481) | 303 105 383 | (27 399 065) | (16 407 850) | 157 353 899 |

### Statement of Financial Position

|  | Executive and Council | Planning and Development | Corporate Services | Finance     | Community Services | Technical services | Unallocated | Total         |
|--|-----------------------|--------------------------|--------------------|-------------|--------------------|--------------------|-------------|---------------|
| <b>Current Assets</b>                      |                       |                          |                    |             |                    |                    |             |               |
| Inventories                                | -                     | 103 619 621              | -                  | 2 332 354   | -                  | -                  | -           | 105 951 975   |
| Receivables from exchange transactions     | -                     | -                        | -                  | 53 032 973  | 2 530 242          | -                  | 2 543 908   | 58 107 123    |
| Receivables from non-exchange transactions | -                     | 8 789 766                | -                  | -           | 184 473            | -                  | -           | 8 974 239     |
| Cash and cash equivalents                  | -                     | -                        | -                  | 741 833 178 | -                  | -                  | -           | 741 833 178   |
| <b>Total Current assets</b>                | -                     | 112 409 387              | -                  | 797 198 505 | 2 714 715          | -                  | 2 543 908   | 914 866 515   |
| <b>Non-current Assets</b>                  |                       |                          |                    |             |                    |                    |             |               |
| Property, plant and equipment              | 1 264 778             | 57 583 393               | 55 639 699         | 201 946     | 168 136 593        | 449 570 366        | -           | 732 396 775   |
| Investment Properties                      | -                     | 116 969 773              | -                  | -           | -                  | -                  | -           | 116 969 773   |
| Intangible assets                          | -                     | -                        | 11 054             | -           | -                  | -                  | -           | 11 054        |
| Heritage asset                             | 183 684               | -                        | -                  | -           | -                  | -                  | -           | 183 684       |
| <b>Total Non-Current Assets</b>            | 1 448 463             | 174 553 166              | 55 650 753         | 201 946     | 168 136 593        | 449 570 366        | -           | 849 561 286   |
| <b>Total Assets</b>                        | 1 448 463             | 286 962 553              | 55 650 753         | 797 400 451 | 170 851 308        | 449 570 366        | 2 543 908   | 1 764 427 802 |
| <b>Liabilities</b>                         |                       |                          |                    |             |                    |                    |             |               |

