



**ELIAS MOTSOLEDI LOCAL MUNICIPALITY**  
(Registration number LIM 472)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

Auditor General South Africa - Auditors

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## General Information

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**Legal form of entity**

Municipality (LIM 472)

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

**Nature of business and principal activities**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

**Councillors List**

**Mayor**

Cllr MD Tladi

**Chief Whip**

Cllr ME Nduli (Chief Whip)

**Speaker**

Cllr JS Thethe

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## General Information

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### Council:

Cllr MD Tladi (Mayor and Exco Member)  
Cllr JS Thethe(Speaker)  
Cllr ME Nduli (Chief Whip) March 2024 to date  
Cllr RN Ndlovu (Exco member)  
Cllr NJ Ramongana (Exco member)  
Cllr SB Nkosi (Exco member)  
Cllr JP Kotze (Exco member)  
Cllr MG Mathabathe (Exco member)  
Cllr M Ranala (Exco member)  
Cllr MW Ramphisa (Exco member)  
Cllr MR Msiza (Exco member)  
Cllr MG Phetla (Exco member)  
Cllr TP Kgagara  
Cllr SM Malapela  
Cllr MP Msiza  
Cllr TS Mathabathe  
Cllr TC Sithole  
Cllr JS Mogotlana  
Cllr MA Mafiri  
Cllr TA Phorothoe  
Cllr MC Phokwane  
Cllr MZ Buta  
Cllr TS Malau  
Cllr J Letageng  
Cllr P Masimula  
Cllr ME Tshehla  
Cllr NP Mohlala  
Cllr FK Lehungwane  
Cllr NS Makuwa  
Cllr SD Morare  
Cllr KW Tlaka  
Cllr PK Tladi  
Cllr RM Makuwa  
Cllr TY Malope  
Cllr TA Machipa  
Cllr MS Mashilo  
Cllr J Mahlangu  
Cllr MM Gedezha  
Cllr CP Ngobeni  
Cllr MG Rahlogo  
Cllr TP Koka  
Cllr SH Radingwana  
Cllr PB Magolego  
Cllr WNS Oosthuizen  
Cllr SH Mmaboko  
Cllr ST Matsomane  
Cllr DJ Genedi  
Cllr CM Maphopha  
Cllr HMC Malapela  
Cllr SC Mmotla  
Cllr SZ Ngwenya  
Cllr K Mabelane  
Cllr VM Sithole  
Cllr MS Mthimunye  
Cllr ME Sithole  
Cllr LS Maibelo  
Cllr GM Segope  
Cllr LS Komane  
Cllr A Limakwe  
Cllr W DeBeer  
Cllr NN Mahlangu  
Cllr AL Gulube  
Cllr JS Mogotlana

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## General Information

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Cllr M Mampana  
Cllr MK Mokobane  
Cllr MP Riza  
Cllr SW Ratlou  
Cllr De Beer

**Grading of local authority**

Grade 3

**Accounting Officer**

Ms. N. R. Makgata, Pr. Tech. Eng.

**Chief Finance Officer (CFO)**

Mr K L E Hutamo

**Business address**

2nd Grobler Avenue - Civic Centre  
Groblerdal  
0470

**Postal address**

PO Box 48  
Groblerdal  
0470

**Bankers**

Nedbank

**Auditors**

Auditor General South Africa

**Legislation governing the municipality's operations**

Constitution of the Republic of South Africa (Act 108 of 1996)  
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)

**Grading of the Municipality**

Grade 3

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Index

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

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## Abbreviations

SETA	Sector Education and Training Authority
PPPFA	Preferential Procurement Policy Framework Act
GRAP	Generally Recognised Accounting Practice
WCA	Workmen's Compensation Act
PAYE	Pay As You Earn
IAS	International Accounting Standards
INEP	Integrated National Electrification Programme
EPWP	Expanded Public works programme
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal Standard Chart Of Accounts
FMG	Finance Management Grant
AGSA	Auditor General South Africa

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2025

## Accounting Officer's Responsibilities and Approval

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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 were 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 judgments and estimates.

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

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 28 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 10 to 114, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2025.

  
\_\_\_\_\_  
Ms. N R Makgata Pr Tech Eng  
Accounting officer

Sunday, August 31, 2025

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2025

## Audit Committee Report

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

### Audit committee members and attendance

The Audit Committee of the Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003. For the 2024/2025 financial year, the Audit Committee comprised of four (04) members appointed for the period of three (03) years with effect from 12 January 2022 to 13 January 2025.

The council resolved to renew the appointment of Audit Committee Members and amend the contract end date to 13 January 2028 for three (3) members as per Resolution No M24/25-19.

The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, four (4) ordinary and eight (10) special Audit Committee meetings were held.

The Audit Committee consists of the members listed hereunder.

<b>Current Audit Committee members</b>	<b>Number of meetings attended</b>
Mr. TC Modipane (Chairperson)	4 Normal – 8 Special - 12 Total
Ms. MJ Masite	4 Normal – 7 Special - 11 Total
Ms. MJ Mabuza	4 Normal – 8 Special - 12 Total
Mr. MJ Rabalao (Contract ended on 13 January 2025)	4 Normal – 8 Special - 12 Total
Mr. K Masemola (Appointed on 09 June 2025)	0 Normal – 1 Special - 1 Total
Mr. H Thlako (Appointed on 09 June 2025)	0 Normal – 1 Special - 1 Total

### Audit Committee responsibility

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

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter.

It has regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The content and the quality of the annual management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act have been reviewed by the Audit Committee.

The Audit Committee is satisfied with Management's action to address deficiencies identified.

### Evaluation of annual financial statements

The Audit Committee has:

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

The Audit Committee concurs and accept the Auditor General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor General of South Africa.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2025

## Audit Committee Report

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### Internal audit

Internal audit engaged and supported management team during the review of performance management information.

The Audit Committee engaged and supported the management team during the review of performance management information.

For the year under review the Internal Audit performed its responsibility in terms of the approved Internal Audit Plan and reported their findings on a regular basis to the Audit Committee and management for implementation.

The total number of planned audits as per the 2024/2025 Internal Audit Plan was twenty-eight (28), excluding ad hoc audits. Total of twenty-eight (28) audits were performed and finalized as per the plan. The implementation of the Internal Audit Plan is 100% achieved.

In the quest for maintaining a sound control environment, the Audit Committee continues to build the necessary capacity within the municipality.

### Risk management

Every year the Council reviews the critical strategic risks facing the municipality and approves the municipality's risk approach.

The identification and assessment of those risks are informed amongst other things, by an understanding of our operational model including trends and interests of relevant stakeholders. The Audit Committee has overseen the process of developing risk strategy, risk register including mitigating factors for consideration by council.

The risk assessment was conducted quarterly during the year under review. The municipality had a full time Chief Risk Officer during the financial year.

### Auditor-General of South Africa

The Audit Committee will meet with the Auditor General of South Africa to ensure that there are no unresolved issues.

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**Chairperson of the Audit Committee : TC Modipane CA (SA)**

**Date:** \_\_\_\_\_

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Report

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

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and fully elaborated in the Statement of Comparison of Budget and Actual Amounts.

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

Increased economic hardships negatively affected the municipality's cash flow due to decreasing debt collection.

Net surplus of the municipality was R 125 218 580 (2024: surplus R 31 024 207).

### 2. Going concern

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

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of increased economic challenges.

### 3. Subsequent events

The accounting officer is aware of events arising since the end of the financial year which resulted in adjusting subsequent event. The events are disclosed under note 42, events after the reporting date.

### 4. Accounting Officers' interest in contracts

The Accounting Officer does not have any interest in contracts of the Municipality.

### 5. Accounting policies

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

### 6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year are set out in the notes to the financial statements.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Report

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### 7. Accounting Officer

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

<b>Name</b>	<b>Nationality</b>
Ms. N. R. Makgata, Pr. Tech. Eng.	South African

### 8. Corporate governance

#### General

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

#### Councillors

The councillors:

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

#### Mayor and Municipal Manager

The roles of the Mayor and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities.

#### Audit committee

The Audit Committee met during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee.

#### Internal audit

The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

### 9. Bankers

The municipality banks primarily with Nedbank.

### 10. Auditors

The Auditor General South Africa will continue in office for the next financial period.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Position

Figures in Rand	Note(s)	2025	2024 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9&9.1	37 578 534	31 509 439
Conditional grants receivables	56	3 239 443	5 761 684
Receivables from exchange transactions	10	77 118 532	72 212 363
Receivables from non-exchange transactions	11	23 517 450	9 121 857
Consumer debtors - From Exchange Transactions	12	59 875 122	49 063 865
Consumer debtors - From Non Exchange Transactions	12	92 668 004	81 137 981
Cash and cash equivalents	13	64 907 747	22 673 939
		<b>358 904 832</b>	<b>271 481 128</b>
<b>Non-Current Assets</b>			
Investment property	3	133 812 659	120 933 586
Property Plant and Equipment	4	1 077 804 706	1 022 984 238
Heritage Assets	5	463 363	463 363
Eskom security deposit	8	19 582 729	18 475 124
		<b>1 231 663 457</b>	<b>1 162 856 311</b>
<b>Total Assets</b>		<b>1 590 568 289</b>	<b>1 434 337 439</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Deferred income	16	192 983	192 983
Finance lease obligation	14	4 086 631	7 636 923
Landfill Site Provision	17	9 912 854	9 539 983
Payables from exchange transactions	18	124 805 210	149 871 888
Consumer deposits	19	5 363 802	5 518 249
Employee benefit obligation	7	1 339 000	1 283 000
Unspent conditional grants and receipts	15	24 936 844	766 308
Provision for Long Service Awards	17	1 506 000	601 000
		<b>172 143 324</b>	<b>175 410 334</b>
<b>Non-Current Liabilities</b>			
Deferred income	16	2 364 035	2 557 017
Finance lease obligation	14	8 917 823	-
Landfill Site Provision	17	104 463 909	84 261 467
Employee benefit obligation	7	32 247 000	27 611 000
Provision for Long Service Awards	17	8 926 000	8 210 000
		<b>156 918 767</b>	<b>122 639 484</b>
<b>Total Liabilities</b>		<b>329 062 091</b>	<b>298 049 818</b>
<b>Net Assets</b>		<b>1 261 506 198</b>	<b>1 136 287 621</b>
<b>Net Assets</b>			
Accumulated surplus		1 261 506 189	1 136 287 607

\* See Note 38

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest revenue	22	12 035 704	9 856 927
Agency fees	48	5 939 379	6 344 437
Other income	21	1 954 013	880 889
Rental of facilities and equipment	32	1 356 773	1 216 927
Service charges	20	149 764 756	118 020 586
<b>Total revenue from exchange transactions</b>		<b>171 050 625</b>	<b>136 319 766</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	61 761 984	59 157 929
Interest charged on consumer debtors	22	15 061 766	13 157 983
<b>Transfer revenue</b>			
Government grants & subsidies	25	497 272 917	445 727 111
Public contributions and donations	53	7 676 250	37 567 445
Fines, Penalties and Forfeits	11	114 093 566	90 046 637
Investment property fair value adjustment	3	5 202 822	(512 296)
<b>Total revenue from non-exchange transactions</b>		<b>701 069 305</b>	<b>645 144 809</b>
<b>Total revenue</b>		<b>872 119 930</b>	<b>781 464 575</b>
<b>Expenditure</b>			
Fair value adjustments - actuarial losses	7&17	(2 099 194)	(3 556 124)
Bulk purchases	30	(129 796 388)	(109 782 561)
Debt Impairment	29	(97 213 289)	(90 674 903)
Depreciation and amortisation	4&6&52	(58 775 286)	(54 835 170)
Employee related costs	26	(205 011 366)	(186 504 500)
Finance costs	28	(976 442)	(1 766 186)
General Expenses	31	(146 352 358)	(141 682 545)
(Impairment loss)/ Reversal of impairments	4&6	(4 089 305)	(11 422 087)
Lease rentals on operating lease	34	(6 532 915)	(4 696 579)
Gain/(Loss) on disposal of assets	4&6	401 981	(23 221 010)
Remuneration of councillors	27	(28 192 224)	(26 661 797)
Repairs and maintenance	54	(42 095 296)	(80 190 949)
Transfers and Subsidies	24	(26 169 268)	(15 445 957)
<b>Total expenditure</b>		<b>(746 901 350)</b>	<b>(750 440 368)</b>
<b>Operating surplus</b>		<b>125 218 580</b>	<b>31 024 207</b>
<b>Surplus for the year</b>		<b>125 218 580</b>	<b>31 024 207</b>

\* See Note 38

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2023</b>	<b>1 105 263 400</b>	<b>1 105 263 400</b>
Surplus for the year	31 024 207	31 024 207
Total changes	31 024 207	31 024 207
Opening balance as previously reported	1 245 712 531	1 245 712 531
Adjustments		
Prior period errors	(109 424 924)	(109 424 924)
<b>Balance at 01 July 2024 as restated</b>	<b>1 136 287 609</b>	<b>1 136 287 609</b>
Changes in net assets		
Surplus for the year	125 218 580	125 218 580
Total changes	125 218 580	125 218 580
<b>Balance at 30 June 2025</b>	<b>1 261 506 189</b>	<b>1 261 506 189</b>
Note(s)	38	

# Cash flow statement

Figures in Rand

Note(s)

2025

2024  
**Restated\***

## Cash flows from operating activities

### Receipts

Fines		17 272 897	7 394 242
Sale of goods and services		189 251 284	155 349 748
Grants		523 965 694	418 630 569
Interest income		6 956 409	6 121 139
Other receipts		5 067 306	2 177 641
Agency fees		5 939 379	6 344 437
		<u>748 452 969</u>	<u>596 017 775</u>

### Payments

Employee costs		(230 669 457)	(208 433 233)
Suppliers		(349 637 729)	(283 517 066)
Finance costs		(976 442)	(1 766 186)
Transfers and Subsidies		(8 799 616)	(6 015 901)
		<u>(590 083 244)</u>	<u>(499 732 386)</u>

## Net cash flows from operating activities

33

**158 369 725**      **96 285 389**

## Cash flows from investing activities

Purchase of property plant and equipment	4	(112 455 811)	(96 296 631)
Proceeds from sale of property plant and equipment	4	5 031 041	-
		<u>(107 424 770)</u>	<u>(96 296 631)</u>

## Cash flows from financing activities

Finance lease payments		<u>(8 711 125)</u>	<u>(10 407 678)</u>
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## Net increase/(decrease) in cash and cash equivalents

**42 233 831**      **(10 418 918)**

Cash and cash equivalents at the beginning of the year

22 673 941      33 092 864

## Cash and cash equivalents at the end of the year

13

**64 907 772**      **22 673 946**

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Agency fees	7 302 194	-	<b>7 302 194</b>	5 939 379	<b>(1 362 815)</b>	16
Interest revenue	19 329 000	(3 622 510)	<b>15 706 490</b>	12 035 704	<b>(3 670 786)</b>	1
Other income	4 296 000	-	<b>4 296 000</b>	1 954 013	<b>(2 341 987)</b>	2
Rental of facilities and equipment	1 886 000	-	<b>1 886 000</b>	1 356 773	<b>(529 227)</b>	3
Service charges	146 003 000	15 851 114	<b>161 854 114</b>	149 764 756	<b>(12 089 358)</b>	
<b>Total revenue from exchange transactions</b>	<b>178 816 194</b>	<b>12 228 604</b>	<b>191 044 798</b>	<b>171 050 625</b>	<b>(19 994 173)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	67 168 000	(5 349 879)	<b>61 818 121</b>	61 761 984	<b>(56 137)</b>	
Interest charged on consumer debtors	9 962 836	4 850 950	<b>14 813 786</b>	15 061 766	<b>247 980</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	479 317 000	44 650 405	<b>523 967 405</b>	497 272 917	<b>(26 694 488)</b>	
Public contributions and donations	-	-	-	7 676 250	<b>7 676 250</b>	4
Fines, Penalties and Forfeits	113 999 000	4 494 566	<b>118 493 566</b>	114 093 566	<b>(4 400 000)</b>	
Investment property fair value adjustment	-	-	-	5 202 822	<b>5 202 822</b>	6
<b>Total revenue from non-exchange transactions</b>	<b>670 446 836</b>	<b>48 646 042</b>	<b>719 092 878</b>	<b>701 069 305</b>	<b>(18 023 573)</b>	
<b>Total revenue</b>	<b>849 263 030</b>	<b>60 874 646</b>	<b>910 137 676</b>	<b>872 119 930</b>	<b>(38 017 746)</b>	
<b>Expenditure</b>						
Fair Value Adjustments - Acturial Losses	-	-	-	(2 099 194)	<b>(2 099 194)</b>	14
Bulk purchases	(121 123 000)	(9 444 157)	<b>(130 567 157)</b>	(129 796 388)	<b>770 769</b>	
Debt Impairment	(124 419 000)	26 930 255	<b>(97 488 745)</b>	(97 213 289)	<b>275 456</b>	
Depreciation and amortisation	(59 690 000)	(10 154 313)	<b>(69 844 313)</b>	(58 775 286)	<b>11 069 027</b>	7
Employee related costs	(213 757 000)	7 437 961	<b>(206 319 039)</b>	(205 011 366)	<b>1 307 673</b>	

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Finance costs	(406 000)	(10 237 548)	<b>(10 643 548)</b>	(976 442)	<b>9 667 106</b>	9
General Expenses	(177 338 000)	7 454 905	<b>(169 883 095)</b>	(146 352 358)	<b>23 530 737</b>	5
Impairment loss/ Reversal of impairments	-	-	-	(4 089 305)	<b>(4 089 305)</b>	15
Lease rentals on operating lease	-	-	-	(6 532 915)	<b>(6 532 915)</b>	10
Profit/(Loss) on disposal of assets	(50 000)	(6 386 979)	<b>(6 436 979)</b>	401 981	<b>6 838 960</b>	11
Remuneration of councillors	(28 178 000)	154 739	<b>(28 023 261)</b>	(28 192 224)	<b>(168 963)</b>	
Repairs and maintenance	-	(38 233 171)	<b>(38 233 171)</b>	(42 095 296)	<b>(3 862 125)</b>	30
Transfers and Subsidies	(9 403 876)	(1 909 203)	<b>(11 313 079)</b>	(26 169 268)	<b>(14 856 189)</b>	13
<b>Total expenditure</b>	<b>(734 364 876)</b>	<b>(34 387 511)</b>	<b>(768 752 387)</b>	<b>(746 901 350)</b>	<b>21 851 037</b>	
<b>Surplus</b>	<b>114 898 154</b>	<b>26 487 135</b>	<b>141 385 289</b>	<b>125 218 580</b>	<b>(16 166 709)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>114 898 154</b>	<b>26 487 135</b>	<b>141 385 289</b>	<b>125 218 580</b>	<b>(16 166 709)</b>	

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	76 076 000	(11 359 192)	<b>64 716 808</b>	64 907 747	<b>190 939</b>	
Conditional grants receivables	-	-	-	3 239 443	<b>3 239 443</b>	18
Consumer debtors	-	-	-	152 543 126	<b>152 543 126</b>	19(a), 17
Inventories	41 956 000	(4 001 366)	<b>37 954 634</b>	37 578 534	<b>(376 100)</b>	
Receivables from exchange transactions	64 757 000	6 161 045	<b>70 918 045</b>	77 118 532	<b>6 200 487</b>	19(b), 29
Receivables from non-exchange transactions	80 447 000	39 037 131	<b>119 484 131</b>	23 517 450	<b>(95 966 681)</b>	20
VAT receivable	13 993 000	7 987 316	<b>21 980 316</b>	-	<b>(21 980 316)</b>	29
	<b>277 229 000</b>	<b>37 824 934</b>	<b>315 053 934</b>	<b>358 904 832</b>	<b>43 850 898</b>	
<b>Non-Current Assets</b>						
Investment property	47 492 489	-	<b>47 492 489</b>	133 812 659	<b>86 320 170</b>	22
Property Plant and Equipment	1 405 874 000	45 654 000	<b>1 451 528 000</b>	1 077 804 706	<b>(373 723 294)</b>	31
Heritage Assets	463 363	-	<b>463 363</b>	463 363	-	
Intangible assets	663 325	-	<b>663 325</b>	-	<b>(663 325)</b>	21
Eskom security deposit	19 693 215	500 000	<b>20 193 215</b>	19 582 729	<b>(610 486)</b>	
	-	-	-	-	-	
	<b>1 474 186 392</b>	<b>46 154 000</b>	<b>1 520 340 392</b>	<b>1 231 663 457</b>	<b>(288 676 935)</b>	
<b>Total Assets</b>	<b>1 751 415 392</b>	<b>83 978 934</b>	<b>1 835 394 326</b>	<b>1 590 568 289</b>	<b>(244 826 037)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Consumer deposits	6 653 000	157 112	<b>6 810 112</b>	5 363 802	<b>(1 446 310)</b>	12
Deferred income	-	-	-	192 983	<b>192 983</b>	23
Employee benefit obligation	-	-	-	1 339 000	<b>1 339 000</b>	24
Finance lease obligation	8 895 000	(506 551)	<b>8 388 449</b>	4 086 630	<b>(4 301 819)</b>	27
Landfill Rehabilitation Provision	6 565 000	(1 561 588)	<b>5 003 412</b>	9 912 854	<b>4 909 442</b>	25

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Payables from exchange transactions	90 033 000	6 921 332	<b>96 954 332</b>	124 805 210	<b>27 850 878</b>	28
Provision for Long Service Awards	-	-	-	1 506 000	<b>1 506 000</b>	26
Unspent conditional grants and receipts	12 228 000	12 708 845	<b>24 936 845</b>	24 936 844	<b>(1)</b>	
	<b>124 374 000</b>	<b>17 719 150</b>	<b>142 093 150</b>	<b>172 143 323</b>	<b>30 050 173</b>	
<b>Non-Current Liabilities</b>						
Deferred income	-	-	-	2 364 035	<b>2 364 035</b>	23
Employee benefit obligation	43 541 156	-	<b>43 541 156</b>	32 247 000	<b>(11 294 156)</b>	24
Finance lease obligation	27 548 000	18 054 410	<b>45 602 410</b>	8 917 823	<b>(36 684 587)</b>	27
Landfill Site Rehabilitation provision	90 302 000	(43 540 747)	<b>46 761 253</b>	104 463 909	<b>57 702 656</b>	25
Provision for Long Service Awards	-	-	-	8 926 000	<b>8 926 000</b>	26
	<b>161 391 156</b>	<b>(25 486 337)</b>	<b>135 904 819</b>	<b>156 918 767</b>	<b>21 013 948</b>	
<b>Total Liabilities</b>	<b>285 765 156</b>	<b>(7 767 187)</b>	<b>277 997 969</b>	<b>329 062 090</b>	<b>51 064 121</b>	
<b>Net Assets</b>	<b>1 465 650 236</b>	<b>91 746 121</b>	<b>1 557 396 357</b>	<b>1 261 506 199</b>	<b>(295 890 158)</b>	
<b>Net Assets</b>						
<b>Net Assets</b>						
<b>Reserves</b>						
Accumulated surplus	1 465 650 236	91 746 121	<b>1 557 396 357</b>	1 261 506 199	<b>(295 890 158)</b>	

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved  
budget

Adjustments

Final Bu

Figures in Rand

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Budget
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Figures in Rand

**Budget and Actual Amounts variance explanation** : Material difference between budget and actual amounts

The comparison of the municipality's financial performance with that budgeted is set out in the statement of comparison of budget and actual amounts.

The budget and accounting basis are the same.

The budget is approved on accrual basis using a classification based on the nature of the transaction. The approved budget covers the period from 01 July 2024 to 30 June 2025.

The changes between the approved final budget and adjusted budget are as a consequence of identified overs and unders in the budget performance during mid-year.

Variances of 10% or more are explained as set out below:

### 1. Interest revenue - exchange transactions

The variance is as a result of several investments made by the municipality which were not as anticipated

### 2. Other income

The budget amount includes budget for public contributions and donations and investment property fair value adjustment which National Treasury template does not make provision for this component to be budgeted for, therefore the actual year to date for other income, public contributions and donations and investment property fair value adjustment amounts to R15 million. The variance is 1% after taking into account the three items which doesn't warrant an explanation.

### 3. Rental of facilities and equipment

The variance is as a result of rentals from the public was not as anticipated.

### 4. Public contributions and donations

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under other income (refer to 2).

### 5. General expenses

The budget amount includes budget for lease rentals on operating lease and repairs and maintenance which National Treasury template does not make provision for this component to be budgeted for, therefore the actual year to date for lease rentals on operating lease and general expenses amounts to R195 million. The variance is 15% after taking into account the two items which emanates from fewer delivery of operating lease fleet.

### 6. Investment fair value adjustments

National Treasury template does not make provision for this component to be budgeted for.

### 7. Depreciation and amortization

The budget amount includes budget for impairment loss/ reversal of impairments which National Treasury template does not make provision for this component to be budgeted for, therefore the actual year to date for impairment loss/ reversal of impairments and depreciation and amortization amounts to R64 million. The variance is 8% after taking into account the two items which doesn't warrant an explanation.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Bu
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Figures in Rand

### 9. Finance Costs

The underperformance on finance lease is mainly attributable to the late delivery of fleet, which only took place in April 2025. The delay impacted the full utilisation of the leased assets during the year under review resulting in lower than anticipated performance.

### 10. Lease Rentals On Operating Lease

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under general expenses (refer to 5)

### 11. Loss on disposal of assets

The variance on loss disposal of property, plant and equipment is primarily attributable to the auctioning of selected assets during the reporting period. Anticipating that these assets would be disposed of at proceeds lower than their respective carrying amounts, resulting in a higher recognized loss on disposal. However the results of the auction was profit on sale of assets.

### 12. Consumer deposits

The variance is due to the transition from conventional electricity to prepaid meters which reduced the requirement for deposits from consumers.

### 13. Transfers and subsidies

The variance is as a result of high rate of configuration of registered indigents by Eskom as compared to prior year and budget.

### 14. Fair value adjustments - actuarial losses

National Treasury template does not make provision for this component to be budgeted for.

### 15. (Impairment loss)/ Reversal of impairments

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under depreciation

### 16. Agency fees

The variance is as a result licences and permits from the public was not as anticipated.

### 17. Consumer debtors - From Exchange Transactions

National Treasury template does not make provision for consumer debtors exchange transactions component to be budgeted for under receivables from exchange transactions. Please see explanation 20.

### 18. Conditional grants receivables

National Treasury template does not make provision for this component to be budgeted for.

### 19(a). Consumer debtors - From Exchange Transactions

National Treasury template does not make provision for consumer debtors exchange transactions component to be budgeted for under receivables from exchange transactions. Please see explanation 19(b).

### 19(b). Receivables from exchange transaction

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Bu
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Figures in Rand

National Treasury template does not make provision for consumer debtors - exchange transactions component to be budgeted for therefore it is budgeted under receivables from exchange transactions.

Adding receivables from both receivables - exchange, VAT receivables and consumer debtors - exchange transactions we remain with under-performance variance of 19% that is caused by under-performance on service charges as consumption was not as anticipated.

20. Receivables from non-exchange transactions

National Treasury template does not make provision for consumer debtors non-exchange transactions component to be budgeted for therefore it is budgeted for under receivables from non-exchange transactions.

Adding receivables from both receivables non-exchange and consumer debtors non-exchange transactions we remain with under-performance variance of 3% which is less than 10%.

21. Intangible assets

The asset is fully amortised

22. Investment property

The variance is due to fair value adjustment and oversight during adjustment budget

23. Deferred income

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under payables (refer to 28).

24. Employee benefit obligation

The primary reason for this variance is that the municipality over-budgeted for the Employee Benefit Obligation due to an oversight during the budget preparation process. The budget for the Employee Benefit Obligation will be corrected in the next financial year. Future budgeting will be aligned more closely with updated actuarial valuations, prior-year performance, and realistic projections.

25. Landfill Rehabilitation Provisions

The expected remaining life of the landfill is critically important for determining for how long the landfill can still be used and for planning the replacement of the landfill. The expected remaining life of the landfill is used in the discounting calculations of the provision for closure. The current expected remaining life of the landfill is estimated at 5 years. This is based on the extended license.

26. Provision for Long Service Awards

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under provisions (refer to 25)

27. Finance lease obligation

The underperformance is mainly attributable to the late delivery of fleet, which only took place in April 2025. The delay impacted the full utilisation of the leased assets during the year under review resulting in lower than anticipated performance.

28. Payables from exchange transactions

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Bu
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Figures in Rand

National Treasury template does not make provision for deferred income component to be budgeted for therefore they are budgeted for under payables from exchange transactions.

Adding payables from both payables non-exchange transactions, deferred income and VAT payables we remain with over-performance variance of 25% which is as a result of reclassified VAT payable to payable from exchanged transactions in terms of SALGA circular 38/2025

### 29. VAT receivables

The actual performance has been reclassified of VAT receivables to receivables from exchanged transactions in terms of SALGA circular 38/2025

### 30. Repairs and maintenance

National Treasury template does not make provision for this component to be budgeted for therefore it is budgeted for under operational expenditure and contracted services (refer to 5).

### 31. Property Plant and Equipment

The difference is due to sale of property plant and equipment, restatement of prior year amount resulting in reduction. Furthermore there was a change in treatment on projects funded by INEP, where those projects needs to be expensed as opposed to being capitalised.

The accounting policies on pages 22 to 53 and the notes on page 54 form an integral part of the annual financial statements.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines, and directives issued by the Accounting Standards Board. In situations where the application of GRAP is not practicable, the International Financial Reporting Standards (IFRS) will apply.

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand. Amounts are rounded to the nearest Rand.

#### 1.2 Going concern assumption

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

#### 1.3 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 judgements 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 judgments include:

##### **Useful lives and residual values of property plant and equipment and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

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

##### **Trade receivables**

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

The impairment for trade receivables is calculated based on the historical collection rate and the risk matrix established by the management.

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

The Municipality conducts an assessment of the net realizable value of its inventory at each reporting date.

In accordance with this assessment, inventory is written down to the lower of cost or net realizable value. Management relies on estimates of selling prices and direct costs associated with selling for certain inventory items to determine this valuation.

The write-down of inventory is reflected in the Statement of Financial Performance.

##### **Fair value estimation**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Impairment testing

The recoverable amounts of assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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 tangible assets are inherently uncertain and could materially change over time.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

#### Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

#### Effective interest rate

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

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus or 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.

#### Landfill site

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

Provision of rehabilitation of landfill site is determined by :

- Calculating the cost of rehabilitation of landfill sites and assessing the useful life of each land fill site as done by an Specialist
- The effect of time value of money is calculated using interest rates (investment rate) linked to the prime rate.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.4 Investment property

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

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

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

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

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

#### Fair value

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

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

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

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be measurable when construction is complete. It measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

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

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.

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

#### 1.5 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

Property Plant and Equipment is initially measured at cost on acquisition date.

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

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.

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

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

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

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

Major 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.

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.

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

<b>Item</b>	<b>Average useful life</b>
Land	Indefinite
Buildings	3 - 80 years
Community Assets	2 - 75 years
Computer Equipment	5 - 30 years
Electrical Infrastructure	5 - 50 years
Furniture and Office Equipment	3 - 30 years
Machinery and Equipment	2 - 20 years
Leased assets capitalised	2 - 12 years
Roads Infrastructure	2 - 80 years
Solid Waste Infrastructure	3 - 40 years
Transport Assets	2 - 12 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

The depreciation charge for each period is recognised on the straight line basis 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### 1.6 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from the municipality 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.

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost on acquisition.

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

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

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

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

Item	Useful life
Computer Software	3-5 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### 1.7 Heritage assets

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

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

An impairment loss of a heritage asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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

Recoverable amount is the higher of the heritage asset's net selling price and its value in use.

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

#### Recognition

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Initial measurement

Heritage assets are measured at cost on acquisition.

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

#### Subsequent measurement

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

#### Impairment

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

#### Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is 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.

### 1.8 Financial instruments

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

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.

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from the municipality'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, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment) 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 municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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 municipality.

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 municipality.

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 the municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Long term advance payments are financial liabilities, other than short-term payables on normal credit terms.

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

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

A financial asset is past due when a counterpart 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 municipality 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 municipality designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that do not meet the definition of financial instruments at amortised cost or financial liabilities at fair value through surplus or deficit.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Classification

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

<b>Class</b>	<b>Category</b>
Eskom security deposit	Financial Asset measured at amortised cost
Investments - Call accounts	Financial Asset measured at amortised cost
Consumer Debtors	Financial Asset measured at amortised cost
VAT Accruals	Financial Asset measured at amortised cost
Receivables from exchange transactions	Financial Asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

#### Initial recognition

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

#### Initial measurement of financial assets and financial liabilities

The Municipality 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.

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

#### Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's 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.

Financial assets measured at cost:

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

#### Derecognition

##### Financial assets

The municipality derecognises a financial asset only when:

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

On derecognition 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.

##### Financial liabilities

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, is recognised in surplus or deficit.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Presentation

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

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

#### 1.9 Statutory receivables

##### Identification

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

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

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

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

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

##### 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 municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

##### Impairment losses

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (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 reorganisation.
- 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 are 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 municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable 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 municipality:
  - 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 municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.10 Leases

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

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

### Finance leases - lessee

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

At the commencement of the lease term, municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to used by the municipality in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the municipalities incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Subsequently, minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for other assets that are owned by the municipality, and the depreciation recognised is calculated in accordance with the depreciation and amortisation policy.

If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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

#### Operating leases - lessor

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

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

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

#### Operating leases - lessee

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

### 1.11 Inventories

The municipality recognises Inventories as an asset if, and only if,

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

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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

When the municipality transfer assets from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus or deficit.

For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting in inventory shall be its fair value at the date of change in use.

When inventory is transferred to property, plant, and equipment, the municipality follows a measurement approach based on cost. The closing cost at which inventory is recorded remains the same cost when these items are reclassified as property, plant, and equipment.

#### 1.12 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets as defined above.

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.

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

#### 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.

Irrespective of whether there is any indication of impairment, the municipality also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### 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:

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 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.

#### 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 revalued 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 assess 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.

#### 1.13 Electricity distribution losses

The electricity distribution losses are as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g theft and vandalism, as a result, the losses are not recoverable.

Cost of units purchased include all costs incurred as a resulting of buying electricity or that are directly attributable to purchasing electricity.

The rand value of distribution loss is calculated per month using the unit cost of purchasing electricity in that month.

At the end of the year total distribution loss is calculated by adding up distribution losses for the 12 months.

#### 1.14 Employee benefits

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

- a municipality'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.

#### 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.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Short-term employee benefits include items such as:

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

When an employee has rendered service to the municipality during a reporting period, the municipality 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 municipality 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 municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality has no realistic alternative but to make the payments.

#### Post-employment benefits

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Post-employment benefits: Defined benefit plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

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

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

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

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

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

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

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

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost;

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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

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

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

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and

### 1.15 Provisions, Contingent Liabilities and Assets

#### Provisions

Provisions are recognised when:

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

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when the municipality:

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

### Contingent liabilities

On initial recognition, contingent liabilities are recorded as a disclosure only, if the definition of contingent liabilities is fully satisfied. A contingent liability is disclosed unless if the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The municipality shall not recognise a contingent liability.

In the context of the municipality, the definition of a contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

An obligating event is an event that creates a legal or constructive obligation that results in the municipality having no realistic alternative to settling that obligation.

Where the municipality is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability.

The amount recognised as a contingent liability shall be the best estimate of the expenditure required to settle the possible obligation at the reporting date. The best estimate of the expenditure required to settle the contingent matter is the amount that the municipality would rationally pay at the reporting date.

Where an outflow of economic benefits or service potential is probable, the municipality shall disclose a brief description of the nature of the contingent liability at the reporting date, and, where practicable, an estimate of their financial effect, measured using the best estimate including possible obligation towards legal fees

After their initial recognition:

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

contingent liabilities are assessed continually to determine whether an outflow or inflow of resources embodying economic benefits or service potential has become probable.

If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

#### Contingent assets

On initial recognition, contingent assets are recorded as a disclosure only, if the definition of contingent assets is fully satisfied. A contingent Asset is disclosed unless if the possibility of an inflow of resources embodying economic benefits or service potential is remote.

The municipality shall not recognise a contingent asset.

A contingent asset is disclosed, where an inflow of economic benefits or service potential is probable.

In the context of the municipality, the definition of a contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

The amount recognised as a contingent asset shall be the best estimate of the revenue that will probably be received if the matter is settled at the reporting date. The best estimate of the revenue required to settle the contingent matter is the amount that the municipality would rationally receive at the reporting date.

Where an inflow of economic benefits or service potential is probable, the municipality shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect, measured using the best estimate including possible obligation towards legal fees that will be recovered if applicable.

After their initial recognition:

Contingent assets are assessed continually to determine whether an inflow of resources embodying economic benefits or service potential has become probable.

If it becomes probable that an inflow of future economic benefits or service potential will be received for an item previously dealt with as a contingent asset, an asset is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognised in financial statements since this may result in the recognition of revenue that may never be realised. However, when the realisation of revenue is virtually certain to the municipality, then the related asset is not a contingent asset and it is then recognised as an asset.

#### Decommissioning, restoration and similar liability

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

- if the adjustment results in an addition to the cost of an asset, the municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.12.

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

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

#### 1.16 Commitments

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

A commitment arises when a decision is made to incur a liability e.g. purchase order, delivery schedules or contract for construction of Infrastructure assets. A commitment becomes a liability when the intention to agree to an outflow of resources outflow of resources becomes a present obligation.

Notes to the financial statements are disclosed in respect of unrecognised and unspent contractual commitments.

Amounts for commitments are disclosed VAT inclusive in the notes to the financial statements.

The commitments are not recognised as a liability in the statement of financial position but are disclosed in the notes to the financial statements

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 municipality – therefore salary commitments relating to employment contracts commitments are excluded.

Commitments are derecognised upon contract fulfillment, cancellation and when contract amount is fully spent.

#### 1.17 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.

Interest levied on transactions arising from exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is an exchange transaction then any interest levied is also classified as exchange.

#### Measurement

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

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

#### Interest

Revenue arising from the use by others of municipality assets yielding interest 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 revenue from debtors is recognized in surplus or deficit using the prime interest rate plus one method.

#### 1.18 Revenue from non-exchange transactions

Fines are economic benefits or service potential received or receivable by municipality, 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.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

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

Interest levied on transactions arising from non-exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is a non-exchange transaction then any interest levied is also classified as non-exchange.

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

#### 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.

#### 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.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

#### Transfers

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.

#### Fines

Fines are recognised when it is probable that future economic benefits will flow to the municipality, the costs can be reliably measured and all restrictions have been complied with. Revenue is recognised when fines or summons are issued.

The amount due by a particular offender is specified on the notice, summons or equivalent document. The municipality issuing the traffic fine may indicate that reductions are available, subject to further processes being undertaken.

Fines reductions reduce the asset (receivable) and revenue for the year.

Relevant disclosures should be made on the assumptions used to estimate revenue and any other relevant information.

The municipality is able to reliably measure the fair value of fines issued. The value of the fine that can be imposed on the offender is usually stipulated in legislation, regulation or equivalent, and will vary depending on the nature and severity of the offence. The amount due by a particular offender is usually indicated on the notice, summons or similar document issued. In these instances, the asset (receivable) can be measured reliably.

Impairment on all traffic fines outstanding is calculated on a basis of the average of uncollectable rate over the full period of traffic fines per type of traffic fine.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Levies/Property rates

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

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

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

Taxation revenue is determined at a gross amount and disclosed in the surplus net of rebates.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised on receipt probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis or when the conditions are satisfied. Where there is no restriction on the period., such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

#### Conditional grants

Receipts 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. Grants are included in Non exchange transactions revenue.

#### Unconditional grants.

Receipts from unconditional grants, donations and funding are recognised as revenue, since there are no conditions attached.

#### Commitments

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

If the municipality enters into any significant contractual commitments that will result in the outflow of financial sources after the balance sheet date, it must be disclosed in the notes to the annual financial statements as a non-adjusting event.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

Commitments include:

- Capital commitments (to acquire PPE and intangible assets)
- Lease commitments
- Other financial commitments

The value of the planned outflow of financial resources shall be disclosed per category of commitments

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

#### Value added tax

VAT is accounted for on an accrual basis and payable on the cash basis.

The municipality is registered for VAT on the payments (cash) basis under the VAT Act (section 15(2A)), declaring output tax upon receipt from customers and claiming input tax upon payment to suppliers. However, the annual financial statements are prepared on the accrual basis per GRAP 1 (paragraph .03), recognizing VAT rights and obligations when underlying transactions occur.

Input and output VAT accruals arise from contractual exchange transactions and are classified as receivables/payables from exchange transactions. Upon cash settlement, amounts transfer to the VAT control account, reclassified as statutory receivables or payables with SARS, arising from legislation.

Accruals are measured at the transaction amount per the VAT Act. Statutory items in the VAT control are measured net (output less input) as specified in legislation excluding time value.

Input/output VAT accruals are presented separately as current assets/liabilities without offsetting, reflecting distinct transactions

The net VAT control balance is presented as a statutory receivable/payable from exchange transactions if applicable.

#### Donations

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

Donations are non exchange revenue.

#### 1.19 Materiality

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

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

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

#### 1.20 Investment income

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.21 Accounting by principals and agents

##### Identification

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

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

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

##### Identifying whether an entity is a principal or an agent

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

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

##### Binding arrangement

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

#### Recognition

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

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

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

#### 1.22 Comparative figures

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

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

#### 1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to operational unauthorised expenditure is initially recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure relating to capital expenditure is initially recognised as an asset in the statement of financial position in the year the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense or asset, and where council resolves on recovery, it is subsequently accounted for as revenue in the statement of financial performance and debtors in the statement of financial position. When the payment is subsequently received, the payment is receipted against the debtor.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

The unauthorised expenditure note to the financial statements is disclosed excluding VAT.

#### 1.24 Fruitless and wasteful expenditure

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

Expenditure relating to fruitless and wasteful expenditure is initially 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 subsequently recovered, it is accounted for as revenue and debtor in the statement of financial performance and statement of financial position respectively.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

Fruitless and wasteful expenditure note to the financial statements is disclosed excluding VAT

#### 1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) Municipal Finance Management Act (Act No.56 of 2003); or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

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

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

Irregular expenditure note to the financial statements is disclosed including VAT.

#### 1.26 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.27 Accounting Policies, Changes in Accounting Estimates and Errors

Accounting policies are the specific principles, bases, conventions, rules and practices applied by a municipality in preparing and presenting financial statements. A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Prospective application of a change in an accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are:

- (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and
- (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

The effect of a change in an accounting estimate shall be recognised prospectively.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.28 Expenditure

The municipality uses the accrual basis of accounting and recognises expenditures when they occur and are recognised in the period to which they relate and not only recognised when cash is paid.

Expenditure is decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

#### 1.29 Segmental reporting

A segment is an activity of a municipality:

- 1 - that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same municipality);
- 2 - whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- 3 - 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.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

Two or more segments of a municipality are aggregated into a single segment if aggregation is consistent and the segments have similar economic characteristics, and the segments share a majority of the following:

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

The municipality combine segments with similar economic characteristics and share a majority of the aggregation criteria per municipality policy or are individually insignificant and a practical limit has been reached.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.30 Budget information

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements.

The annual budget figures included in the financial statements are for the Municipality and these figures are those approved by the Council at the beginning and during the year.

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

The approved budget covers the fiscal period from beginning of July to end of June.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting.

Comparative information is not required.

#### 1.31 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

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

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state
- (c) the amount of the award.

#### 1.32 Events after reporting date

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

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1. Presentation of Annual Financial Statements (continued)

#### 1.33 Consumer Deposits

Consumer Deposits represents funds received by the municipality as security for payment of consumer accounts. The amount represent the actual cash received and can either be paid back or set off against an consumer account. The gross un-utilised deposit amount is indicated. No interest is paid to the consumers on the deposits held by the municipality.

#### 1.34 Trade payables

A liability is a present obligation of a municipality arising from past events, the settlement of which is expected to result in an outflow from the municipality of resources embodying economic benefits or service potential.

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist).

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

2025

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### 2. New standards and interpretations

#### 2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
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#### 2.2 Standards and interpretations issued, but not yet effective

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	133 812 659	-	133 812 659	120 933 586	-	120 933 586

#### Reconciliation of investment property - June 2025

	Opening balance	Additions	Fair value adjustments	Total
Investment property	120 933 586	7 676 251	5 202 822	133 812 659

#### Reconciliation of investment property - June 2024

	Opening balance	Additions	Transfers received	Fair value adjustments	Total
Investment property	103 830 743	2 101 735	15 513 404	(512 296)	120 933 586

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. None of the assets of the municipality has been pledged as security for any purposes.

The valuation of the Investment properties was performed by an independent valuator, Uniqueco Property Valuers (Pty) Ltd. Year-on-year increases were calculated based on the average sales data collected for each township within the larger municipal area.

#### Amounts recognised in surplus or deficit

There were no direct operating expenses and repairs and maintenance for Investment property that generated rental revenue for the 2024 and 2025 financial year.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property Plant and Equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	177 591 838	-	177 591 838	177 596 541	-	177 596 541
Buildings	122 297 954	(83 963 702)	38 334 252	121 575 872	(81 167 528)	40 408 344
Leased assets capitalised	14 078 655	(375 759)	13 702 896	19 329 969	(6 962 831)	12 367 138
Roads Infrastructure	957 966 943	(485 035 898)	472 931 045	962 293 668	(452 901 398)	509 392 270
Solid Waste Infrastructure	62 944 146	(19 407 878)	43 536 268	50 847 212	(17 447 068)	33 400 144
Electrical Infrastructure	122 052 780	(59 449 554)	62 603 226	120 346 651	(54 679 266)	65 667 385
Community	31 550 156	(19 984 370)	11 565 786	29 314 265	(19 488 563)	9 825 702
Furniture and Office Equipment	16 923 590	(9 258 207)	7 665 383	16 637 914	(8 206 256)	8 431 658
Machinery and Equipment	36 315 862	(20 864 096)	15 451 766	34 346 825	(18 870 815)	15 476 010
Computer Equipment	9 326 861	(4 757 308)	4 569 553	9 427 816	(5 093 276)	4 334 540
Transport Assets	26 312 759	(14 401 470)	11 911 289	50 802 202	(40 506 664)	10 295 538
Capital - Work in Progress	218 157 471	(216 067)	217 941 404	136 005 035	(216 067)	135 788 968
<b>Total</b>	<b>1 795 519 015</b>	<b>(717 714 309)</b>	<b>1 077 804 706</b>	<b>1 728 523 970</b>	<b>(705 539 732)</b>	<b>1 022 984 238</b>

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2025

	Opening balance	Additions	Disposals	Transfers	Donations	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	177 596 541	-	(4 703)	-	-	-	-	-	177 591 838
Buildings	40 408 344	1 258 623	(99 467)	-	-	-	(3 094 914)	(138 334)	38 334 252
Leased assets capitalised	12 367 138	14 078 655	-	(11 355 328)	-	-	(1 387 569)	-	13 702 896
Roads Infrastructure	509 392 270	3 585 722	(2 087 765)	44 263	-	-	(35 672 463)	(2 330 982)	472 931 045
Solid Waste Infrastructure	33 400 144	81 300	(7 231)	1 000 000	-	11 035 330	(1 962 481)	(10 794)	43 536 268
Electrical Infrastructure	65 667 385	3 217 685	(630 264)	-	-	-	(4 775 288)	(876 292)	62 603 226
Community	9 825 702	-	(8 066)	2 660 766	-	-	(737 365)	(175 251)	11 565 786
Furniture and Office Equipment	8 431 658	1 236 586	(103 759)	-	-	-	(1 868 264)	(30 838)	7 665 383
Machinery and Equipment	15 476 010	650 515	(719 073)	4 057 038	-	-	(3 850 709)	(162 015)	15 451 766
Computer Equipment	4 334 540	1 647 802	(112 112)	-	-	-	(1 275 829)	(24 848)	4 569 553
Transport Assets	10 295 538	-	(1 192 187)	7 298 522	-	-	(4 150 632)	(339 952)	11 911 289
Capital - Work in Progress	135 788 968	101 068 854	-	(18 916 418)	-	-	-	-	217 941 404
	<b>1 022 984 238</b>	<b>126 825 742</b>	<b>(4 964 627)</b>	<b>(15 211 157)</b>	<b>-</b>	<b>11 035 330</b>	<b>(58 775 514)</b>	<b>(4 089 306)</b>	<b>1 077 804 706</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers	Donations	Changes in Landfill site valuation	Depreciation	Impairment loss	Total
Land	171 624 006	-	-	5 972 535	-	-	-	-	177 596 541
Buildings	50 587 126	-	(68 444)	9 000	-	-	(3 565 196)	(6 554 142)	40 408 344
Leased assets capitalised	15 402 569	-	-	-	-	-	(3 035 431)	-	12 367 138
Roads Infrastructure	512 490 694	-	(23 347 662)	53 993 732	-	-	(33 073 300)	(671 194)	509 392 270
Solid Waste Infrastructure	39 937 446	-	(8 369)	-	-	(4 011 066)	(2 230 887)	(286 980)	33 400 144
Electrical Infrastructure	68 096 019	-	(387 585)	2 406 866	-	-	(4 662 361)	214 446	65 667 385
Community	14 727 740	-	(8 164)	-	-	-	(897 584)	(3 996 290)	9 825 702
Furniture and Office Equipment	3 439 777	5 739 210	(7 731)	121 182	-	-	(833 993)	(26 787)	8 431 658
Machinery and Equipment	12 154 464	330 803	(90 826)	5 775 238	-	-	(2 685 483)	(8 186)	15 476 010
Computer Equipment	3 220 864	2 035 254	(34 789)	160 234	19 595	-	(978 634)	(87 984)	4 334 540
Transport Assets	13 166 409	-	-	-	-	-	(2 865 901)	(4 970)	10 295 538
Capital - Work in Progress	117 150 699	83 842 213	-	(65 203 944)	-	-	-	-	135 788 968
	<b>1 021 997 813</b>	<b>91 947 480</b>	<b>(23 953 570)</b>	<b>3 234 843</b>	<b>19 595</b>	<b>(4 011 066)</b>	<b>(54 828 770)</b>	<b>(11 422 087)</b>	<b>1 022 984 238</b>

### Donations

During the 2025 financial year 45 trading stalls and ablution facilities were received as a donation from Sekhukhune TVET college for R7 676 250 situated at portion 51 (A portion 31) of farm Klipbank 36 in Acquaville

During the 2024 financial year computer equipment was received as a donation from the provincial government for R19 595. The municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

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

Below are property, plant and equipment projects that construction is **Halted**.

WIP Classification	Project Name	Reason for delaying the project	Impairment losses recognised	2025 NET CARRY VALUE	2024 NET CARRY VALUE	PROJECT STATUS
Community Facilities	Cemeteries/Crematoria	Community disruption	Yes	-	-	HALTED
<b>Total</b>						

Below are halted property, plant and equipment that are taking a significantly longer period of time to complete than expected (**Delayed**)

WIP Classification	Project Name	Reason for delaying the project	Impairment losses recognised	2025 NET CARRY VALUE	NET CARRY VALUE	PROJECT STATUS
Roads	Upgrading Maraganeng Access Access Road	Project has on site delays including rain	No	652 150	652 150	DELAYED
Roads	Upgrading of Maraganeng internal Access roa	Project has on site delays including rain	No	1 004 230		DELAYED
Roads	Upgrading of Maraganeng internal Access roa	Project has on site delays including rain	No	15 819 762	7 306 937	DELAYED
Roads	Upgrading of Tafelkop stadium Access Road	Unforeseen Site conditions- Wetland and Hard rock	No	23 366 298	23 366 298	DELAYED
Roads	Upgrading of Tafelkop stadium Access Road	Unforeseen Site conditions- Wetland and Hard rock	No	7 286 469	7 286 469	DELAYED
Roads	Upgrading of Tafelkop stadium	Unforeseen Site conditions- Wetland and Hard rock	No	16 621 048	16 621 048	DELAYED
Landfill Sites	Groblersdal Landfill site	Designs not compliant with new Department of Water and Sanitation standards/requirements on Landfill Sites	No	20 196 075	20 196 075	DELAYED
<b>Total</b>				<b>84 946 032</b>	<b>75 428 977</b>	

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

During the preparation of the 2025 Annual Financial Statements, management identified an error in the disclosure of work in progress in the 2024 audited Annual Financial Statements. The error arose due to reclassification of electrification projects from CAPEX to OPEX implemented in unlicensed areas (Zenzele and Nyakelang) and upgrading of Stompo and Masoing projects which were completed

### Expenditure incurred to repair and maintain property, plant and equipment

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

Contracted services	36 002 750	38 630 246
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### Reconciliation of Work-in-Progress

#### June 2025

Category	Opening Balance	Expenditure	Transfers	Closing Balance
Community Assets	1 964 766	11 296 845	-2 660 766	10 600 846
Electrical Infrastructure	7 796 592	15 255 652	-15 255 652	7 796 592
Roads Infrastructure	104 126 537	73 516 357		177 642 894
Solid Waste Infrastructure	21 901 075	1 000 000	-1 000 000	21 901 075
<b>Grand Total</b>	<b>135 788 970</b>	<b>101 068 855</b>	<b>-18 916 418</b>	<b>217 941 406</b>

#### June 2024

Category	Opening Balance	Expenditure	Transfers	Closing Balance
Community Assets	1 964 766			1 964 766
Electrical Infrastructure	3 517 658	16 277 627	-11 998 696	7 796 589
Roads Infrastructure	97 689 063	59 642 721	-53 205 248	104 126 537
Solid Waste Infrastructure	13 979 210	7 921 865		21 901 075
<b>Grand Total</b>	<b>117 150 697</b>	<b>83 842 213</b>	<b>-65 203 944</b>	<b>135 788 966</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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Figures in Rand	2025	2024
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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. None of the assets of the municipality has been pledged as security for any purposes.

Certain assets were impaired during the year, based on physical verification that was performed during current year and comparative year.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage Assets

	2025			2024		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Heritage Assets	463 363	-	463 363	463 363	-	463 363

#### Reconciliation of heritage assets - June 2025

Heritage Assets	Opening balance	Total
	463 363	463 363

#### Reconciliation of heritage assets - June 2024

Heritage Assets	Opening balance	Total
	463 363	463 363

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 6. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	-	-	1 554 591	(1 554 591)	-

### Reconciliation of intangible assets - June 2024

	Opening balance	Amortisation	Total
Computer software	6 400	(6 400)	-

### Other information

The residual value, and the useful life and amortisation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

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### 7. Employee benefit obligations

#### Defined benefit plan

The municipality provides a Defined Benefit Plan to its employees. A defined contribution plan is a type of retirement plan in which the municipality and the employee both make contributions on a monthly basis.

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Members contribute according to sliding tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of either 60% or 70% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependents receive a subsidy of either 60% or 70%. Upon a member's death-in-service, surviving dependents are not allowed to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependents are allowed to continue to receive the same subsidy.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 60% subsidy.

Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

All post-employment subsidies are subject to a maximum subsidy. The maximum for the year ending 30 June 2025 is an assumed value of R5,277 per member per month.

The maximum subsidy is R 5,791 per principal member per month for the year ending 30 June 2026, and has been assumed to increase annually on 1 July at 75% of salary inflation.

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

##### Carrying value

Present value of the Post Employment Medical Health Care obligation -Opening	(28 894 000)	(23 914 000)
Interest charge	(3 463 000)	(2 930 000)
Net actuarial gains or losses recognised	(1 191 399)	(2 057 808)
Current Service Cost	(1 197 000)	(991 000)
Benefits paid out of the fund	1 159 399	998 808
	<b>(33 586 000)</b>	<b>(28 894 000)</b>
Non-current liabilities	(32 247 000)	(27 611 000)
Current liabilities	(1 339 000)	(1 283 000)
	<b>(33 586 000)</b>	<b>(28 894 000)</b>

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

Opening balance	19 761 002	14 781 002
Net expense recognised in the statement of financial performance	4 692 000	4 980 000
	<b>24 453 002</b>	<b>19 761 002</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	1 197 000	991 000
Interest cost	3 463 000	2 930 000
Actuarial (gains) losses	1 191 399	2 057 808
Paid out to current members	(1 159 399)	(998 808)
	<b>4 692 000</b>	<b>4 980 000</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – Obligation	1 191 399	2 057 808
<b>Key assumptions used</b>		
Assumptions used at the reporting date:		
Discount rates used: Long service awards	9,70 %	11,13 %
General salary inflation (Long Term)	4,70 %	6,28 %
Nett effective discount rate - Long service awards	4,80 %	4,57 %
Discount rate used: Post employment benefits	11,20 %	12,25 %
Health care inflation rate	7,00 %	7,72 %
Net effective discount rate - Post employment benefits	3,90 %	4,21 %

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following.

#### Effects for 2025 financial year.:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (defined benefit obligation)	4 321 000	5 066 000
Effect on defined benefit obligation	29 693 000	38 368 000

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost ( Long service awards)	1 767 000	1 808 000
Effect on Long service awards obligation	9 914 000	11 003 000

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following

#### Effects for 2024 financial year:

percentage	One percentage point increase	One point decrease
Effect on the aggregate of the service cost and interest cost (defined benefit obligation)	4,217,000	3,555,000
Effect on defined benefit obligation	30,774,000	26,595,000

percentage	One percentage point increase	One point decrease
Effect on the aggregate of the service cost and interest cost ( Long service awards)	1,808,000	1,599,000
Effect on Long service awards obligation	8,337,000	9,336,000.

	2025	2024	2023	2022	2021
Defined benefit obligation	33 586 000	28 894 000	23 914 000	24 531 000	24 324 000
Experience adjustments on plan liabilities	80 000	2 459 000	(450 000)	(957 000)	(2 118 000)
	2025	2024	2023	2022	2021
Long service award	10 432 000	8 811 000	8 835 000	8 099 000	7 416 000
Experience adjustments on plan liabilities	958 795	1 581 316	341 553	750 854	774 714

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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During preparation of the 2024 audited financial statements, the amounts disclosed for experience adjustments on plan liabilities contained typographical errors and did not agree to the underlying actuarial valuation reports. The comparative information has been corrected to align with the actuaries' figures.

Line item Experience adjustments on plan liabilities: corrected from R2,366,000 to R2,459,000 (increase of R93,000).

Line item Experience adjustments on plan liabilities: corrected from R71,000 to R1,581,316 (increase of R1,510,316).

The above corrections have been treated as a prior-period error and the 2024 comparatives have been restated accordingly. The correction affects only the disclosure/remeasurement amounts; there is no cash flow impact.

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### 8. Eskom security deposit

A security deposit is held by Eskom who is the bulk electricity supplier to the municipality. The Municipality occasionally pays additional deposits as required by the supplier. The deposit attracts interest at rates determined by the supplier on an annual basis. The annual interest is accounted for in the additional deposit amounts held and the relevant interest earned amount on the statement of financial performance. The amount equals approximately twice the monthly account and will be held until the service is no longer required.

#### Eskom Deposits

Security deposit	19 582 729	18 475 124
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# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### 9. Inventories

Consumables	25 542 031	19 472 936
Unsold Properties Held for Resale	12 036 503	12 036 503
	<b>37 578 534</b>	<b>31 509 439</b>

#### 9.1 Consumables expenses

Inventories recognised as expenses during the year are included in different expenditure line items in the statement of financial performance as illustrated below.

<b>Statement of Financial Position</b>		
Opening Stock :	19 472 936	14 817 191
Add: Purchases	19 842 075	20 555 147
Less :consumed	(13 692 210)	(15 615 233)
Adjustments:	(80 722)	(284 168)
<b>Closing stock</b>	<b>25 542 030</b>	<b>19 472 936</b>
<b>Statement of Financial Performance</b>		
Materials and Supplies	4 112 747	4 396 244
Repairs and Maintenance	4 480 920	7 975 873
Printing, Publications and books	1 880 856	1 992 825
<b>Inventories Recognised as an Expense during the year</b>	<b>10 474 523</b>	<b>14 364 942</b>
<b>Inventories Recognised as Non Current Assets during the year</b>	<b>3 217 686</b>	<b>1 250 291</b>
<b>Total inventory consumed</b>	<b>13 692 210</b>	<b>15 615 233</b>

#### Inventory pledged as security

There is no Inventory pledged as security.

Properties held for resale consist of municipal land intended for disposal through sale or development, and are measured at the lower of cost and net realisable value.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>10. Receivables from exchange transactions</b>		
Trade debtors	2 251 969	3 078 817
Input VAT Accrual	74 866 563	67 816 977
VAT receivable from SARS (Cash basis)	-	1 316 569
	<b>77 118 532</b>	<b>72 212 363</b>

### VAT receivable

**Input VAT accruals** represent the municipality's right to claim VAT on purchases of goods and services from suppliers, recognized on an accrual basis in the financial statements in accordance with GRAP 1 (paragraph .03), even though the municipality is registered on the payments (cash) basis for VAT purposes under the VAT Act (section 15(2A)). These accruals arise from contractual arrangements with suppliers and are initially classified as receivables from exchange transactions under GRAP 104 (paragraph .11), as they stem from enforceable contractual rights to recover VAT once payment is made. VAT accrual is not netted off with output VAT.

**Cash basis input VAT** refers to the deductible input tax claimed from SARS upon actual payment to suppliers, as permitted for municipalities under the VAT Act (section 15(2A); SARS VAT 419 Guide, Chapter 2.1). In the financial statements, this is recognized on transfer from the input VAT accrual account to the VAT control account, reclassified as a statutory receivable under GRAP 108 (paragraph .01), arising directly from legislation requiring SARS to refund the amount in cash.

Cash basis input VAT is included in the net VAT receivable from SARS, presented above.

### Statutory Receivables - VAT

VAT receivable Cash basis is a statutory receivable per GRAP 108.

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

That VAT balance accumulates every time the municipality transact in taxable supplies.

The transaction amount is determined by multiplying the standard-rated supplies by 15% and Zero-rated supplies by 0%. Statutory receivable (VAT) is written off only when SARS reduces an assessment, and the municipality objection is denied by SARS.

There are no VAT balances that are past due as at year end.

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

Balance of Statutory receivables at year end:

VAT receivable from SARS (Cash basis)	-	1 316 569
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# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

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### Net VAT receivable accrual

The net VAT accrual receivable represents the municipality's potential net position with the South African Revenue Service (SARS), calculated as the difference between input VAT accruals (potential claims on purchases) and output VAT accruals (potential obligations on supplies), prior to cash settlements. This disclosure provides users with insight into the estimated net refund or payable to SARS if all underlying transactions were settled in cash, reflecting the economic substance of accrued VAT positions under the accrual basis of accounting. However, actual claims or payments to SARS occur only upon cash movements, as the municipality is registered on the payments basis.

The net position does not represent an immediate statutory receivable or payable but illustrates liquidity implications and future cash flows related to VAT. Components are presented separately in the statement of financial position (input as current asset, output as current liability), with this note reconciling to the potential net for enhanced transparency.

### Net VAT Accrual Receivable (potential net refund from SARS)

Input VAT Accrual (potential claims)		74 866 563	67 816 977
Output VAT Accrual (potential obligations)	Note 18	(50 361 956)	(49 660 105)
Output VAT Accrual allowance for impairment	Note 18	3 281 368	2 773 431
		<b>27 785 975</b>	<b>20 930 303</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>11. Receivables from non-exchange transactions</b>		
Traffic fines	295 094 090	198 273 422
Less: Provision for irrecoverable debt traffic fines	(271 684 836)	(189 278 675)
Debit orders to be recovered	108 196	127 110
	<b>23 517 450</b>	<b>9 121 857</b>

### Statutory receivables - Fines

Traffic fines are statutory receivables arising from penalties for traffic violations. They are classified as non-exchange transactions.

Recognized when enforceable, inflows probable, and measurable reliably. Initially measured at transaction amount. Subsequently measured at cost and adjusted for impairments.

Impairment is assessed annually for indicators using expected credit losses and are derecognized on payment, write-off, or cancellation.

Fines are presented as current assets under non-exchange receivables.

### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	189 278 674	111 085 316
Provision for impairment	82 406 162	78 193 358
	<b>271 684 836</b>	<b>189 278 674</b>

As of 30 June 2025, traffic fines debtors of R295 094 090 (2024: R198 273 422) were impaired and provided for.

The amount of the provision was R271 684 836 as at 30 June 2025, (2024: R189 278 675).

Bad debts written off against allowance amounted to R0 as at 30 June 2025 and R0 in the year 2024.

### Fines, Penalties and Forfeits revenue

The breakdown of traffic fine revenues is as follows.

Traffic fines revenue	112 610 640	90 016 375
Other penalties	1 482 926	30 261
	<b>114 093 566</b>	<b>90 046 636</b>

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>12. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	96 636 303	84 108 494
Electricity	22 390 304	18 653 719
Refuse	38 013 359	31 513 564
Interest exchange	18 092 895	14 639 998
Interest non-exchange	70 449 682	60 720 802
VAT	9 698 919	8 255 124
Other	2 872 183	2 605 599
	<b>258 153 645</b>	<b>220 497 300</b>
<b>Less: Allowance for impairment</b>		
Rates	(41 133 134)	(35 126 780)
Electricity	(2 494 072)	(2 297 345)
Refuse	(17 812 304)	(14 464 283)
Interest exchange	(6 602 630)	(6 157 189)
Interest non-exchange	(33 284 847)	(28 564 535)
VAT	(3 281 368)	(2 773 431)
Other	(1 002 164)	(911 891)
	<b>(105 610 519)</b>	<b>(90 295 454)</b>
<b>Net balance</b>		
Rates	55 503 169	48 981 714
Electricity	19 896 232	16 356 374
Refuse	20 201 055	17 049 281
Interest exchange	11 490 265	8 482 809
Interest non-exchange	37 164 835	32 156 267
VAT	6 417 551	5 481 693
Other	1 870 019	1 693 708
	<b>152 543 126</b>	<b>130 201 846</b>
<b>Rates</b>		
Current (0 -30 days)	4 920 477	4 858 063
31 - 60 days	2 623 945	2 564 520
61 - 90 days	1 975 540	2 008 195
91 - 120 days	1 898 451	1 797 406
121 - 365 days	16 019 871	13 698 375
> 365 days	69 198 019	59 181 935
	<b>96 636 303</b>	<b>84 108 494</b>
<b>Electricity</b>		
Current (0 -30 days)	14 445 879	11 820 956
31 - 60 days	1 836 225	1 903 437
61 - 90 days	557 491	269 458
91 - 120 days	770 058	201 526
121 - 365 days	1 068 687	822 583
> 365 days	3 711 964	3 635 759
	<b>22 390 304</b>	<b>18 653 719</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>Refuse</b>		
Current (0 -30 days)	1 081 880	1 077 002
31 - 60 days	732 091	778 001
61 - 90 days	619 421	658 185
91 - 120 days	601 757	635 208
121 - 365 days	5 710 348	4 871 352
> 365 days	29 267 862	23 493 816
	<b>38 013 359</b>	<b>31 513 564</b>
<b>Interest</b>		
Current (0 -30 days)	1 804 514	1 471 690
31 - 60 days	1 680 090	1 465 520
61 - 90 days	1 642 210	1 390 453
91 - 120 days	1 603 801	1 358 858
121 - 365 days	13 106 413	9 877 668
> 365 days	68 705 550	59 796 612
	<b>88 542 578</b>	<b>75 360 801</b>
<b>VAT</b>		
Current (0 -30 days)	2 359 303	1 954 085
31 - 60 days	398 307	417 508
61 - 90 days	185 622	147 461
91 - 120 days	214 089	132 435
121 - 365 days	1 080 238	926 576
> 365 days	5 461 360	4 677 060
	<b>9 698 919</b>	<b>8 255 125</b>
<b>Other</b>		
Current (0 -30 days)	182 772	176 183
31 - 60 days	77 216	55 080
61 - 90 days	60 953	45 606
91 - 120 days	530 618	40 297
121 - 365 days	502 009	657 073
> 365 days	1 518 615	1 631 360
	<b>2 872 183</b>	<b>2 605 599</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	13 795 997	11 358 416
31 - 60 days	3 954 955	3 927 791
61 - 90 days	2 843 452	2 582 345
91 - 120 days	3 510 387	2 466 948
121 - 365 days	23 967 417	19 056 806
> 365 days	122 568 501	99 418 018
	<hr/>	<hr/>
	170 640 709	138 810 324
Less: Allowance for impairment	(71 989 490)	(58 644 791)
	<hr/>	<hr/>
	<b>98 651 219</b>	<b>80 165 533</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	9 341 846	8 916 457
31 - 60 days	3 171 786	2 912 250
61 - 90 days	1 997 966	1 749 633
91 - 120 days	1 908 473	1 508 078
121 - 365 days	11 950 928	10 627 245
> 365 days	51 107 970	49 148 346
	<hr/>	<hr/>
	79 478 969	74 862 009
Less: Allowance for impairment	(30 719 567)	(29 153 755)
	<hr/>	<hr/>
	<b>48 759 402</b>	<b>45 708 254</b>
<b>National and provincial government</b>		
Current (0 -30 days)	1 656 984	1 083 105
31 - 60 days	221 132	344 025
61 - 90 days	199 820	187 321
91 - 120 days	199 914	190 702
121 - 365 days	1 569 222	1 169 576
> 365 days	4 186 897	3 850 159
	<hr/>	<hr/>
	8 033 969	6 824 888
Less: Allowance for impairment	(2 901 463)	(2 496 909)
	<hr/>	<hr/>
	<b>5 132 506</b>	<b>4 327 979</b>
<b>Total</b>		
Consumers	170 640 709	138 810 323
Commercial / industrial / agricultural	79 478 969	74 862 070
National, Provincial and other government organisations	8 033 969	6 824 889
	<hr/>	<hr/>
	258 153 647	220 497 282
Less: Allowance for impairment	(105 610 521)	(90 295 436)
	<hr/>	<hr/>
	<b>152 543 126</b>	<b>130 201 846</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(90 295 454)	(77 352 318)
Contributions to allowance	(15 315 065)	(12 943 136)
	<hr/>	<hr/>
	<b>(105 610 519)</b>	<b>(90 295 454)</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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Figures in Rand	2025	2024
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### Consumer debtors impaired

As of 30 June 2025, consumer debtors of R258 153 646 (2024: 220 497 282) were impaired and provided for.

The amount of the provision was R105 610 520 as at 30 June 2025 (2024: 90 295 454). The basis of the calculation of debt impairment is based on the risk assessment required in terms of GRAP 19.

Debt impairment written off against allowance amounted to R0 as at 30 June 2025 and R0 as at 30 June 2024.

### Consumer debtors breakdown

The carrying amount of consumer debtors consist of the following:

Consumer debtors from non-exchange transactions	92 668 004	81 137 981
Consumer debtors from exchange transactions	59 875 122	49 063 865
Total	<u>152 543 126</u>	<u>130 201 846</u>

### Statutory receivables - Property rates

Net property rates	55 503 169	48 981 714
Net interest on property rates	37 164 835	32 156 267
	<u>92 668 004</u>	<u>81 137 981</u>

Property rates is tax levied in terms of Local Government Property Rates Act, Act No. 6 of 2004. The Act empowers the municipality to adopt by-laws to give effect to the implementation of its rates policy i.e., levying of property rates on all rateable property in its area (except as provided otherwise within law).

The municipality recognise statutory receivables using GRAP 23 at their transaction amount per approved tariffs through billing.

The municipality measure 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:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) any amounts derecognised

The municipality derecognise a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expire or are waived.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>13. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	68 800	68 801
Bank balances	7 516 883	22 605 138
Short-term deposits	57 322 064	-
	<b>64 907 747</b>	<b>22 673 939</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2025	June 30, 2024	30 June 2025	June 30, 2024
Nedbank Limited: Cheque Account (Acc no 1137278765)	7 238 661	- 23 384 905	7 516 883	- 22 605 138
Absa (Acc no 93 9651 9964)	57 322 064	-	57 322 064	-
<b>Total</b>	<b>64 560 725</b>	<b>- 23 384 905</b>	<b>64 838 947</b>	<b>- 22 605 138</b>

### 14. Finance lease obligation

#### Minimum lease payments due

- within one year	5 876 253	7 103 352
- in second to fifth year inclusive	10 283 442	-
	<b>16 159 695</b>	<b>7 103 352</b>
less: future finance charges	(3 155 243)	(379 886)
<b>Present value of minimum lease payments</b>	<b>13 004 452</b>	<b>6 723 466</b>
Non-current liabilities	8 917 823	-
Current liabilities	4 086 631	7 636 923
	<b>13 004 454</b>	<b>7 636 923</b>

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets. Refer note 4.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>15. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Land Affairs Grant	466 250	466 250
Municipal Infrastructure Grant	(395)	297
CoGHSTA - Development of Masakaneng	299 762	299 762
Education Training and Development Practices SETA	8 354	-
Municipal Disaster Recovery Grant	24 162 374	-
Energy Efficiency and Demand Side Management Grant	500	-
	<b>24 936 845</b>	<b>766 309</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

### 16. Deferred income

#### At amortised cost

Deferred income - Long term portion	2 364 035	2 557 017
<b>At amortised cost</b>		
Deferred income - Short term portion	192 983	192 983

The municipality received R 5 500 000 in advance for the market related lease of a business property. As part of the lease agreement these payments are amortised over 25 years lease term. No escalation is applicable on the lease and the lease payments are amortised utilising the straight line method. The lease amounts to R 192 983 per annum excluding VAT (value added tax).

The total obligation as at year end is R2 557 018 (2025) and R2 750 000 (2024)

#### Non-current liabilities

Deferred income	2 364 035	2 557 017
<b>Current liabilities</b>		
Deferred income	192 983	192 983

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### 17. Provisions

#### Reconciliation of provisions - June 2025

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest	Change in discount factor	Total
Environmental rehabilitation - Landfill	93 801 450	11 035 330	-	9 539 983	-	114 376 763
Provision for Long Service Awards	8 811 000	839 000	(1 073 795)	948 000	907 795	10 432 000
	<b>102 612 450</b>	<b>11 874 330</b>	<b>(1 073 795)</b>	<b>10 487 983</b>	<b>907 795</b>	<b>124 808 763</b>

#### Reconciliation of provisions - June 2024

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	88 234 725	(4 011 066)	-	9 577 791	-	93 801 450
Provision for Long Service Awards	8 835 000	803 000	(3 221 316)	896 000	1 498 316	8 811 000
	<b>97 069 725</b>	<b>(3 208 066)</b>	<b>(3 221 316)</b>	<b>10 473 791</b>	<b>1 498 316</b>	<b>102 612 450</b>

Non Current Portion Landfill site provision	104 463 909	84 261 467
Current Portion Landfill site provision	9 912 854	9 539 983
Non-current portion of Long Service Awards provision	8 926 000	8 210 000
Current portion of Long Service Awards provision	1 506 000	601 000
	<b>124 808 763</b>	<b>102 612 450</b>

#### Employee benefit cost provision

long service awards are a defined benefit employee benefit that the Municipality grants to employees for long, continuous service.

An actuarial valuation was performed on the long service awards - current and non current - liability for the purpose of reporting under the statement of Generally Recognised Accounting Practice 25 (GRAP 25) of the Accounting Standards Board (ASB) Directive 5, which is based on the International Accounting Standards 19 (IAS 19) was performed.

In terms of the basic conditions of employment long service accumulated leave must be wholly or partially converted to payment on the date on which the employee qualifies for it or at any stage thereafter subject to budget provisions.

Detailed assumptions are disclosed under note 7

#### Environmental rehabilitation provision

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. The municipality appointed external experts to perform the rehabilitation review and estimation for the 2025 and 2024 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

2025

2024

### Key financial assumptions used

#### Discount Rate Assumption

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability, government bond rates are considered a more appropriate indicator of the risk associated with the municipality.

The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used. For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used. For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used

#### CPI

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.1716%.

#### Rates and information used:

Net present value calculations based on the Government Bond Yield Rates.

The landfill closure provision is calculated as the net present value of future cash flows.

Assumption	Roosenekal and Groblersdal landfills	Dennilton landfill
CPI	3.2095%	3.2095%
Discount rate	8.7095%	8.4595%
<b>Net effective discount rate</b>	<b>5%</b>	<b>5.25%</b>

Landfill site	Date License Issued	Date of License Expiry	Years valid	Remaining life in yrs on 30 June 2025	Remaining life in yrs on 30 June 2024
Groblersdal	7/4/2011	7/4/2027	16	1.77	2.77
Roosenekal	17/12/2020	20/4/2030	10	4.88	0.88

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>18. Payables from exchange transactions</b>		
Trade payables	16 314 733	40 802 224
Credit balances on consumer debtors	4 041 654	2 799 146
Employee costs accrual	333 013	8 287 725
Accrued leave pay	23 212 496	23 627 887
Accrued bonus	5 575 287	4 950 285
Retention Creditors	24 611 299	18 998 678
Unallocated deposits	2 783 966	2 666 903
Output VAT Accrual	Note 10 50 361 956	49 660 105
Output VAT Accrual allowance for impairment	Note 10 (3 281 368)	(2 773 431)
Other received in advance	852 174	852 174
Licensing	-	192
	<b>124 805 210</b>	<b>149 871 888</b>

Credit balances on debtors is now renamed to Credit balances on consumer debtors

### Output VAT Accrual

Output VAT Accrual	50 361 956	49 660 105
Output VAT Accrual allowance for impairment	(3 281 368)	(2 773 431)
	<b>47 080 588</b>	<b>46 886 674</b>

Output VAT accruals represent the municipality's obligation to remit VAT collected on taxable supplies to customers, recognized on an accrual basis in the financial statements per GRAP 1 (paragraph .03), despite the payments basis registration under the VAT Act (section 15(2A)). These accruals arise from contractual sales arrangements and are classified as payables from exchange transactions under GRAP 104 (paragraph .11), reflecting the obligation to collect and hold VAT until customer payment.

Offsetting against input VAT accruals is not permitted, as they lack a direct settlement mechanism (GRAP 1, paragraph .40). The Output VAT accrual impairment include impairments on related receivables

Please refer to note 10 for further details.

### 19. Consumer deposits

Electricity	5 363 802	5 518 249
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The electricity deposit relates to the guarantees or amounts paid by consumers on initial connection to municipal services. The deposit will be used to settle the debt in case of disconnection of services or payment default by the customer.

### 20. Service charges

Sale of electricity	136 750 576	105 796 078
Refuse removal	13 014 180	12 224 508
	<b>149 764 756</b>	<b>118 020 586</b>

### Revenue Recognition Basis

Sale of electricity includes both prepaid and conventional (postpaid) billing to consumers. Revenue is recognised at the time of consumption for conventional billing, and at the point of sale for prepaid electricity. Refuse removal charges are billed monthly based on the municipality's approved tariff structure, in accordance with the applicable by-laws and council-approved rates.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>21. Other income</b>		
Other income	1 954 013	880 889
Other income comprises of income from different sources as follows: Tender Documents, Plan Printing and Duplicates, Administrative fees, Cemetery and Burial, Clearance Certificates, Insurance Refund, Bad Debts Recovered, General recoveries, Valuation Services, Building Plan Approval, Photocopies and Faxes, Application Fees for Land Usage, Photocopies, Facilities and Advertisements.		
<b>22. Interest revenue</b>		
<b>Revenue from exchange transactions</b>		
Bank and investments	6 956 409	6 121 139
Interest received on Eskom deposits	1 107 605	1 194 487
Interest charged on exchange consumer debtors	3 971 690	2 541 301
	<b>12 035 704</b>	<b>9 856 927</b>
<b>Revenue from non-exchange transactions</b>		
Interest charged on non-exchange consumer debtors	15 061 766	13 157 983
	<b>27 097 470</b>	<b>23 014 910</b>
<b>23. Property rates</b>		
<b>Rates billed</b>		
Rates levied	80 203 866	73 590 507
Less: Income forgone (Property rates rebates)	(18 441 882)	(14 432 578)
	<b>61 761 984</b>	<b>59 157 929</b>
<b>Valuations</b>		
Residential	3 152 876 100	3 127 660 100
Commercial	1 401 670 602	1 426 490 602
State	919 924 947	678 934 945
Municipal	305 644 955	295 371 954
Small holdings and farms	4 936 768 505	4 979 396 503
Social	80 400 000	73 545 000
	<b>10 797 285 109</b>	<b>10 581 399 104</b>
The municipality implemented the new valuation roll effective on 1 July 2022. Supplementary valuations will be processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.		
<b>24. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Assets transferred to Eskom	15 255 652	8 383 056
Electricity Subsidies	8 330 616	5 755 901
Bursaries	469 000	260 000
Post Employment Medical Aid Benefits - Interest Charge	2 114 000	1 047 000
	<b>26 169 268</b>	<b>15 445 957</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

	2025	2024
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### 25. Government grants and subsidies

#### Operating grants

Equitable share	377 690 000	358 519 000
Expanded Public Works Programme Integrated Grant for Municipalities	2 609 000	2 243 000
Local Government Financial Management Grant	2 800 000	2 850 000
Integrated National Electrification Programme (Municipal Grant)	17 544 000	14 400 000
Education Training and Development Practices SETA	-	968 427
	<b>400 643 000</b>	<b>378 980 427</b>

#### Capital grants

Municipal Infrastructure Grant (MIG)	88 792 452	66 746 684
Energy Efficiency and Demand Side Management Grant	3 999 500	-
Municipal Disaster Recovery Grant	3 487 626	-
Education Training and Development Practices SETA	350 339	-
	<b>96 629 917</b>	<b>66 746 684</b>
	<b>497 272 917</b>	<b>445 727 111</b>

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	(5 761 387)	20 710 297
Current-year receipts	91 314 000	60 985 000
Conditions met - transferred to revenue	(88 792 452)	(66 746 684)
Amount transferred to NRF	-	(20 710 000)
<b>Conditions met - remain receivable</b>	<b>(3 239 839)</b>	<b>(5 761 387)</b>

Included in the current year receipts for 2025 is an additional allocation for Municipal Infrastructure Grant of R17 000 000 which was received during March 2025. The additional allocation was not originally gazetted.

Conditions still to be met - remain liabilities (see note 15).

#### Financial Management Grant (FMG)

Current-year receipts	2 800 000	2 850 000
Conditions met - transferred to revenue	(2 800 000)	(2 850 000)
	-	-

#### Land Affairs Grant

Balance unspent at beginning of year	466 250	466 250
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Conditions still to be met - remain liabilities (see note 15).

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

	2025	2024
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### INEP-Integrated national Electrification Programme Grant

Current-year receipts	17 544 000	14 400 000
Conditions met - transferred to revenue	(17 544 000)	(14 400 000)
	-	-

### Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)

Current-year receipts	2 609 000	2 243 000
Conditions met - transferred to revenue	(2 609 000)	(2 243 000)
	-	-

### Education Training and Development Practices SETA

Balance unspent at beginning of year	-	624 858
Current-year receipts	358 693	343 569
Conditions met - transferred to revenue	(350 339)	(968 427)
	(8 354)	-

Conditions still to be met - remain liabilities (see note 16).

### COGHSTA - Development of Masakaneng

Balance unspent at beginning of year	299 762	299 762
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Conditions still to be met - remain liabilities (see note 15).

### MDRG-Municipal Disaster Recovery Grant

Current-year receipts	27 650 000	-
Conditions met - transferred to revenue	(3 487 626)	-
	24 162 374	-

### Energy Efficiency and Demand Side Management Grant

Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(3 999 500)	-
	(500)	-

Conditions still to be met - remain liabilities (see note 15)

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>26. Employee related costs</b>		
Acting allowances	749 245	1 028 930
Bargaining Council	57 905	48 795
Basic salary	131 652 900	115 033 721
Bonus	10 424 204	9 448 729
Car allowance and travel	18 404 681	17 178 156
Cellphone and uniform allowances	2 521 900	2 218 200
Contribution to provision for Leave	434 327	4 380 188
Defined contribution plans	23 578 933	21 452 006
Housing benefits and allowances	307 576	283 666
Medical aid - company contributions	8 073 272	6 975 629
Overtime payments	1 999 857	1 661 801
Post Employment Medical Aid Benefits and Long Service Awards - Current Service Charge	2 036 001	1 794 001
Post Employment Medical Aid Benefits and Long Service Awards - Interest Charge	2 297 000	2 779 000
SDL	1 610 917	1 450 693
UIF	862 648	770 985
	<b>205 011 366</b>	<b>186 504 500</b>

The line item previously presented as "Contribution to provision for Leave and bonus pay" has been renamed to "Contribution to provision for Leave" as it relates solely to leave provision movements.

The bonus accrual movement, previously incorrectly classified under "Contribution to provision for Leave and bonus pay", has been corrected as a prior period error and is now disclosed separately under "Bonus". Comparative figures have been restated accordingly

Included in the above balances is (unless stated otherwise) the remuneration for the following s57 municipal employees:

### Remuneration of Acting CFO

Acting allowance (M L Sebelemetja - Oct 2023 to June 2024)	897	5 811
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### Remuneration of executive directors

### Remuneration of former Municipal Manager - M M Kgware

Annual Remuneration	-	312 551
Car and other allowances	-	27 000
Contributions to Medical and Pension Funds	-	36 521
Contribution to UIF and SDL	-	3 603
Annual Bonus	-	48 350
Contribution to Bargaining Council	-	34
Cellphone and other allowance	-	7 500
	-	<b>435 559</b>

### Remuneration of Municipal Manager - N R Makgata

Annual Remuneration	1 307 192	79 145
Car and other allowances	131 656	13 239

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Contributions to Medical and Pension Funds	131 360	9 628
Contribution to UIF and SDL	16 111	1 047
Contribution to Bargaining Council	137	11
Cellphone and other allowance	30 000	2 500
	<b>1 616 456</b>	<b>105 570</b>

### Remuneration of Directors Director Planning and Development - B Sethoja

Annual Remuneration	989 383	312 205
Car Allowance	196 484	95 597
Contributions to Medical and Pension Funds	143 232	65 166
Contribution to UIF and SDL	14 585	5 233
Contribution to Bargaining Council	137	68
Acting allowance (B Sethoja - July 2022 to June 2023)	-	26 110
Cellphone allowance	27 600	13 800
Annual Bonus	50 046	-
	<b>1 421 467</b>	<b>518 179</b>

### Remuneration of CFO - K L E Hutamo

Annual Remuneration	1 058 008	298 217
Car Allowance	158 780	65 389
Contributions to Medical and Pension Funds	85 005	29 453
Contribution to UIF and SDL	14 352	4 342
Contribution to Bargaining Council	137	57
Cellphone allowance	27 600	11 500
Annual Bonus	52 525	-
	<b>1 396 407</b>	<b>408 958</b>

### Remuneration of Director of Community Services - M Mohlala

Annual Remuneration	724 293	730 980
Car Allowance	109 078	122 529
Acting Allowances (Municipal manager)	-	120 673
Cellphone and other allowance	27 600	27 600
Contribution to UIF and SDL	11 027	12 259
Contribution to Bargaining Council	137	136
Contributions to Medical and Pension Funds	107 342	102 455
Annual Bonus	58 787	55 326
	<b>1 038 264</b>	<b>1 171 958</b>

### Director of Infrastructure Services - M Malungana

Annual Remuneration	446 141	508 017
Car Allowance	98 743	120 000
Annual Bonus	-	38 723
Cellphone allowance	13 800	18 400
Contributions to UIF and SDL	5 244	7 731
Contribution to Bargaining Council	23	90
Contributions to Medical and Pension Funds	60 495	-
	<b>624 446</b>	<b>692 961</b>

### Remuneration of Director of Corporate Services - MM Make

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Annual Remuneration	471 589	-
Car Allowance	103 457	-
Contributions to UIF, Medical and Pension Funds	24 927	-
Contribution to UIF and SDL	5 164	-
Cellphone allowance	13 800	-
Contribution to Bargaining Council	23	-
	<b>618 960</b>	<b>-</b>

### Remuneration of Acting Director Infrastructure

Acting Allowance (J Malaka) (July 2024- December 2024)	5 327	-
Acting Allowance (J Malaka) (March 2024 - June 2024)	-	3 667
	<b>5 327</b>	<b>3 667</b>

### Remuneration of Acting Directors Executive Support

Acting Allowance (J Maboja)(February 2025-March 2025)	4 363	-
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### Remuneration of Acting Director of Corporate Services

Acting Allowance (J Maboja) (July 2024- December 2024)	5 666	-
Acting Allowance (J Maboja) (July 2023- September 2023 and January 2024 to June 2024)	-	10 467
Acting Allowance (S Mahlangu) (Oct 2023- Dec 2023)	-	3 486
	<b>5 666</b>	<b>13 953</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>27. Remuneration of councillors</b>		
Mayor	1 096 536	1 010 207
Speaker	806 043	782 724
Executive Committee Councillors	2 504 663	3 057 722
Ordinary Councillors	22 956 193	21 291 391
Chief Whip	828 788	519 753
	<b>28 192 221</b>	<b>26 661 797</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### In-kind benefits

The Mayor, Speaker, Chief Whip and four full time Exco councillors (MMC Finance, MMC Infrastructure, MMC Corporate services and MMC Development planning) are provided with an office and administrative support at the cost of the Council

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 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 Provincial and Local Government's determination in accordance with this Act.

The additional disclosures as required by the Municipal Finance Management Act of 2003 as part of the MFMA disclosure note 51.

### Remuneration of Mayor

Car Allowance	259 397	238 913
Annual Remuneration	681 663	623 251
Contributions to Medical and Pension Funds	96 527	92 917
SDL	11 945	8 122
Cellphone and other	47 004	47 004
	<b>1 096 536</b>	<b>1 010 207</b>

### Remuneration of Speaker

Car Allowance	188 332	191 508
Annual Remuneration	494 005	458 279
Contributions to Medical and Pension Funds	70 990	82 305
Subsistence Allowance	3 401	-
SDL	6 229	6 279
Cellphone and other	43 087	44 352
	<b>806 044</b>	<b>782 723</b>

### Remuneration of Executive Committee

Annual bonus	-	60 000
Car Allowance	548 690	743 844
Annual Remuneration	1 570 214	1 757 221
Contributions to Medical and Pension Funds	130 855	250 713
Subsistence Allowance	10 626	-
SDL	21 008	25 984
Cellphone and other	223 269	219 960
	<b>2 504 662</b>	<b>3 057 722</b>

### Remuneration of Chief Whip

Car Allowance	193 019	126 222
Annual Remuneration	506 642	311 625
Contributions to Medical and Pension Funds	72 415	46 321
Subsistence Allowance	3 288	-
Cellphone and other	47 004	31 336
SDL	6 420	4 248
	<b>828 788</b>	<b>519 752</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### Remuneration of Ordinary Councilors

Car Allowance	5 020 544	4 830 562
Annual Remuneration	13 210 580	11 989 112
Contributions to Medical and Pension Funds	1 854 221	1 776 930
Travelling	17 167	-
Cellphone and other	2 478 798	2 519 288
Subsistence Allowance	197 932	-
SDL	176 951	175 499
	<b>22 956 193</b>	<b>21 291 391</b>

### 28. Finance costs

Finance leases	976 442	1 756 946
Late payment of creditors	-	9 240
	<b>976 442</b>	<b>1 766 186</b>

Total Lease interest expense for 2025 financial year and 2024 financial year are calculated using the effective interest rate linked to prime.

### 29. Debt impairment

Contributions to debt impairment consumers	14 807 127	12 481 545
Contributions to debt impairment traffic fines	82 406 162	78 193 358
	<b>97 213 289</b>	<b>90 674 903</b>

### 30. Bulk purchases

Electricity	129 796 388	109 782 561
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# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>31. General expenses</b>		
Administration and management fees	9 213 376	4 566 358
Advertising	800 448	424 492
Assets expensed	108 188	122 714
Audit Committee	1 045 587	1 922 291
Auditors remuneration	7 156 628	5 714 033
Bank charges	675 788	558 165
Bursaries	648 973	868 934
Community services - developmental and outreach programmes	692 500	282 802
Conferences and seminars	10 163 696	6 880 251
Consulting and professional fees	18 350 746	17 514 494
Fuel and oil	7 871 998	10 830 652
Discount Allowed	4 006 103	3 754 589
Electricity Water and Refuse - Municipal Consumption	14 167 732	14 524 755
Entertainment	4 111	11 194
IT expenses	10 127 574	9 725 891
Insurance	5 141 656	2 760 153
Landfill site - interest landfill rehabilitation provision	9 539 983	9 577 791
Motor vehicle expenses	1 121 570	1 000 402
Operation of landfill site	-	1 889 565
Postage and courier	62 430	59 110
Printing and stationery	4 707 284	7 678 330
Remuneration to Ward Committees	5 019 196	5 545 485
Security (Guarding of municipal property)	18 405 918	18 995 197
Staff welfare	2 472 425	2 162 573
Subscriptions and membership fees	2 099 105	2 185 401
Telephone and fax	2 526 386	3 044 967
Town planning - Valuation costs	3 264 590	730 750
Travel and Subsistence reimbursement	4 066 828	4 160 733
Uniforms	2 891 539	4 190 473
	<b>146 352 358</b>	<b>141 682 545</b>
<b>32. Operating lease Income</b>		
<b>Operating leases - as lessor (income)</b>		
<b>Minimum lease payments due</b>		
- within one year	146 482	95 019
- in second to fifth year inclusive	60 044	102 480
	<b>206 526</b>	<b>197 499</b>
Revenue for the year included Rental income from facilities and equipment	1,356,773	1,216,927

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>33. Cash generated from operations</b>		
Surplus/(deficit)	125 218 580	31 024 207
<b>Adjustments for:</b>		
Depreciation and amortisation	58 775 286	54 835 170
Public contributions and donations - Donations received	(7 676 274)	(37 567 445)
Landfill site - interest landfill rehabilitation provision	9 539 983	9 577 791
Loss/(Gain) on sale of assets	(401 981)	23 221 010
Fair value adjustments - actuarial gains and losses	2 099 194	3 556 124
Fines withdrawn/reduced	7 127 860	2 773 775
Repairs and maintenance	-	37 547 850
Assets expensed/Transferred assets	15 255 652	8 383 056
Impairment fixed assets	4 089 305	11 422 087
Debt impairment	97 213 289	90 674 903
Discount allowed	4 006 103	3 754 589
Movements in retirement benefit assets and liabilities	(1 159 399)	(998 808)
Movements in provision for long service awards	(1 073 795)	(3 221 316)
Eskom interest	(1 107 605)	(1 194 487)
Deferred Income movement	(192 983)	(192 983)
Post Employment Medical Aid Benefits and Long Service Awards interest	4 411 000	3 826 000
Employee costs contribution to provision for Leave	434 326	4 380 187
Post Employment Medical Aid Benefits and Long Service Awards current service cost	2 036 001	1 794 001
Fair Value Adjustments	(5 202 822)	512 296
<b>Changes in working capital:</b>		
Inventories	(6 069 095)	(4 655 784)
Receivables from exchange transactions	1 949 503	272 808
Consumer debtors	(41 154 465)	(37 288 649)
Receivables from non-exchange transactions	(103 948 529)	(85 426 170)
Payables from exchange transactions	(32 356 653)	6 633 936
Unspent conditional grants and receipts	26 692 777	(27 096 542)
Consumer deposits	(154 447)	(239 402)
Debit orders to be recovered	18 914	(22 814)
	<b>158 369 725</b>	<b>96 285 389</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### 34. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	66 332 959	109 469 852
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##### Total capital commitments

Already contracted for but not provided for	66 332 959	109 469 852
---------------------------------------------	------------	-------------

##### Total commitments

##### Total commitments

Authorised capital expenditure	66 332 959	109 469 852
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This committed expenditure relates to property, plant and equipment and will be financed by available grants, retained surpluses, existing cash resources and funds internally generated. The commitments disclosed amounts are VAT inclusive.

During the preparation of the 2025 Annual Financial Statements, management identified an error in the disclosure of capital commitments in the 2024 audited Annual Financial Statements. The error arose due to reclassification of electrification projects from CAPEX to OPEX implemented in unlicensed areas (Zenzele and Nyakelang) and upgrading of Stompo and Masoing projects which were completed

The opening balance of capital commitments per the register was not correctly calculated and disclosed resulting in a misstatement of the comparative disclosure.

The correction of this error has been accounted for retrospectively by restating the comparative amounts.

Effect on comparative figures:	Previously stated 2024	Restated 2024	Adjustment
Capital commitments	109 155 461	109 469 852	314 390

#### Finance leases - as lessee (expense)

Finance lease payments represent rentals payable by the municipality for its fleet. These rentals are negotiated for a three year term. No contingent rent is payable.

##### Minimum lease payments due

- within one year	5 876 253	7 103 352
- in second to fifth year inclusive	10 283 442	-
	<b>16 159 695</b>	<b>7 103 352</b>

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	11 404 335	1 469 850
- in second to fifth year inclusive	6 571 704	182 609
	<b>17 976 039</b>	<b>1 652 459</b>

Operating lease payments represent rentals payable by the municipality for leased assets used in the day to day operations of the municipality. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

Operating lease expense of R6 532 915 has been included in expenditure for the year ended 30 June 2025 (year ended 30 June 2024: R4 696 579)

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

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### 35. Contingent Liabilities

Litigation is in the process against the municipality relating to disputes with stakeholders.

The estimate of the contingent liability is +/- R2,913,352 (June 2025); +/- R4,686,644 (June 2024)

The litigation matters for the year under review are detailed below as follows:

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2025	Estimated claim 2024
Liability	None	Elias Motsoaledi Local Municipality // Mohlala Leonox	Description: High Court matter: The plaintiff is suing the municipality for alleged contravention of its own by-laws.	Matter pending: The municipality visited the court to follow up on the matter which has been abandoned by the plaintiff since 2020. The attempt at mediation was unsuccessful. The matter remains pending the respondent to pursue.	550 000	550 000
Liability	SENNE TSHWANA ATTORNEYS	Peri Formwork Scaffolding And Engineering (Pty) Ltd // Elias Motsoaledi Local Municipality Eli1/0016/Ys	The plaintiff claims an amount of R1 133 352.46 against the municipality and one of its contractors, jointly and severally.	Matter pending: The municipality visited the court and found a duplicate online file in where it remains cited as a party. Documents were retrieved online, and the pre-trial minutes indicate that the plaintiff continues to hold the municipality jointly and severally liable with other defendants. The matter is defended and awaits a trial date.	1 633 352	1 133 352

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2025	Estimated claim 2024
Liability	SETSOALO MAHUBE ATTORNEYS	Maboe Rachidi //Elias Motsoaledi Local Municipality // C Coetzee / Melinda Marshall	Rachidi is suing the municipality for unlawful arrest under Case Number: MRCC 104/2011. The plaintiff Mr. Maboe Rachidi is suing the municipality and two traffic officers in their personal capacity for damages he suffered as a result of an alleged assault. He alleged that he was assaulted by two traffic officials who were on duty on the date in question. The matter proceeded to trial and was partly heard.	Matter pending: The matter was postponed sine die (without date). We are still awaiting judgment from court, the magistrate that was allocated the matter is on retirement and we await the court to re-appoint a new magistrate for finalisation of the matter. The plaintiff is also not actively pursuing the matter, the municipality stayed the matter and awaits the plaintiff to pursue it.	450 000	450 000
Liability	None	Mphela Attorneys// Emlm Case 374/2020	The plaintiff alleges that the municipality owes legal fees for work performed on its behalf in January 2013. Payment voucher nr: EF 12531-0001	The municipality settled the matter with an amount of R14 484.00, matter finalised.		33 483
Liability	None	Mphela Attorneys// Emlm Case 384/2020	The plaintiff alleges that the municipality owes legal fees for work performed on its behalf in September 2013. Payment voucher nr: EF 12531-0001	The municipality settled the matter with an amount of R4 230.00, matter finalised.		39 809
Liability	PK LEGODI	Masakwameng Trading// Emlm	The plaintiff claims that the municipality appointed them on the tender and could not commence work. The tender was re-advertised and awarded to a different company.	Matter finalised.		2 200 000

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2024

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2025	Estimated claim 2024
Liability	MPHOKE MAGANE P.K INC	M MABHENA /EMLM	The municipality was served with summons by Mphela & Associates Attorneys on behalf of Maria Mabhena (Applicant) on the 22 December 2023. Cause of Action: The Applicant alleges that on the 26 January 2021 while at the Municipality (licensing department) she fell off a chair and sustained lumbar spine injuries. She is claiming R80 000 for general damages, medical expenses and future medical costs. Following Auditor-General finding COMAF 16 of 2023—which raised concern about incurring excessive legal fees on low-value claims, potentially constituting fruitless and wasteful expenditure—the matter was referred to Council to consider an out-of-court settlement to reduce legal costs. However, Council rejected the settlement proposal, citing concerns that doing so may set an undesirable precedent and encourage similar small claims against the municipality.	Matter pending: matter defended, parties are still discovering documents.	280 000	280 000
					<b>2 913 352</b>	<b>4 686 644</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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### Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees and members of the public. The municipality is likely to receive an amount of +/- R 850 000 (June 2025); +/- R 850,000 (June 2024). According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2025	Estimated claim 2024
Asset	MPHOKE MAGANE PK	Emlm/ Mepf	The municipality filed an application to compel the respondent to remove an erected fence on the pedestrian walk way, as this makes it difficult for the pedestrians to walk through.	The municipality is awaiting a trial date, however the respondent recently filed an application for condonation to oppose the matter.	500 000	500 000
Asset	MPOYANA LEDWABA INC	Emlm//Joseph Nkoagatse	The municipality filed an application to compel the respondent to remove the animals he is grasing on the municipal farm	The municipality is still engaging with the respondent on exiting the property without taking further legal action and a meeting was scheduled with him and his attorney for 22 July 2025. The meeting did not materialise and a new date has not yet been scheduled.	200 000	200 000
Asset	MPOYANA LEDWABA INC	EMLM/ Maphochsgrone and Vlaklaagte Illegal dwellers	The municipality appointed attorneys to obtain an eviction order against the Maphochsgronde and Vlaklaagte illegaldwellers.	The municipality's Plannig department is in the process of organising the meeting with Nkangala District to sort out the issue of dermacation challenges. The matter stayed pending finalisation of the challenges.	100 000	100 000

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Type	Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2025	Estimated claim 2024
Asset	MPOYANA LEDWABA INC	Mohlala and Others vs EMLM and others	The office of the municipal manager received a letter from Bolshevik Party informing the municipality that Mr. Mohlala is expelled from the party and further requesting the Municipality to declare a vacancy. The Municipality declared a vacancy and Mr. Mohlala filed an application disputing the dismissal and requesting reinstatement. The municipality successfully defended the matter and costs were granted in favour of the municipality, the applicant is to pay costs.	Bill of taxation is set down to 10 November 2025 for taxation.	50 000	50 000
					<b>850 000</b>	<b>850 000</b>

### 36. Related parties

Relationships

Accounting Officer

All Councillors

Refer to accounting officers' report note

Refer to note 52 and 28 . Public Office Holders

Remuneration

s57 municipal employees

Refer to note 26

Nature of related party transactions:

Remuneration of Councillors and Employee costs paid to permanent and acting section 57 managers during the year.

### Related party transactions

#### Remuneration to Councillors and s57 Managers

Councillors - Councillor remuneration

27

28 192 221

26 661 797

Section 57 Acting Managers remuneration

26

16 253

170 215

Section 57 Managers remuneration

26

6 716 001

3 186 401

# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

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### 37. Bids awarded to family of employees in service of state

In terms of SCM regulation 45 – The notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state
- (c) the amount of the award.

The following is a list as recorded for the 2025 and 2024 financial years.

Number	Company information		Description of serv	Person in employ of state			Financial Year	
	Service Provider	Director of the company		Department	Employee	Capacity	2025	2024
1	Makgonatsohle Trading Enterprise	Gift Nkabang Mawela	Repairs & Maintenance of Municipal Fleet	Gauteng Department of Education	Masehoane Mildred Mawela (Teacher)	Wife	364 903	1 159 610
2	Sejagobe Engineers	Sejagobe Daniel Masekela	Infrastructure Consulting Services	Gauteng Department of Public Works	Kgadi Ledile Mamakoa (Candidate Engineering Technician)	Wife	2 400 306	1 046 493
3	Dzangi Consulting Services	Aluwani Lorraine Mathavhathe	Event Management	Department of Human Settlement	Gumani Joseph Mathavhathe (Financial Planner)	Husband		1 328 252
4	Mogalemole Consulting Engineers	Njipa Herman Mankga	Infrastructure Consulting Services	Road Agency Limpopo	Paulina Mankga (Project Manager)	Wife		466 267
5	Nedbank	Stanley Subramoney	Banking Services	Department of Education	Venisha Subramoney (Teacher)	Wife	8 502 963	5 727 760
6	F-Tech Services	Martin Mufanebadza	Electrification Project Implementation	SAPS	Tselahale Faith Mufanebadza (Administrative Clerk)	Wife	1 605 716	3 087 307

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Number	Company information		-	Person in employ of state			-	Financial Year	
7	Nkanivo Development Consulting	Samuel Chauke	Town Planning Subdivision Services	Department of Home Affairs	Azwidali Elelwani Chauke (Administrative Officer)	Wife	748 000	621 565	
8	Vision Print	Spumendo Mberudo Mokgabudi	Printing Services	Limpopo Department of Education	Johanna Mmanoko Mokgabudi (Teacher)	Wife	770 140	3 047 276	
9	Matimusaki Enterprise	Mokolotedi Verity Mathebane	Catering Service & Tent Provision	Gauteng: Social Development	Famanda Erick Mathebane	Husband	29 400	29 250	
10	Spectrum Utility Management	Nakedi Mathews Phosa	Provision of Prepaid Electricity Vending Service	International Relations and Cooperation	Yvonne Phosa	Wife	1 238 468	1 115 794	
11	Bakhunguleni Trading & Projects	Mxolisi Mnguni	Supply of First Aid Boxes & Refills	Mpumalanga: Agriculture, Rural Development, Land and Environmental Affairs	Nonhlanhla Patricia Mnguni	Wife	24 750		
12	Zanokuhle Logistics	Mgiyelwa Moses Msiza	Tents, Chairs & Tables	Department of Correctional Services	Thulisile Msiza	Wife	28 800		
13	Unique Enterprise Solution	Mabe Pontsho	Finance Valuer	Department of Service & Admin	Mpho Mabe	Wife	915 920		
14	TJM Greentech	Tshepo James Matjeke	Energy Efficiency	National Basic Education	Lindiwe Matjeke	Wife	3 477 826		
15	State Information Technology Agency	Dzengwa Simphiwe	Website Maintenance	EC Sport Recreation Arts & Culture	Ruth Dzengwa	Wife	185 097		
16	Mashingwana Projects	Amos Kgotelelo Mashingwana	Pest Control	Gauteng Education	Mashingwana Johanna	Wife	270 300		
17	Wilson Guesthouse	Aluwani Lorraine Mathavhathe	Event Management	Department of Human Settlement	Gumani Joseph Mathavhathe (Financial Planner)	Husband	790 180		
<b>Total Award Amount</b>							<b>21 352 769</b>	<b>17 629 574</b>	

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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## Notes to the Annual Financial Statements

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### 38. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

#### 1. Property, Plant, and Equipment:

During the current financial year, management identified and corrected errors relating to prior periods. These arose mainly from the asset verification process and further investigations. The following adjustments were made to ensure the fair presentation of the municipality's fixed assets:

Assets with indicators of impairment were identified and impaired in line with GRAP requirements.

Newly identified assets were added to the asset register.

Certain assets previously recognised in error (including roads not under the municipality's control) were derecognised.

Reclassifications were made to correctly align assets with their nature and use, such as printers reclassified to furniture and office equipment, and certain buildings transferred to investment property.

Certain land parcels were transferred to investment property, while additional land was recognised as newly identified assets.

Capital projects previously recorded incorrectly were corrected, including road designs and work-in-progress items that did not meet the recognition criteria.

Expenditure of an operational nature and assets transferred to external entities (e.g., Eskom) were derecognised to reflect the correct treatment under GRAP.

The impact on .Property, Plant, and Equipment is as follows per category

Land	(3,761,155.00)
Buildings	11,584,329.00
Roads Infrastructure	66,165,645.00
Solid Waste Infrastructure	226,818.00
Electrical Infrastructure	(282,244.00)
Community	4,586,160.00
Furniture and Office Equipment	(469,125.00)
Machinery and Equipment	(129,954.00)
Computer Equipment	52,244.00
Transport Assets	140,456.00
Capital - Work in Progress	54,326,653.00
<b>Total</b>	<b>132,439,827.00</b>

#### 2. Investment Property

During the preparation of the 2025 Annual Financial Statements, management identified errors in the classification of certain assets in the 2024 audited Annual Financial Statements:

A stadium was previously classified under Property, Plant and Equipment (PPE) instead of Investment Property.

An RDP house was incorrectly included in Investment Property, even though it did not meet the recognition criteria..

#### 3. Revenue:

Certain transactions were recorded in the incorrect financial period, resulting in a cut-off error. The misstatement was subsequently identified and corrected, with the adjustment processed as a prior period error.

#### 4. Payables from exchange transactions, accrual was recognised.

Trade payable that was erroneously omitted during the 2023/2024. It was identified that the expense relates to prior year under Consulting and Professional Fees to the amount of R235 875.78 and should have been accrued in the prior year. It was identified and corrected in the current year.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

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### 5. Municipal Infrastructure Grant (MIG)

A prior period error occurred due to exceeding the condition requirements for municipal infrastructure grants on two projects. Expenditures exceeding the DoRA allocation were not identified in a timely manner, resulting in the municipality omitting to recognise the MIG grant receivable in the 2024 annual financial statements.

This led to an understatement of statutory receivables and grant revenue by R5 761 684.45.

### 6. Cash flow:

Note 34. Cash generated from operations and cash flow statement was restated to reflect the errors above.

During the preparation of the 2025 Annual Financial Statements, management identified errors in the 2024 audited Cash Flow Statement and Note 34 (Cash generated from operations).

The errors were primarily the result of incorrect treatment of non-cash transactions relating to public contributions and donations:

In the 2024 audited AFS, only R19,595 (Provincial Government donation) was subtracted as non-cash donations in the reconciliation, while the full amount of R37,567,445 (including Roads Agency Limpopo repairs of R37,547,850) should have been adjusted.

Furthermore, the non-cash repairs of R37,547,850 were not added back in the reconciliation, resulting in a misstatement of cash generated from operations and the cash flow statement.

### 7. Receivables from exchange transactions

The prior period error arose from the recognition of a prior period debtor relating to fruitless and wasteful expenditure.

### 8. Finance lease obligation

The prior period error is due to recognition of the finance lease obligation resulting from a changes in interest rate.

### 9. VAT Receivable

During the current financial year, the municipality identified that in prior periods the input VAT accrual and output VAT accrual were incorrectly netted off and presented as a single "Net VAT Receivable" line item in the statement of financial position. This treatment did not comply with the requirements of GRAP, as the input VAT accrual (right arising from purchases) and output VAT accrual (obligation arising from supplies) represent separate transactions with different counterparties and do not meet the criteria for offsetting.

Furthermore, the netting obscured the fact that, under the municipality's payments-basis registration with SARS, no statutory receivable or payable exists until actual cash is paid to suppliers or received from customers

The error has been corrected retrospectively by restating the comparative figures for the prior year.

### 10. Trade payables: Bonus accrual

In prior periods, the municipality accrued the annual bonus on a full 12-month basis. In terms of the applicable collective agreement and municipal policy, the bonus is earned proportionally and is payable only to employees in service every december. Accordingly, the accrual at 30 June should reflect six months' proportion for qualifying employees only. This resulted in an overstatement of the bonus provision and employee-related costs in the affected periods.

The bonus accrual movement, previously incorrectly classified under "Contribution to provision for Leave and bonus pay", has been corrected as a prior period error and is now disclosed separately under "Bonus". Comparative figures have been restated accordingly

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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The correction number is indicated in brackets next to the item adjusted.

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

Accordingly, the comparatives presented in these Annual Financial Statements have been restated to reflect the corrected balances.

Statement of financial position 2024	As previously reported	Correction of error	Restated	Prior period error note reference
Accumulated surplus	1 245 712 531	(109 424 924)	1 136 287 607	ALL
Investment property	110 603 586	10 330 000	120 933 586	2
Payables from exchange transactions	107 278 528	42 593 360	149 871 888	4, 9, 10
Receivables from exchange transactions	1 268 163	70 944 200	72 212 363	7, 9
VAT receivable	19 442 291	(19 442 291)		4, 9
Consumer debtors - From Exchange Transactions	49 141 707	(77 842)	49 063 865	3
Consumer debtors - From Non Exchange Transactions	82 132 000	(994 019)	81 137 981	3
Property Plant and Equipment	1 155 424 065	(132 439 827)	1 022 984 238	1
Finance lease obligation ST	6 723 466	913 457	7 636 923	8
Conditional grants receivables		5 761 684	5 761 684	5

Statement of financial performance 2024	As previously reported	Correction of error	Restated	Prior period error note reference
Debt Impairment	(92 120 744)	1 445 841	(90 674 903)	3, 9
Depreciation and amortisation	(61 876 949)	7 041 779	(54 835 170)	1
Government grants & subsidies	439 965 427	5 761 684	445 727 111	5
Property rates	59 511 400	(353 471)	59 157 929	3
Rental of facilities and equipment	1 301 492	(84 565)	1 216 927	3
Service charges	118 023 138	(2 552)	118 020 586	3
Consulting and professional fees	17 309 385	205 109	17 514 494	4
Interest charged on consumer debtors	13 213 939	(55 956)	13 157 983	3
Transfers and Subsidies	(16 891 450)	1 445 493	(15 445 957)	1
Investment property fair value adjustment	6 772 843	(7 285 139)	(512 296)	2
Bonus	8 980 233	468 496	9 448 729	10
(Impairment loss)/ Reversal of impairments	(566 223)	(10 855 864)	(11 422 087)	1
Gain/(Loss) on disposal of assets	(1 119 500)	(22 101 510)	(23 221 010)	1
Contribution to provision for Leave	4 881 474	(501 286)	4 380 188	10

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 39. Change in estimate

#### Property Plant and Equipment

During the fiscal year, management reassessed the estimated useful life of assets, resulting in a revision of our accounting estimate. This revision had the effect of reducing depreciation expenses.

The effect of this revision has decreased the depreciation expense and accumulated depreciation by R53 003 for the current and future periods. The effect per category is as follows:

Category	Old Estimate	New Estimate	Change of Estimate
Community Assets	839 718	838 988	(730)
Computer Equipment	1 329 449	1 285 567	(43 882)
Electrical Infrastructure	4 750 168	4 774 178	24 009
Furniture and Office Equipment	1 902 849	1 869 696	(33 153)
Machinery and Equipment	3 902 985	3 851 130	(51 855)
Other Assets	3 378 548	3 271 594	(106 954)
Roads Infrastructure	39 402 347	39 415 530	13 182
Solid Waste Infrastructure	1 858 870	1 983 690	124 820
Transport Assets	4 129 491	4 151 049	21 558
<b>Total</b>	<b>62 881 994</b>	<b>62 828 990</b>	<b>(53 003)</b>

### 40. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality as disclosed in the cash and cash equivalents note, 13.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### 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.

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. 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. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The municipality analyses its 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 are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All items of financial liabilities are less than one year from settlement.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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### Interest rate risk

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

The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

### Credit risk

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

Receivables and consumer debtors comprise a widespread customer base and amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously. The municipality establishes an allowance for doubtful debts that represents its estimate of anticipated losses in respect of receivables. Payments of accounts of consumer debtors who are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalents - The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider that to be any significant exposure to credit risk.

Financial instruments exposed to credit risk at year end were as follows positive for assets and negative for Liabilities:

Financial instrument	2025	2024
Receivables - From Exchange Transactions	77 118 532	72 212 363
Receivables - From Non Exchange Transactions	23 517 450	9 121 857
Consumer Debtors - From Exchange Transactions	59 875 122	49 063 865
Consumer Debtors - From Non Exchange Transactions	92 668 004	81 137 981
Deposit (Security held in advance)	19 582 729	18 475 124
Payables from exchange transactions	(124 805 210)	(149 871 888)
Consumer deposits.	(5 363 802)	(5 518 249)
Finance lease obligation	(13 004 454)	(7 636 923)
Cash and cash equivalents	64 907 747	22 673 939

The above financial instruments are measured at amortised cost.

### Other risks

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of of general economic hardships.

### 41. Going concern

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

The collection of property rates and service charges is susceptible to defaults by households due to prevailing economic hardships. However, this does not pose a material risk to the municipality's ability to continue as a going concern as a significant majority of the municipal funding is derived from the Division of Revenue Act, 24 of 2024 through the municipality's equitable share. Furthermore, there are no indicators of serious financial problem as defined in section 138 of the MFMA.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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### 42. Events after the reporting date

As at the date of approval of the financial statements, the municipality is aware of the following events that occurred after the reporting date and before the financial statements were authorised for issue.

Adjusting events:

1. The case of Masakwameng Trading vs Elias Motsoaledi Local Municipality, plaintiff claims that the municipality appointed them on the tender and could not resume work and the tender was advertised and someone else was appointed. The plaintiff sought damages amounting to R2 200,000. This matter was finalized after the reporting date but before the financial statements were authorized for issue. Consequently, the estimate for this claim was initially included in the financial statements for the 2025 financial year, has been adjusted and removed from the Annual Financial Statements.

2. The case of Elias Motsoaledi Local Municipality vs LEMOS EMMANUEL MARQUES, the respondent has erected multiple shacks on his property and leased them to tenants who are using nearby farm water sources, resulting in contamination of water used for crops. This constitutes non-compliance with SPLUMA. Despite several contravention notices, the Respondent has failed to comply, and the Municipality is seeking a court order to enforce compliance. The claim amount is R500 000. This matter was finalized after the reporting date but before the financial statements were authorized for issue. Consequently, the estimate for this claim was initially included in the financial statements for the 2025 financial year, has been adjusted and removed from the Annual Financial Statements.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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### 43. Unauthorised expenditure

Opening balance	1 118 829	48 008 203
Written off: 2019/20 - Resolution: MPAC 23/24-02	-	(5 943 450)
Written off: 2020/21 - Resolution:MPAC 23/24-09	-	(40 945 924)
Written off: 2023/24 - Resolution: MPAC25/26-02	(1 118 829)	-
	<b>-</b>	<b>1 118 829</b>

### 44. Fruitless and wasteful expenditure

Opening balance	3 808 226	7 384 379
Incurred during the year	79 757	222 354
To be recovered- Resolution: MPAC25/26-01	71 123	-
To be recovered- Resolution: MPAC25/26-01	237 595	-
To be recovered- Resolution: MPAC25/26-01	655 668	-
Recovered during the year -2024/25	(65 512)	-
Recovered during the year - 2023/24	-	(213 266)
Recovered during the year - 2022/23	-	(35 556)
Recovered during the year 2021/22	-	(512 080)
Written off: 2021/22 - Resolution: MPAC 23/24-01	-	(747 853)
Written off- 2017/18 - Resolution: MPAC 24/25-01	-	(421 359)
Written off- 2020/21 - Resolution: MPAC 23/24-09	-	(1 318 818)
Written off- 2019/20- Resolution: MPAC 23/24-02	-	(57 578)
Written off- 2022/23 - Resolution: MPAC 24/25-01	-	(491 999)
	<b>4 786 857</b>	<b>3 808 226</b>

Fruitless and wasteful expenditure resulted from unauthorised debit orders, late payments of invoices, double payments,

The status for 2025 is: Investigations not yet conducted.

The status for 2024 is: Investigations completed.

During the preparation of the 2025 Annual Financial Statements, management identified errors in the disclosure of fruitless and wasteful expenditure in the 2024 audited Annual Financial Statements.

Elansdoorin Cemetery R864,269 – classified as fruitless and wasteful expenditure due to asset safeguarding failure, impacting the opening balance.

Erroneous debit order (R22,813) – incorrectly recognised as fruitless and wasteful expenditure in 2024, impacting the movement for that year.

The correction of this error has been accounted for retrospectively by restating the comparative amounts.

Effect on comparative figures:	Previously stated 2024	Restated 2024	Adjustment
Fruitless and wasteful expenditure	2,966,770	3,808,226	841,455

### Details of fruitless and wasteful expenditure

Unauthorised debit orders	3 900	213 114
Over payment	75 857	-
Late payment	-	9 240
	<b>79 757</b>	<b>222 354</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

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### 45. Irregular expenditure

Opening balance	177 320 236	403 056 801
Add: Irregular Expenditure - current year	29 847 960	46 404 045
Written off: 2017/18 - Resolution: MPAC 24/25-01	-	(64 024 772)
Written off: 2019/20 - Resolution: MPAC 23/24-02	-	(43 269 721)
Written off: 2022/23 - Resolution: MPAC 24/25-03	-	(75 859 810)
Written off: 2020/21 - Resolution: MPAC 23/24-09	-	(88 986 307)
Written off: 2023/24 - Resolution: MPAC 25/26-02	(46 404 046)	-
Written off: 2022/23 - Resolution: MPAC 25/26-02	(1 075 000)	-
Written off: 2017/18 - Resolution: M25/26-18	(10 082 877)	-
Written off: 2018/19 - Resolution: M25/26-18	(6 363 568)	-
Written off: 2019/20 - Resolution: M25/26-18	(11 873 861)	-
	<b>131 368 844</b>	<b>177 320 236</b>

Reason for irregular	Jun-25	Jun-24
Bidder did not meet minimum requirements	192 390	52 716
Incorrect allocation of functionality points	1 609 314	9 568 187
Technical expert not part of BAC		528 473
Failure to address subcontracting	27 415 706	34 524 185
Procurement conducted without competitive bidding		1 194 278
Bids were not evaluated in accordance with the bid specification		
Split into two items which the value of the two items exceeds the minimum threshold for the competitive bidding process	314,520	
Bid awarded to family of employee in service of state	28,950	
Preferential points for specific goals were not awarded in terms of the specifications in the bidding documents	287,000	
Non-compliance with minimum requirements threshold for local content		536 207
<b>Total</b>	<b>29 847 960</b>	<b>46 404 046</b>

The status for 2025 is: Investigations not yet conducted.

The status for 2024 is: Investigations completed.

Amount disclosed are inclusive of VAT in terms of MFMA circular 68.

During the preparation of the 2025 Annual Financial Statements, management identified errors in the disclosure of irregular expenditure in the audited 2024 Annual Financial Statements.

The error related to the reconciliation and roll-forward of opening balances, which resulted in the understatement of the irregular expenditure opening balance. The misstatement arose from irregular expenditure relating to non-compliance with local content requirements on the fencing of the game farm projects amounting to R1 075 000 and overstatement of previous write off amounting to R10 869 914

The correction of this error has been accounted for retrospectively by restating the comparative amounts.

Effect on comparative figures:	Previously stated 2024	Restated 2024	Adjustment
Opening balance of irregular expenditure	391 111 887	403,056,801	11,944,914.

### 46. Additional disclosure in terms of Municipal Finance Management Act

#### Electricity distribution losses

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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Losses incurred - units	6 859 848	11 134 928
% loss incurred	11,000 %	19,000 %
Purchased units	(60 980 788)	(58 430 729)
Sold units	54 120 940	47 295 801
	-	-
Losses incurred - Rand value	14 603 809	20 929 386
% Losses loss incurred	11,000 %	19,000 %
Purchased units Rand value	(129 796 886)	(109 782 561)
Sold units Rand value	115 193 077	88 853 175
	-	-

The losses mentioned above stem from both technical factors inherent to electricity and its distribution network, such as network status, condition, and age, as well as external factors like weather conditions and system load. In addition to these technical losses, non-technical factors like theft and vandalism also contribute to these losses, which unfortunately are not recoverable.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

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### SALGA Fees

Current year subscription / fee	2 232 995	2 145 350
Amount paid - current year	(1 643 273)	(1 597 592)
Amount accrued to creditors	(589 722)	(547 758)
	<u>-</u>	<u>-</u>

### PAYE, SDL and UIF

Current year subscription / fee	36 940 234	33 685 350
Amount paid - current year	(36 940 234)	(33 685 350)
	<u>-</u>	<u>-</u>

In 2024, the PAYE, SDL and UIF was erroneously recorded as R39 708 466 instead of R33 685 350. The difference is R6,023,116. The error is confined to this disclosure note only.

### Pension and Medical Aid Deductions

Current year subscription / fee	51 484 560	46 317 901
Amount paid - current year	(51 484 560)	(42 273 460)
Amount paid - previous years	-	(4 044 441)
	<u>-</u>	<u>-</u>

In 2024, the Pension and Medical Aid Deductions was erroneously recorded as R30 664 137 instead of R46 317 901. The difference is R15 653 764. The error is confined to this disclosure note only.

### VAT

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

All VAT returns have been submitted by the due date throughout the year. The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

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

### Councillors arrears

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

1. MNS Oosthuizen :No arrangement was made as at 30 June 2025.
2. ST Motsamane :An arrangement to settle the account was made - the payment agreement term is for nine months.
3. SH Radingwana :The outstanding amount was settled in full after year end on 07 July 2025.

Name	Description	Amount
MNS Oosthuizen	Rates	36,160
ST Matsomane	Rates, Electricity and Refuse	1,050
SH Radigwana	Electricity	524

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### Non-compliance with MFMA

Section 18(1) of the Municipal budget and reporting regulations  
2024/25 annual budget was not uploaded to the municipal website within 10 working days

Section 26(1) of the Municipal budget and reporting regulation  
2024/25 special adjustment budget was not uploaded to the municipal website within 10 working days

Supply chain management regulation 13 (c)  
The municipality appointed a supplier whose director was in service of the state within the 12 months of resignation.

Supply chain Management regulation 13 (3) (a)  
Two quotations were split into two items which the value of the two items exceeds the minimum threshold for the competitive bidding process.

Supply chain Management regulation 2(1)(b)  
Preferential points for specific goals were not awarded in terms of the specifications

Circular 71 of the MFMA  
The municipality has recorded 11% of distribution loss which exceed the upper threshold of 10% by 1%.

Section 65 (2)(i) of the MFMA  
Irregular expenditure re-occurred from the prior year tenders.

### Audit Fees

Audit fees are listed below.

There are no outstanding amounts owed to Auditors as at 30 June 2025 and 30 June 2024

Audit fees	7 156 628	5 714 033
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### 47. Deferred income

Operating lease payments received in advance	2 557 018	2 750 000
----------------------------------------------	-----------	-----------

Operating lease payment received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient resources are set aside to ensure that the liability can be serviced in the future.

### 48. Accounting by principals and agents

#### 1. Municipality as Agent

##### (a) Description of the Arrangement

The municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance as Licences and permits.

The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The retained amount is recorded as revenue in **Agency fees** in the Statement of Financial Performance.

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### (b) Resources Held on Behalf of the Principal

The municipality does not hold assets on behalf of the Provincial Department.

### (c) Revenue Recognised

The municipality retained R 5,939,379 as agency income in 2025 (R 6,344,437 in 2024).

### (d) Liabilities Incurred

Liabilities incurred on behalf of the principal were R0.00 at 30 June 2025 (R192 at 30 June 2024).

### (e) Revenue and Expenses Relating to Third-Party Transactions

Total revenue collected on behalf of the principal: R25 954 063.42

No expenses were incurred on behalf of the principal.

### (f) Payables Reconciliation

Opening Payables (1 July 2024): -R192.

Revenue collected during the year: -R 25 954 063.24

Cash remitted to the Department during the year: R 17 750 461.30

Agency fees recognised (inc VAT): R 5 939 379

Closing Payables (30 June 2025): R0.00

### (g) Significant Terms and Conditions

Revenue-sharing arrangement: 20% retained by the municipality and 80% remitted to the Department.

There were no changes in the arrangement in the current year under review

### (h) Significant risks together with benefits

**Benefit:** Efficient collection of licensing fees on behalf of the Provincial Department of Transport results in more cash inflows for the municipality.

**Risks:** Late remittance or reporting discrepancies, mitigated by regular reconciliations and adherence to agreed terms.

Other than above there are no significant risks associated with the relationship.

### (l) Termination Cost Implications

Termination of the **Principal-Agent Agreement** with the Department of Transport would result in:

**-Revenue Loss:** Loss of future licensing revenue

**-Operational Disruptions:** Staff redeployment or layoffs and service delivery adjustments.

**-Alternative Systems:** Costs to establish new systems or services to replace lost revenue.

**-Administrative Costs:** Legal and reconciliation costs, including settling outstanding payables.

**-Reputational Risks:** Reduced public access to licensing services and potential damage to the municipality's reputation.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 2. Municipality as Principal

#### (a) Description of the Arrangement

Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

Spectrum is responsible for providing at least two vending points per area, maintaining a dedicated vending account, and delivering ongoing system support.

#### (b) Resources Under Custodianship of Agents

Spectrum collected prepaid electricity revenue of R 16 463 517 on behalf of the municipality during the reporting period.

#### (c) Fee Paid to Agents

Commission paid to agents was R1 042 227.14 in 2025 (R715,356 in 2024) (Amounts Excluding VAT).

.These amounts are disclosed under general expenses - Administration and management fees.

#### (d) Significant Terms and Conditions

**Scope of Services:** Spectrum Utility Management is responsible for installing, operating, and maintaining a prepaid electricity vending system, with a requirement to provide at least two vending points per area.

**Fees and Payments:** The municipality pays a 4.5% until 30 November 2024 and a new contract was signed and amended to 2.10% transaction fee, a monthly license fee of **R15 000.00 (excluding VAT)**

**Maintenance and Support:** Spectrum ensures system maintenance, technical support, and compliance with NERSA-approved tariffs.

**Termination:** Termination provisions include rights for Spectrum to suspend access for non-payment and arbitration under South African law for disputes.

#### (e) Termination Implications

Terminating the arrangement with Spectrum would require the municipality to develop an alternative vending system or appoint new service provider.

Costs include:

Development of new software.

Procurement of new vending hardware.

Training of staff and vendors.

revenue opportunity cost as a result of the disruption in service

#### (f) Significant risks together with benefits

**Benefit:** Broaden community access to prepaid electricity through a vendor system.

**Risks:** System downtime or vendor non-performance, addressed through SLA terms on performance. Additional text

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### **49. Deviation from supply chain management regulations**

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

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

There was no procurement that deviated from the provisions of paragraph 12(1)(d)(i) as stated above during the year.

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### 50. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Some segments were aggregated for reporting purposes.

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

Aggregated segments

The municipality operates throughout the LIM 472 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout LIM 472 were sufficiently similar to warrant aggregation.

The following segments were aggregated:

1	Core Function:Roads
2	Core Function:Solid Waste Removal
3	Electricity:Electricity - 601
4	Pollution Control:Pollution Control - 505
5	Project Management Unit:PMU - 603
6	Roads:Roads - 600
7	Solid Waste Removal:Solid Waste Removal - 500
8	Cemeteries Funeral Parlours and Crematoriums:Cemeteries - 501
9	Community Parks (including Nurseries):Parks - 502
10	Core Function:Police Forces Traffic and Street Parking Control
11	Libraries and Archives:Libraries - 504
12	Police Forces Traffic and Street Parking Control: Police Forces Traffic - 507
13	Road and Traffic Regulation:Traffic Regulation - 508
14	Sports Grounds and Stadiums:Sports Grounds and Stadiums - 506
15	Asset Management:Asset Management - 301
16	Core Function:Finance
17	Municipal Manager Town Secretary and Chief Executive:Municipal Manager - 200
18	Finance:Default
19	Finance:Finance - 300
20	Fleet Management:Fleet Management - 602
21	Human Resources:Human Resources - 400
22	Information Technology:Information Technology - 401
23	Property Services:Property Services - 402
24	Mayor and Council:Chief Whip 6.1
25	Mayor and Council:Council General - 101
26	Mayor and Council:Executive committee 6.1
27	Mayor and Council:Mayor - 100
28	Mayor and Council:Speaker - 102

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### Types of goods and/or services by segment

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

Reportable segment	Nature of Goods and/or services
Finance	Finance, human resource and IT services to facilitate service delivery
Community services	Police, parks and libraries
Basic services	Basic services, roads, sewage, refuse, electricity
Executive & Council	Community outreach

There are no non reportable segments.

The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Below are the reconciliation's of the amounts in the statement of financial position and performance for reportable segments to the amounts in the municipality's statement of financial position and performance for **2025 financial year.**

	Basic Services	Community Services	Executive and Council	Finance	Total
<b>Statement of Financial Performance</b>					
<b>Revenue</b>	<b>222,680,455</b>	<b>313,109,660</b>	<b>52,512,954</b>	<b>283,816,860</b>	<b>872,119,928</b>
Revenue from exchange transactions	154,844,051	8,989,667	-	7,216,905	171,050,623
<b>Revenue from exchange transactions</b>	<b>154,844,051</b>	<b>8,989,667</b>	<b>-</b>	<b>7,216,905</b>	<b>171,050,623</b>
Agency fees	-	5,939,379	-	-	5,939,379
Interest revenue	5,079,295	-	-	6,956,409	12,035,704
Other Income	-	1,693,514	-	260,497	1,954,011
Rental Of Facilities And Equipment	-	1,356,773	-	-	1,356,773
Service Charges	149,764,756	-	-	-	149,764,756
<b>Revenue from non-exchange transactions</b>	<b>67,836,404</b>	<b>304,119,993</b>	<b>52,512,954</b>	<b>276,599,954</b>	<b>701,069,305</b>
<b>Taxation revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,823,750</b>	<b>76,823,750</b>
Interest charged on consumer debtors	-	-	-	15,061,766	15,061,766
Property Rates	-	-	-	61,761,984	61,761,984
<b>Transfer revenue</b>	<b>67,836,404</b>	<b>304,119,993</b>	<b>52,512,954</b>	<b>199,776,204</b>	<b>624,245,555</b>
Fines, Penalties And Forfeits	1,298,239	112,795,327	-	-	114,093,566
Government Grants & Subsidies	66,538,165	183,648,416	52,512,954	194,573,382	497,272,917
Investment property fair value adjustment	-	-	-	5,202,822	5,202,822
Public contributions and donations	-	7,676,250	-	-	7,676,250
<b>Expenditure</b>	<b>- 218,212,258</b>	<b>- 254,299,473</b>	<b>- 50,349,773</b>	<b>- 224,039,844</b>	<b>- 746,901,348</b>
(Impairment loss)/ Reversal of impairments	- 1,210,353	- 106,175	-	- 2,772,778	- 4,089,305
Bulk Purchases	- 129,796,388	-	-	-	- 129,796,388
Debt Impairment	- 3,482,256	- 83,004,371	-	- 10,726,666	- 97,213,294
Depreciation and amortisation	- 7,521,207	- 42,331,170	-	- 8,922,907	- 58,775,284
Employee Related Costs	- 20,949,139	- 90,473,962	- 6,118,231	- 87,470,037	- 205,011,369
Fair value adjustments - actuarial losses	-	-	-	- 2,099,194	- 2,099,194
Finance Costs	-	-	-	- 976,442	- 976,442
General expenses	- 24,936,943	- 17,058,005	- 13,012,517	- 91,344,887	- 146,352,353
Lease Rentals On Operating Lease	-	- 1,549,287	-	- 4,983,628	- 6,532,915
Gain/(Loss) on disposal of assets	- 728,014	- 1,372,282	-	- 1,698,314	- 401,981
Remuneration of councillors	-	-	- 28,192,220	-	- 28,192,220
Repairs And Maintenance	- 15,788,333	- 21,148,784	- 443,805	- 4,714,375	- 42,095,296
Transfers And Subsidies	- 15,255,652	-	- 2,583,000	- 8,330,616	- 26,169,268
<b>Surplus for the year</b>	<b>4,468,197</b>	<b>58,810,187</b>	<b>2,163,181</b>	<b>59,777,015</b>	<b>125,218,581</b>

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	Basic Services	Community Services	Executive and Council	Finance	Total
<b>Statement of Financial Position</b>					
<b>Assets</b>	<b>394,771,937</b>	<b>1,211,340,742</b>	<b>78,797,464</b>	<b>- 94,341,853</b>	<b>1,590,568,291</b>
<b>Current Assets</b>	<b>251,533,929</b>	<b>277,887,998</b>	<b>78,796,420</b>	<b>- 249,313,516</b>	<b>358,904,830</b>
Cash and cash equivalents	90,389,483	155,507,851	65,615,513	- 246,605,100	64,907,747
Conditional grants receivables	-	3,239,443	-	-	3,239,443
Consumer debtors - From Exchange Transactions	31,237,685	9,519,624	6,676,432	12,441,380	59,875,120
Consumer debtors - From Non Exchange Transactions	4,140,623	-	51,112	88,476,270	92,668,004
Inventories	- 14,763,103	- 6,142,389	- 1,308,162	59,792,187	37,578,533
Receivables from exchange transactions	140,529,241	92,354,215	7,761,526	- 163,526,449	77,118,532
Receivables from non-exchange transactions	-	23,409,254	-	108,196	23,517,450
<b>Non-Current Assets</b>	<b>143,238,008</b>	<b>933,452,745</b>	<b>1,044</b>	<b>154,971,664</b>	<b>1,231,663,461</b>
Eskom security deposit	19,582,729	-	-	-	19,582,729
Heritage assets	-	463,463	-	- 100	463,363
Intangible assets	-	- 12,783	-	12,783	0
Investment property	-	110,658,598	-	23,154,061	133,812,659
Property Plant and Equipment	123,655,279	822,343,467	1,044	131,804,920	1,077,804,710
<b>Liabilities</b>	<b>249,561,064</b>	<b>53,941,653</b>	<b>3,415,216</b>	<b>22,144,159</b>	<b>329,062,092</b>
<b>Current Liabilities</b>	<b>145,097,155</b>	<b>51,577,618</b>	<b>3,415,216</b>	<b>- 27,946,664</b>	<b>172,143,326</b>
Consumer deposits	5,519,230	- 1,597	-	- 153,829	5,363,804
Deferred income	-	192,983	-	-	192,983
Employee benefit obligation	-	-	-	1,339,000	1,339,000
Landfill Site Provision	9,912,854	-	-	-	9,912,854
Payables from exchange transactions	129,664,571	26,458,242	3,415,216	- 34,732,818	124,805,211
Provision for Long Service Leave	-	-	-	1,506,000	1,506,000
Finance Lease Obligation	-	-	-	4,086,630	4,086,630
Unspent conditional grants and receipts	500	24,927,991	-	8,354	24,936,845
<b>Non - Current Liabilities</b>	<b>104,463,909</b>	<b>2,364,035</b>	<b>-</b>	<b>50,090,823</b>	<b>156,918,767</b>
Deferred income	-	2,364,035	-	0	2,364,035
Employee benefit obligation	-	-	-	32,247,000	32,247,000
Landfill Site Provision	104,463,909	-	-	-	104,463,909
Finance Lease Obligation	-	-	-	8,917,823	8,917,823
Provision for Long Service Leave	-	-	-	8,926,000	8,926,000
<b>Net Assets</b>	<b>145,210,873</b>	<b>1,157,399,089</b>	<b>75,382,248</b>	<b>- 116,486,012</b>	<b>1,261,506,199</b>
	-	-	-	-	-

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### 2024 financial year.

	Basic Services	Community Services	Executive and Council	Finance	Total
<b>Statement of Financial Performance</b>					
<b>Revenue</b>	<b>187,376,051</b>	<b>284,083,057</b>	<b>42,863,583</b>	<b>267,141,884</b>	<b>781,464,575</b>
Revenue from exchange transactions	121,756,374	7,981,230	-	6,582,162	136,319,766
<b>Revenue from exchange transactions</b>	<b>121,756,374</b>	<b>7,981,230</b>	<b>-</b>	<b>6,582,162</b>	<b>136,319,766</b>
Agency fees	-	6,344,437	-	-	6,344,437
Interest revenue	3,735,788	-	-	6,121,139	9,856,927
Other Income	-	419,866	-	461,023	880,889
Rental Of Facilities And Equipment	-	1,216,927	-	-	1,216,927
Service Charges	118,020,586	-	-	-	118,020,586
<b>Revenue from non-exchange transactions</b>	<b>65,619,678</b>	<b>276,101,826</b>	<b>42,863,583</b>	<b>260,559,722</b>	<b>645,144,809</b>
<b>Taxation revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,315,912</b>	<b>72,315,912</b>
Interest charged on consumer debtors	-	-	-	13,157,983	13,157,983
Property Rates	-	-	-	59,157,929	59,157,929
<b>Transfer revenue</b>	<b>65,619,678</b>	<b>276,101,826</b>	<b>42,863,583</b>	<b>188,243,809</b>	<b>572,828,896</b>
Fines, Penalties And Forfeits	5,740	90,040,897	-	-	90,046,636
Government Grants & Subsidies	65,613,938	148,493,484	42,863,583	188,756,106	445,727,111
Investment property fair value adjustment	-	-	-	512,296	512,296
Public contributions and donations	-	37,567,445	-	-	37,567,445
<b>Expenditure</b>	<b>- 250,579,933</b>	<b>- 220,622,690</b>	<b>- 45,643,832</b>	<b>- 233,593,911</b>	<b>- 750,440,367</b>
(Impairment loss)/ Reversal of impairments	- 6,485,102	84,998	-	- 5,021,984	- 11,422,087
Bulk Purchases	- 109,782,561	-	-	-	- 109,782,561
Debt Impairment	- 7,823,400	- 78,193,358	-	- 4,658,145	- 90,674,903
Depreciation and amortisation	- 12,041,928	- 36,168,624	-	- 6,624,618	- 54,835,171
Employee Related Costs	- 22,549,629	- 75,972,065	- 3,600,117	- 84,382,688	- 186,504,499
Fair value adjustments - actuarial losses	-	-	-	- 3,556,124	- 3,556,124
Finance Costs	-	-	-	- 1,766,186	- 1,766,186
General expenses	- 28,685,049	- 9,427,127	- 14,875,374	- 88,694,993	- 141,682,543
Lease Rentals On Operating Lease	-	- 1,300,493	-	- 3,396,086	- 4,696,579
Gain/(Loss) on disposal of assets	- 507,807	615,523	-	- 23,328,726	- 23,221,010
Remuneration Of Councillors	-	-	- 26,661,797	-	- 26,661,797
Repairs And Maintenance	- 53,777,044	- 20,261,544	- 246,544	- 5,905,817	- 80,190,949
Transfers And Subsidies	- 8,927,412	-	- 260,000	- 6,258,545	- 15,445,957
<b>Surplus for the year</b>	<b>- 63,203,881</b>	<b>63,460,366</b>	<b>- 2,780,249</b>	<b>33,547,973</b>	<b>31,024,208</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

	Basic Services	Community Services	Executive and Council	Finance	Total
<b>Statement of Financial Position</b>					
<b>Assets</b>	<b>321,446,890</b>	<b>1,061,735,083</b>	<b>40,167,398</b>	<b>10,988,065</b>	<b>1,434,337,437</b>
<b>Current Assets</b>	<b>184,942,352</b>	<b>144,477,585</b>	<b>40,166,354</b>	<b>-</b>	<b>98,105,165</b>
Cash and cash equivalents	74,934,143	47,535,561	27,032,191	-	126,827,957
Conditional grants receivables	-	5,761,684	-	-	5,761,684
Consumer debtors - From Exchange Transactions	2,260,175	10,638,856	6,676,432	-	29,488,402
Consumer debtors - From Non Exchange Transactions	1,401,857	-	51,112	-	79,685,012
Inventories	-	7,632,680	-	-	31,509,439
Receivables from exchange transactions	113,978,858	74,819,675	7,006,659	-	123,592,831
Receivables from non-exchange transactions	-	8,994,748	-	-	127,110
<b>Non-Current Assets</b>	<b>136,504,538</b>	<b>917,257,498</b>	<b>1,044</b>	<b>109,093,230</b>	<b>1,162,856,310</b>
Eskom security deposit	18,475,124	-	-	-	18,475,124
Heritage assets	-	463,463	-	100	463,363
Intangible assets	-	12,783	-	-	12,783
Investment property	-	110,658,598	-	-	10,274,989
Property Plant and Equipment	118,029,413	806,148,220	1,044	-	98,805,559
<b>Liabilities</b>	<b>207,014,984</b>	<b>28,644,298</b>	<b>3,414,898</b>	<b>58,975,644</b>	<b>298,049,824</b>
<b>Current Liabilities</b>	<b>122,753,517</b>	<b>26,087,281</b>	<b>3,414,898</b>	<b>23,154,643</b>	<b>175,410,339</b>
Consumer deposits	5,583,115	1,439	-	-	66,303
Deferred income	-	192,983	-	-	192,983
Employee benefit obligation	-	-	-	-	1,283,000
Landfill Site Provision	9,539,983	-	-	-	-
Payables from exchange transactions	107,630,419	25,126,549	3,414,898	-	13,700,024
Finance Lease Obligation	-	-	-	-	7,636,923
Provision for Long Service Leave	-	-	-	-	601,000
Unspent conditional grants and receipts	0	766,310	-	-	0
<b>Non - Current Liabilities</b>	<b>84,261,467</b>	<b>2,557,017</b>	<b>-</b>	<b>35,821,000</b>	<b>122,639,485</b>
Deferred income	-	2,557,017	-	-	0
Employee benefit obligation	-	-	-	-	27,611,000
Landfill Site Provision	84,261,467	-	-	-	-
Finance Lease Obligation	-	-	-	-	-
Provision for Long Service Leave	-	-	-	-	8,210,000
<b>Net Assets</b>	<b>114,431,906</b>	<b>1,033,090,785</b>	<b>36,752,500</b>	<b>-</b>	<b>47,987,579</b>
	-	-	-	-	-

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 51. Public Office Holders Remuneration

All public officers remuneration as at 30 June 2025

All public officers	Annual Remuneration	Cellphone and Data	Medical Aid	Pension Fund	Skills contribution	Travelling and Car Allowance	Grand Total
Cllr AL Gulube	198 371	43 087		27 945	2 762	75 439	347 603
Cllr AN Limakwe	215 724	47 004		30 548	3 004	82 090	378 370
Cllr CM Maphopha	215 724	47 004		30 548	3 005	83 395	379 675
Cllr CP Ngobeni	166 290	39 170		24 944	2 336	66 235	298 975
Cllr DJ Ganedi	215 724	47 004		30 548	3 004	82 090	378 370
Cllr DO Tjiane	50 135	11 751		7 520	704	19 218	89 328
Cllr FK Lehungwane	215 724	47 004		30 548	3 011	92 181	388 467
Cllr GM Segope	215 724	47 004		30 548	3 004	83 011	379 291
Cllr HMC Malapela	223 530	47 004		31 342	3 098	84 957	389 931
Cllr J Letageng	215 724	47 004		30 548	3 050	82 090	378 416
Cllr J Mahlangu	276 847	47 004		39 203	3 724	107 207	473 985
Cllr JP Kotze	325 599	47 004			4 597	110 612	487 811
Cllr JS Mogotlana	276 847	47 004		39 203	3 728	116 114	482 896
Cllr JS Thethe	515 099	47 004		74 154	6 514	199 818	842 589
Cllr K Mabelane	215 724	47 004		30 548	3 004	82 090	378 370
Cllr KW Tlaka	269 663	47 004		38 504	3 639	107 425	466 235
Cllr LS Komane	215 724	47 004		30 548	3 004	82 090	378 370
Cllr LS Maibelo	215 724	47 004		30 548	3 004	82 090	378 370
Cllr M Mampana	52 343	12 474		7 396	742	21 502	94 457
Cllr M Msiza	511 736	47 004		72 415	6 481	194 717	832 353
Cllr M Ranala	316 979	47 004			4 486	107 658	476 128
Cllr MA Mafiri	215 724	47 004		30 548	3 007	86 948	383 230
Cllr MC Phokwane	215 724	47 004		30 548	3 005	83 706	379 986
Cllr MD Tladi	681 663	47 004		96 527	8 477	259 397	1 093 068
Cllr ME Nduli	506 642	47 004		72 415	6 420	196 307	828 788
Cllr ME Sithole	215 724	47 004		30 548	3 004	82 090	378 370
Cllr ME Tshehla	215 724	47 004		30 548	3 006	84 240	380 521
Cllr MG Mathabathe	285 212	47 004		40 387	3 825	115 060	491 487
Cllr MG Phetla	511 736	47 004		72 415	6 483	196 763	834 401
Cllr MG Rahlogo	133 418	31 336		20 013	1 873	53 997	240 636
Cllr MK Mokobane	132 316	31 336		19 847	1 860	50 721	236 082
Cllr MM Gededzha	182 727	43 087		27 409	2 571	76 762	332 555
Cllr MNS Oosthuizen	235 860	47 004		10 412	3 390	82 090	378 756
Cllr MP Riza	215 724	47 004		30 548	3 004	82 090	378 370
Cllr MS Mashilo	389 798	47 004		56 425	5 041	148 741	647 009
Cllr MS Mthimunye	215 724	47 004		30 548	3 004	82 090	378 370
Cllr MW Ramphisa	285 212	47 004		40 387	3 823	112 038	488 463
Cllr MZ Buta	276 847	47 004		39 203	3 729	113 596	480 379
Cllr NJ Ramongana	285 212	47 004		40 387	3 833	123 969	500 405
Cllr NN Mahlangu	182 727	43 087		27 409	2 567	72 461	328 251
Cllr NP Mohlala	215 724	47 004		30 548	3 017	98 542	394 835
Cllr NS Makuwa	276 847	47 004		39 203	3 725	110 153	476 932
Cllr P Masimula	276 847	47 004		39 203	3 726	111 399	478 179
Cllr PB Magolego	16 712	3 917		2 507	235	6 406	29 776
Cllr PK Tladi	269 476	47 004		38 504	3 636	106 217	464 837
Cllr PT Koka	16 712	3 917		2 507	235	6 406	29 776
Cllr RM Makuwa	215 724	47 004		30 548	3 009	89 110	385 394
Cllr RN Ndlovu	506 066	47 004		71 730	6 429	211 115	842 343
Cllr SB Nkosi	478 184	47 004		69 038	6 099	207 286	807 611
Cllr SC Mmotla	215 724	47 004		30 548	3 004	82 090	378 370
Cllr SD Morare	255 096	47 004		36 409	3 470	104 267	446 245
Cllr SH Mmaboko	215 724	47 004		30 548	3 004	82 090	378 370

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

All public officers	Annual Remuneration	Cellphone and Data	Medical Aid	Pension Fund	Skills contribution	Travelling and Car Allowance	Grand Total
Cllr SH Radigwana	215 724	47 004		30 548	3 004	82 090	378 370
Cllr SM Malapela	215 724	47 004		30 548	3 007	86 765	383 048
Cllr ST Matsomane	215 724	47 004		30 548	3 006	84 194	380 475
Cllr SW Ratlou	99 000	11 751		14 850	1 275	37 950	164 825
Cllr SZ Ngwenya	215 724	47 004		30 548	3 004	82 090	378 370
Cllr TA Machipa	269 058	47 004		27 892	3 429	85 153	432 537
Cllr TA Phorothhoe	276 847	47 004		39 203	3 727	112 218	479 000
Cllr TC Sithole	276 847	47 004		39 203	3 722	105 350	472 126
Cllr TM Phahlamohlak	15 729	3 917	6 169	2 359	302	9 382	37 858
Cllr TP Kgagara	215 724	47 004		30 548	3 015	96 563	392 853
Cllr TS Malau	215 724	47 004		30 548	3 006	85 406	381 688
Cllr TS Mathabathe	215 724	47 004		30 548	3 004	82 090	378 370
Cllr VM Sithole	215 724	47 004		30 548	3 006	84 940	381 222
Cllr W De Beer	215 724	47 004		30 548	3 050	82 090	378 416
Cllr YMT Malope	112 686	26 033		15 040	1 590	45 932	201 280
<b>Grand Total</b>	<b>16 459 188</b>	<b>2 843 079</b>	<b>6 169</b>	<b>2 218 854</b>	<b>222 559</b>	<b>6 442 389</b>	<b>28 192 223</b>

All public officers remuneration as at 30 June 2024.

All Office Bearers	Annual Remuneration	Cell phone and Data	Medical aid	Pension Funds	Skills contribution	Travelling and Car Allowance	Grand Total
Crll J Kotze	299 884	47 004			4 470	99 962	451 320
Crll T Phorothhoe	253 119	47 004		37 736	3 616	100 137	441 612
Crll T Machipa	475 264	47 004		61 867	6 384	199 345	789 864
Crll P Masimula	253 119	47 004		37 736	3 620	106 398	447 877
Crll J Mahlangu	253 119	47 004		37 736	3 623	107 910	449 392
Crll M Msiza	664 674	94 008		99 098	9 160	260 613	1 127 553
Crll H Makunyane	311 625	31 336		46 321	4 248	126 222	519 752
Crll M Mashilo	197 236	47 004		29 405	2 934	75 607	352 186
Crll W Oosthuizen	226 821	47 004			3 510	75 607	352 942
Crll V Sithole	204 632	47 004		22 189	3 089	80 519	357 433
Crll G Matjomane	417 056	44 352	27 373	62 375	5 973	200 557	757 686
Crll S Ngwenya	197 236	47 004		29 405	2 934	75 607	352 186
Crll R Ndlovu	453 725	47 004		67 643	6 079	210 176	784 627
Crll T Phahlamohlaka	191 704	47 004	71 177	28 656	3 838	101 826	444 205
Crll M Tladi	623 251	47 004		92 917	8 122	238 913	1 010 207
Crll M Ramphisa	260 769	47 004		38 877	3 711	104 883	455 244
Crll S Matsomane	197 236	47 004		29 405	2 934	75 607	352 186
Crll A Gulube	197 235	47 004		29 405	2 934	75 607	352 185
Crll D Mashego	458 279	44 352	13 787	68 519	6 279	191 508	782 724
Crll M Phetla	467 438	47 004		69 693	6 222	179 184	769 541
Crll M Mathabathe	260 769	47 004		38 877	3 711	103 892	454 253
Crll M Mampana	197 236	47 004		29 405	2 936	78 465	355 046
Crll J Letageng	197 236	47 004		29 405	2 978	75 607	352 230
Crll S Radigwana	197 236	47 004		29 405	2 934	75 607	352 186
Crll T Sithole	253 119	47 004		37 736	3 617	101 425	442 901
Crll S Mmaboko	197 236	47 004		29 405	2 934	75 607	352 186
Crll P Koka	197 236	47 004		29 405	2 934	75 607	352 186
Crll L Maibelo	197 236	47 004		29 405	2 934	75 607	352 186
Crll S Malapela	197 236	47 004		29 405	2 935	77 061	353 641

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

Crll H Malapela	260 769	47 004		38 877	3 710	104 534	454 894
Crll G Segope	197 236	47 004		29 405	2 934	75 607	352 186
Crll M Nduli	324 559	47 004		48 452	4 451	125 910	550 376
Crllr W De Beer	197 236	47 004		29 405	2 978	75 607	352 230
Crll P Tladi	197 236	47 004		29 405	2 936	78 880	355 461
Crll M Phokwane	197 236	47 004		29 405	2 938	82 550	359 133
Crll K Tlaka	197 236	47 004		29 405	2 938	83 537	360 120
Crll N Makuwa	253 119	47 004		37 736	3 624	111 462	452 945
Crll M Sithole	197 236	47 004		29 405	2 934	75 607	352 186
Crll A Limakwe	197 236	47 004		29 405	2 934	75 607	352 186
Crll K Mabelane	197 236	47 004		29 405	2 934	75 607	352 186
Crll S Mmotta	197 236	47 004		29 405	2 934	75 607	352 186
Crll L Komane	197 236	47 004		29 405	2 938	81 416	357 999
Crll T Malau	197 236	47 004		29 405	2 938	81 906	358 489
Crll N Mohlala	197 236	47 004		29 405	2 938	84 078	360 661
Crll M Tshehla	197 236	47 004		29 405	2 934	75 607	352 186
Crll N Ramongana	260 769	47 004		38 877	3 722	120 351	470 723
Crll C Maphopha	197 236	47 004		29 405	2 935	77 358	353 938
Crll R Makuwa	197 236	47 004		29 405	2 935	77 728	354 308
Crll S Nkosi	197 236	47 004		29 405	2 940	84 912	361 497
Crll M Mafiri	197 236	47 004		29 405	2 935	79 912	356 492
Crll M Buta	253 119	47 004		37 736	3 624	110 728	452 211
Crll T Kgagara	197 236	47 004		29 405	2 945	92 502	369 092
Crll J Thethe	253 119	47 004		37 736	3 622	107 872	449 353
Crll F Lehungwane	197 236	47 004		29 405	2 934	78 119	354 698
Crll T Mathabathe	197 236	47 004		29 405	2 934	76 938	353 517
Crll S Morare	197 236	47 004		29 405	2 934	76 323	352 902
Crll J Mogotlana	253 119	47 004		37 736	3 618	102 337	443 814
Crll M Mthimunye	197 236	47 004		29 405	2 934	75 607	352 186
Crll D Gantedi	197 236	47 004		29 405	2 934	75 607	352 186
Crll M Ranala	226 821	47 004			3 510	75 607	352 942
Crll S Ratlou	79 716	15 668		11 957	1 089	30 558	138 988
<b>Grand Total</b>	<b>15 199 500</b>	<b>2 861 940</b>	<b>112 337</b>	<b>2 136 853</b>	<b>220 131</b>	<b>6 131 047</b>	<b>26 661 808</b>

### 52. Depreciation and amortisation

Property Plant and Equipment	58 775 286	54 828 770
Intangible assets	-	6 400
	<b>58 775 286</b>	<b>54 835 170</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 53. Public contributions and donations

Roads Agency Limpopo	-	37 547 850
Sekhukhune TVET College	7 676 250	-
Provincial government	-	19 595
	<b>7 676 250</b>	<b>37 567 445</b>

During the 2025 financial year, 45 trading stalls and ablution facilities were received as a donation from Sekhukhune TVET College to the amount of R7 676 250. These are situated at portion 51 (A portion 31) of farm Klipbank 36 in Acquaville.

During 2024 year computer equipment was received as a donation from provincial government for R19 595.

During the 2024 financial year the municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850.

2024 Public contributions line item is now renamed to Provincial Government for 19 595

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 54. Repairs and maintenance

Repairs and maintenance	42 095 296	80 190 949
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For 2025 there are no donations in kind relating to repairs and maintenance.

During the 2024 year, the municipality received donations in kind from the Roads Agency Limpopo in relation to repairs and maintenance of roads that belonged to the municipality for the value of R37,547,850 included in the R80,190,949

### 55. Statutory receivables

Statutory receivables arise from legislation, supporting regulations, or similar means, and require settlement in cash or another financial asset. The municipality recognizes statutory receivables when enforceable claims arise, inflows are probable, and amounts are measurable reliably. They are initially measured at transaction amounts determined by relevant legislation, excluding time value of money. Subsequent measurement is at cost, adjusted for impairments based on expected credit losses.

The following classes of statutory receivables are recognized: VAT receivable, property rates, and traffic fines.

VAT Receivable: Arises from the Value-Added Tax Act 89 of 1991, representing net refunds due from SARS after cash settlements (payments to suppliers for input VAT, receipts from customers for output VAT). Transaction amount is net output less input per tax periods, calculated based on invoices and declarations. No interest levied.

Property Rates: Arises from the Local Government: Municipal Property Rates Act 6 of 2004, levied on property owners based on assessed market values. Transaction amount is determined by approved tariffs and valuations in the general valuation roll, with rebates/discounts applied per policy. Interest may be charged on overdue amounts at rates per municipal credit control policy.

Traffic Fines: Arises from the National Road Traffic Act 93 of 1996 and AARTO Act 46 of 1998, imposed for violations. Transaction amount is fixed penalties per schedules.

Impairment Basis: Impairments are assessed annually using a provision matrix based on historical collection rates, aging.

For details to the account balances below, please refer to the notes for 10 VAT receivable, 11 Traffic fines and 12 Property rates.

VAT receivable from SARS (Cash basis)	-	1 316 569
Traffic fines	23 409 254	8 994 747
Property Rates	92 668 004	81 137 981
	<b>116 077 258</b>	<b>91 449 297</b>

### 56. Conditional grants receivables

#### Spending in progress at statement of financial position date

MIG receivables	3 239 443	5 761 684
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In 2024 financial year, the municipality omitted to recognise the MIG grant receivable (debtor). This resulted in understatement of debtors (statutory receivables) and understatement of revenue from grants for R5, 761 684.45. In 2025 financial year, an amount of R3 239 443.23 for 2026 financial year was utilised and statutory receivable was raised.