

# **SOL PLAATJE LOCAL MUNICIPALITY**



CITY OF KIMBERLEY

**SOL PLAATJE LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended

**30 June 2025**

# SOL PLAATJE LOCAL MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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**SOL PLAATJE LOCAL MUNICIPALITY  
GENERAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2025**

**EXECUTIVE MAYOR** Alderman BM Bartlett

**SPEAKER** Councillor ED Peters

**GRADING OF THE LOCAL AUTHORITY:** Grade 5 NC091

**AUDITORS:** AuditorGeneral of South Africa  
Block 1 Montrio Corporate Park  
10 Oliver Road Private Bag X5013  
Monument Heights Kimberley  
Kimberley 8300  
Telephone 538311016  
Fax 538326277

**BANKERS:** Standard Bank  
C/O Bultfontein and Lennox Street P.O. Box 626  
Kimberley Kimberley  
8301 8300  
Telephone 538078215  
Fax 538078173

**REGISTERED OFFICE:** Civic Centre  
Sol Plaatje Drive Private Bag X5030  
Kimberley Kimberley  
8301 8300  
Telephone 538306911  
Fax 538331005

**MUNICIPAL MANAGER:** Mr BS Matlala B Tech Public Management, Advance  
Diploma Labour Law, National Diploma  
Municipal Admin, Certificate Municipal  
Finance Management

**CHIEF FINANCIAL OFFICER: (Acting)** Mr LK Samolapo B.Com Accounting, MBA

**MEMBERS OF COUNCIL:**

**Councillor  
Ward**

1 Ludick R	12 Ruiter I	23 Louw PJF
2 Brown JE	13 Molatudi MK	24 Whittaker CP
3 Korkie DD	14 Joseph GH	25 Fourie OC
4 Bopape TH	15 Nkukane TE	26 Mokwang C
5 Nolitye MR	16 Rammutle CB	27 Wagter IB
6 Riet NR	17 Maputle NN	28 White MF
7 Diphahle JG	18 Mofokeng GP	29 Aaron MC
8 Sonyoni KJB	19 Lekoma IA	30 Kok R
9 Dioka DI	20 Moses BB	31 Lephoi C
10 Molale KM	21 Greeff JG	32 Banda F
11 Kgadiete KV	22 Pietersen J	33 Tau YK

**Councillor  
Proportional**

1 Adams E	12 Kock KC	23 Pienaar D
2 Badenhorst EL	13 Koos LJ	24 Pieterse LHS
3 Bartlett BM	14 Landella ST	25 Smit J
4 Beylefeld MJ	15 Louw M	26 Van der Ross F
5 Boqo AN	16 Mesha P	27 Van der Ross R
6 Bosman A	17 Mocwana PM	28 Wapad R
7 Bosman MS	18 Nathane PE	29 Esau AJ
8 Engelbrecht ST	19 Niemann E	30 Loff J
9 Erasmus W	20 Pearce C	31 Metsimetsi BS
10 Griesel JD	21 Peters ED	32 Reichert F
11 Johnson E	22 Phiri KC	

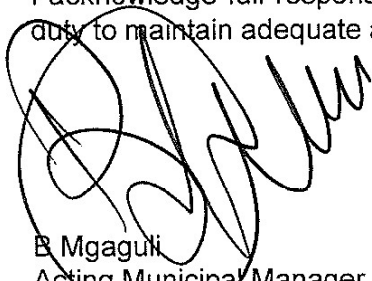
**SOL PLAATJE LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2025

**Declaration of the Accounting Officer**

I am accountable for the preparation of these annual financial statements, which are set out on pages 2 to 92, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 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.

I acknowledge full responsibility for the system of internal financial control and the duty to maintain adequate accounting records as required by MFMA 56 of 2003.



B. Mgaguli  
Acting Municipal Manager  
28 November 2025

# SOL PLAATJE LOCAL MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2025

### Accounting Officer's Report

#### 1. Review of activities

The municipality trades in water, electricity, refuse removal, sanitation and other minor services. Rates and taxes are levied on all property in accordance with the prescriptions of Municipal Property Rates Act. The municipality has approved bylaws for service provision of water and electricity. The net surplus of the municipality is R410 117 835 (2025) compared to the previous year restated surplus of R 219 055 802 (2024).

#### 2. Going concern principle

The Financial Statements were prepared in accordance with the policies applicable to going concern. This basis presumes that funds will be available to run the operations, provide services to the people and continue with the investment plan, and that the realization of assets and settlement of liabilities and contingent liabilities will take place in the ordinary course of business.

#### 3. Events after balance sheet

There are no known events that have taken place or will take place after balance sheet that have or will have significant impact on the financial statements to an extent that they will not fairly present the financial position, performance and cash flow of the municipality as reported.

#### 4. Corporate governance

The municipality is led by the Executive Mayor as the political head of the institution, and administratively, the Accounting Officer is the head of the municipality. A system of delegation exists as well as sufficient internal controls are in place, giving management certainty and confidence in the transactional environment as well as safety, integrity and completeness of financial information.

#### 5. Performance Management Framework

The municipality has adopted a performance management framework.

#### 6. Municipal Entities

The municipality has no entities that reports to it.



B Mgaguli  
Acting Municipal Manager  
28 November 2025

**SOL PLAATJE LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 June 2025**

	Note	2025 R	Restated 2024 R	2025 Budget R
<b>ASSETS</b>				
<b>Current Assets</b>		<b>2 888 665 223</b>	<b>2 638 170 208</b>	<b>2 119 444 772</b>
Inventory	2	107 238 892	112 013 463	60 701 404
Trade Receivables from Exchange Transactions	4	2 069 754 733	1 879 131 426	1 154 639 550
Statutory Receivables from Non-Exchange Transactions	5	531 749 643	504 923 519	897 858 678
Trade Receivables from Non-Exchange Transactions	5	15 985 448	14 637 850	-
Cash and Cash Equivalents	6	163 936 508	113 951 511	6 245 140
Statutory Receivable from Exchange Transactions	8	-	13 512 438	-
<b>Non-Current Assets</b>		<b>2 794 307 413</b>	<b>2 289 893 370</b>	<b>2 882 019 146</b>
Property, Plant and Equipment	9	2 464 812 925	1 997 127 781	2 640 589 852
Heritage Assets	9	12 316 614	12 070 884	12 070 884
Intangible Assets	10	41 116 719	46 592 291	13 213 591
Investment Property	11	200 307 547	200 506 932	216 144 819
Trade Receivables from Exchange Transactions	4	57 810 355	24 190 612	-
Statutory Receivables from Non-Exchange Transactions	5	17 943 252	9 404 870	-
<b>Total Assets</b>		<b>5 682 972 636</b>	<b>4 928 063 578</b>	<b>5 001 463 918</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>		<b>1 451 559 598</b>	<b>1 146 702 118</b>	<b>1 382 009 650</b>
Consumer Deposits	13	49 971 244	48 325 086	49 570 166
Employee Benefits	14	91 364 026	86 374 371	-
Payables from Exchange Transactions	15	960 593 661	787 606 615	1 286 802 332
Unspent Conditional Grants and Receipts	16	741 827	4 057 327	-
VAT Payable from Exchange Transactions	17	106 385 750	-	45 637 153
Current Portion of Long-term Liabilities	18	242 503 090	220 338 719	-
<b>Non-Current Liabilities</b>		<b>917 881 670</b>	<b>903 445 396</b>	<b>444 628 497</b>
Long-term Liabilities	18	613 304 668	601 845 719	186 527 380
Employee Benefit Liabilities	19	290 348 535	290 713 766	256 606 000
Non-current Provisions	20	14 228 467	10 885 911	1 495 117
<b>Total Liabilities</b>		<b>2 369 441 268</b>	<b>2 050 147 514</b>	<b>1 826 638 148</b>
<b>Total Assets and Liabilities</b>		<b>3 313 531 368</b>	<b>2 877 916 064</b>	<b>3 174 825 770</b>
<b>NET ASSETS</b>		<b>3 313 531 368</b>	<b>2 877 916 064</b>	<b>-</b>
Accumulated Surplus	21	3 313 531 368	2 877 916 064	3 174 825 770
<b>Total Net Assets</b>		<b>3 313 531 368</b>	<b>2 877 916 064</b>	<b>3 174 825 770</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2025**

Budget 2024 R	Budget 2025 R		Note	Actual 2025 R	Restated Actual 2024 R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>					
660 893 479	687 319 713	Property Rates	22	687 339 430	656 442 329
37 910 000	32 143 000	Fines and Penalties		36 851 089	56 766 715
7 350 000	9 200 000	Licences and Permits		9 095 259	7 169 376
-	91 900 000	Interest Earned - Outstanding Statutory receivables	23	103 759 011	96 761 065
44 680 000	50 900 000	Availability service charges non-exchange transactions	24	27 322 019	49 298 636
448 952 000	887 451 000	Government Grants and Subsidies Received	26	887 473 490	445 540 560
-	-	Public Contributions and Donations	27	97 717 150	215 206 290
<b>Revenue from Exchange Transactions</b>					
1 450 585 535	1 611 045 774	Service Charges	24	1 449 087 939	1 331 093 241
28 130 000	27 740 000	Rental of Facilities and Equipment	25	32 057 467	28 850 882
9 500 000	9 000 000	Interest Earned - External Investments	23	21 841 259	16 116 393
250 400 000	120 030 000	Interest Earned - Outstanding Trade receivables	23	166 016 681	161 280 363
20 513 780	20 228 780	Other Income	28	20 048 271	18 302 339
1 100 000,00	-	Gains on sale of assets	2	5 834 099	15 103 382
<b>2 960 014 794</b>	<b>3 546 958 267</b>	<b>Total Revenue</b>		<b>3 544 443 164</b>	<b>3 097 931 571</b>
<b>EXPENDITURE</b>					
910 365 875	952 667 226	Employee Related Costs	29	856 426 998	910 544 126
35 558 951	37 076 570	Remuneration of Councillors	30	33 793 995	34 625 898
86 650 000	89 700 000	Depreciation and Amortisation	31	93 204 196	152 714 198
317 500 000	475 246 241	Debt Impairment	32	476 743 432	333 145 727
20 654 706	78 694 697	Finance Costs	33	85 782 608	111 062 676
790 100 000	910 118 000	Bulk Purchases Electricity	34	901 044 950	787 457 231
56 913 000	66 516 000	Contracted Services	35	125 349 139	45 090 000
3 560 000	3 660 000	Grants and Subsidies Paid	36	2 807 020	2 526 435
495 608 365	492 172 257	General Expenses	37	432 582 153	413 509 418
66 000 000	91 938 000	Loss/Write down of Inventory	2	94 312 276	85 525 994
-	-	Foreign Exchange Loss		-	2 674 066
-	-	Impairment of Property, Plant and Equipment	32	6 781 096	-
<b>2 782 910 897</b>	<b>3 197 788 991</b>	<b>Total Expenditure</b>		<b>3 108 827 862</b>	<b>2 878 875 768</b>
<b>177 103 897</b>	<b>349 169 276</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>435 615 302</b>	<b>219 055 802</b>
<b>Refer to Note 61.1 for explanation of budget variances</b>					

**SOL PLAATJE LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2025**

Description	Note	Accumulated Surplus Account			Accumulated Surplus	Total for Accumulated Surplus Account	Total
		Capital Replacement Reserve(CRR)	Self Insurance Reserve	COID Reserve			
		R	R	Reserve	R	R	R
<b>2024</b>							
Balance at 30 June 2023		39 368 598	13 683 967	11 013 159	2 632 062 030	2 696 127 753	2 696 127 753
Correction of Error					(37 267 491)	(37 267 491)	(37 267 491)
<b>Restated Balance</b>	39	<b>39 368 598</b>	<b>13 683 967</b>	<b>11 013 159</b>	<b>2 594 794 539</b>	<b>2 658 860 262</b>	<b>2 658 860 262</b>
Surplus for the year					219 055 802	219 055 802	219 055 802
Transfer to Capital Replacement Reserve		40 867 690			(40 867 690)	-	-
Property, Plant and Equipment purchased		(28 736 268)			28 736 268	-	-
Contribution to Insurance Reserve			(1 533 110)	140 077	1 393 033	-	-
<b>Balance at 30 June 2024</b>		<b>51 500 000</b>	<b>12 150 857</b>	<b>11 153 236</b>	<b>2 803 111 971</b>	<b>2 877 916 064</b>	<b>2 877 916 064</b>
						1,00	
<b>2025</b>							
<b>Restated Balance</b>		<b>51 500 000</b>	<b>12 150 857</b>	<b>11 153 236</b>	<b>2 803 111 971,25</b>	<b>2 877 916 065</b>	<b>2 877 916 064</b>
Surplus/(Deficit) for the year					435 615 302	435 615 302	435 615 302
Transfer to Capital Replacement Reserve		-			-	-	-
Property, Plant and Equipment purchased		-			-	-	-
Contribution from Insurance Reserve			-	-	-	-	-
<b>Balance at 30 June 2025</b>		<b>51 500 000</b>	<b>12 150 857</b>	<b>11 153 236</b>	<b>3 238 727 274</b>	<b>3 313 531 368</b>	<b>3 313 531 367</b>

Details on the movement of the Funds and Reserves are set out in Note 21.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2025**

	Note	Actual 2025 R	Actual 2024 R	Budget 2025 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Grants received	41	884 157 990	442 364 521	881 627 000
Sale of goods and services	41	1 472 175 441	1 852 373 002	2 312 204 824
Employee Costs	29	(885 596 568)	(851 128 849)	(989 743 796)
Supplier and other payments	41	(1 132 642 444)	(1 298 135 868)	(1 643 580 257)
<b>Cash generated from Operations</b>	<b>41</b>	<b>338 094 418</b>	<b>145 472 805</b>	<b>560 507 771</b>
Interest received	23	21 841 259	274 157 821	9 000 000
(Increase) / decrease in Interest Receivables	41	269 775 691	(110 505 641)	2 000 000
Interest paid	33	(85 782 608)	(111 062 676)	(29 774 464)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>543 928 760</b>	<b>198 062 309</b>	<b>541 733 307</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	9	(520 648 384)	(149 263 046)	(621 517 578)
Purchase of Investment Property	11	(6 672 970)		
Purchase of Heritage Assets	9	(245 730)		
Purchase of Intangible Assets	10	-	(19 919 168)	
Proceeds on Disposal of Assets	2	-	13 277 086	
Proceeds on Disposal of Investment Property	11	-	2 050 320	
Increase / (decrease) in Capital Payables	41	-	(22 925 285)	
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(527 567 085)</b>	<b>(176 780 092)</b>	<b>(621 517 578)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
New Finance leases/Finance lease payments		0	(433 788)	
Loans repaid		33 623 321	(13 309 458)	(14 787 681)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>33 623 321</b>	<b>(13 743 246)</b>	<b>(14 787 681)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6</b>	<b>49 984 996</b>	<b>7 538 972</b>	<b>(94 571 952)</b>
Cash and Cash Equivalents at the beginning of the year		113 951 511	106 412 540	100 817 091
Cash and Cash Equivalents at the end of the year		163 936 508	113 951 511	6 245 140

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PRESENTATION**

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 and the Municipal Finance Management Act 2003 (Act Number 56 of 2003).

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

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

**1. 1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY**

The Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2023 and 30 June 2024 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

**1. 1. 2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

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

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

**1. 1. 2 Revenue Recognition**

Accounting Policy 10.1 on *Revenue from Exchange Transactions* and Accounting Policy 10.2 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PRESENTATION (continued)**

**1. 1. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY(continued)**

**1. 1. 2 Revenue Recognition (continued)**

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned. In particular, whether the municipality, (i) when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and (ii) when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year and prior year is appropriate.

**1. 1. 3 Water Inventory**

The estimation of water inventory in the reservoirs is based on the measurement of water via the electronic level sensors where the level indicates the depth of water in the reservoir which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account during determining the volume of water on hand at year end. Refer to Note 2 in the annual financial statements.

**1. 1. 4 Budget information**

Variations between the budget and actual amounts are regarded as material if they exceed a 10% deviation. All material differences are explained in the notes/appendices to the annual financial statements. Budget and actual figures are presented on the the accrual basis of accounting.

**1. 1. 5 Impairment of property, plant and equipment, intangible assets, investment property, heritage assets and inventories**

The accounting Policy on "PPE - Impairment of assets and accounting policy", "Heritage assets", "Investment Property" on "Intangible assets - subsequent measurement, amortisation and impairment "and accounting policy on "Inventory - Subsequent measurement" describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 26: "Impairment of cash generating assets" and GRAP 21: "Impairment of Non - Cash generating Assets". In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involve significant judgment by management.

**1. 1. 6 Impairment of financial assets**

The accounting policy on Impairment of financial assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP104: 'Financial Instruments' and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the current and prior year is appropriate.

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PRESENTATION (continued)**

**1. 1. 7 Impairment of trade receivables**

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1. 1. 8 Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in the notes. Provisions are discounted where the effect of discounting is material using actuarial valuations.

**1. 1. 9 Useful lives of property, plant and equipment, investment property and intangible assets**

As described in the accounting policy; 'Property, Plant and Equipment', the municipality depreciates its property, plant and equipment, investment property and amortise intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

**1. 1. 10 Defined benefit plan liabilities**

As described in the accounting policy the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Ex-gratia awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 19 to the Annual Financial Statements.

**1. 1. 11 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. The accounting policy on Financial Assets Classification and accounting policy on Financial Liabilities Classification describe the factors and criteria considered by management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgements, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 "Financial Instruments".

**1. 1. 12 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

**1. 1. 13 GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on a going concern basis. Sol Plaatje Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

**1. 1. 14 MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure. This indicator is from management's perspective and does not necessarily correlate with the auditors' materiality.

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PRESENTATION (continued)**

**1. 1. 15 OFFSETTING**

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

**1. 2. STATUTORY FUNDS AND RESERVES**

The accumulate surplus/(deficit) represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

**1. 2. 1 Capital replacement reserve (CRR)**

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance and is not transferred to the CRR, as it is regarded as revenue.

**SOL PLAATJE LOCAL MUNICIPALITY  
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**1. 2. STATUTORY FUNDS AND RESERVES (Continued)**

**1. 2. 2 Self insurance reserve**

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. Reinsurance premiums paid to external reinsurers and other expenditure are regarded as an expense, and are debited against the operating accounts shown in the Statement of Financial Performance. The net surplus or deficit on the insurance operating accounts is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance.

**1. 2. 3 Compensation for occupational injuries and diseases (COID) reserve**

The Municipality has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of Section 84 of the COID Act (Act No. 130 of 1993). The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act, requires that the Municipality deposits cash and/or securities with the Commissioner. Premiums are charged to the respective services and credited to the operating account as per budgeted amounts. The net surplus or deficit on the COID operating account is transferred to or from the COID reserve via the Statement of Changes in Net Assets.

**1. 3. PROPERTY, PLANT AND EQUIPMENT**

**1. 3. 1 Initial Recognition**

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

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

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

Property, plant and equipment is initially measured at cost on its acquisition date.

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

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

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

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

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

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**1. 3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**1. 3. 2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently, all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or surrendered is included in the surplus or deficit when the compensation becomes receivable.

**1. 3. 3 Depreciation**

Land is not depreciated as it is regarded as having an indefinite useful life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

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

<i>Item</i>	<i>Years</i>
Buildings	30
Furniture and fixtures	5 - 15
Motor vehicles	5 - 15
Computer equipment	5 - 10
Infrastructure	
- Roads and paving	1 - 80
- Electricity	1 - 80
- Water	1 - 100
- Sewerage	1 - 60
- Landfill sites	25 - 55
- Storm water	1 - 60
- Streetlights	1 - 40
Community Buildings	
- Recreational facilities	30
- Security	3 - 15
Machinery and equipment	5 - 15
Water network	15
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed, if there is an indication that a change may have occurred in the estimated useful life or residual value of the asset. If the expectations differ from previous estimates, the change is accounted for in accordance with GRAP 3, either prospectively as a change in the accounting policy, or retrospectively as a prior period error depending on the specific circumstances.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Reviewing the useful life of an asset 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 in the surplus or deficit unless it is included in the carrying amount of another asset.

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**PROPERTY, PLANT AND EQUIPMENT (continued)**

**1. 3. 4 Work in progress (WIP)**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. Significantly delayed projects and projects that have ceased entirely are disclosed separately in the notes to the financial statements. Management will review the facts and circumstances around each individual project before classifying it as significantly delayed.

**1. 3. 5 Leased Assets**

Assets capitalised under finance leases are amortised over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**1. 3. 6 Heritage Assets**

Heritage assets, which are culturally significant resources of nature (examples are statues, graves, memorial assets, libraries, canons, etc.) and according to GRAP 103 should be shown at cost and are not depreciated owing to uncertainty regarding their estimated useful lives. When the asset does not meet the recognition criteria because it cannot be reliably measured, relevant and useful information about it is disclosed in the notes (note 9.2 ) to the financial statements.

**1. 3. 7 Infrastructure Assets**

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

**1. 3. 8 Derecognition of property, plant and equipment**

An item of Property, Plant and Equipment of the municipality is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the 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 or 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 municipality.

Gains from the sale of assets are reported separately on the face of the Statements of Financial Performance. Gains or losses from the sale of assets are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds. This is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

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**1. 4. INTANGIBLE ASSETS**

**1. 4. 1 Initial Recognition**

The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset 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 assets surrendered.

**1. 4. 2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31 expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at the later date. Intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period, however such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Amortisation only commences when the asset is available for use, unless stated otherwise.

**1. 4. 3 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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**1. 5. INVESTMENT PROPERTY**

**1. 5. 1 Initial Recognition**

Investment property includes property e.g. (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. e.g. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases. This will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as property, plant and equipment or Inventory, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

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**1. 5. INVESTMENT PROPERTY (continued)**

**1. 5. 2 Subsequent Measurement - Cost Model**

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-Line Method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The gain or loss arising on the disposal of an Investments proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1. 5. 3 Derecognition**

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

**1. 5. 4 Depreciation and impairment**

Investment properties are annually tested for impairment, including investment properties not yet available for use. Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and depreciation method are reviewed when there is an indication that such an assessment is required. The indicators as listed in the standard are used to determine if a review is required. Any adjustments arising from the review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Depreciation is charged on a straight-line basis over the assets' useful lives. The residual value of assets with finite useful lives is zero, unless an active market exists. Where investment properties are deemed to have an indefinite useful life, such assets are not depreciated (e.g. land).

**1. 6. FINANCIAL INSTRUMENTS**

**1. 6. 1 Financial Assets - Classification**

A financial asset is any asset that is cash or contractual right to receive cash.

In accordance with GRAP 104 the financial assets of the municipality are classified as follows into the categories allowed by this standard.

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 are quoted in an active market. They are included in current assets except for maturity greater than 12 months which are classified as non current assets. Financial assets are amortised cost are initially recognised at fair value plus transaction cost are directly attributable to the acquisition or issue of the financial asset. After initial recognition financial assets are measured at amortised cost using the effective interest rate method less the provision for impairment.

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**1. 6. FINANCIAL INSTRUMENTS (continued)**

Financial assets at cost are investments in residual interests that do not have a quoted market price in an active

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

The municipality has the following types of financial assets on the face of the State of Financial Position:

<b>Class</b>	<b>Category</b>
Non - current Investments	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Bank, cash and cash equivalents	Financial asset measured at amortised cost
Statutory receivables from non-exchange transaction	Financial asset measured at amortised cost
Statutory receivables from exchange transactions	Financial asset measured at amortised cost

Cash includes cash on hand (including petty cash) and cash at bank (including call deposits). Cash equivalents are short term and highly liquid investments, readily convertible into known amounts of cash, that are held with registered institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

**1. 6. 2 Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The municipality has the following types of financial liabilities on the face of the State of Financial Position:

<b>Class</b>	<b>Category</b>
Long-term Liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non- exchange transactions	Financial liability measured at amortised cost
Bank Overdraft	Financial liability measured at amortised cost
Short-term Loans	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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**1. 6. FINANCIAL INSTRUMENTS (continued)**

**1. 6. 3 Risk management of financial assets and liabilities**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

The Municipality has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risks and exposure are disclosed as follows:

***Market risk***

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

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk is disclosed.

A sensitivity analysis for each of the market risks is done.

***Credit risk***

Credit risk is the risk of financial loss to the Municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the municipality receivables from customers and investment securities.

Each class of financial instrument is disclosed separately.

Maximum exposure to credit risk not covered by collateral is specified.

Financial instruments covered by collateral are specified.

***Liquidity risk***

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

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

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**1. 6. FINANCIAL INSTRUMENTS (continued)**

**1. 6. 3 Risk management of financial assets and liabilities(continued)**

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 48 to the annual financial statements.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**1. 6. 3 Impairment of financial assets and derecognition of financial assets and liabilities**

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 original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

The municipality shall derecognise a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- (b) the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) 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 shall:

- (i) derecognise the asset; and
- (ii) recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

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

**1. 6. 4 Consumer Deposits**

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit in terms of the budget policy as set and reviewed by the municipality on an annual basis. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

**1. 7. LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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**1. 7. 1 Finance leases - Municipality as lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Any contingent rents are expensed in the period in which they are incurred.

**1. 7. 2 Operating leases - Municipality as lessor**

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

**1. 7. 3 Operating leases - Municipality as 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. 8. INVENTORY**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs is deemed to be equal to its fair value at the date of acquisition. Where inventory is manufactured, constructed or produced, the cost includes, the cost of labour, materials and overheads used during the manufacturing.

**1. 8. 1 Subsequent measurement**

Included in inventory are consumable stores, raw materials, Work in progress, water inventory, unsold properties and other arrangements. Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

The cost of inventory comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned using specific identification of the individual costs. The cost of inventories is assigned using the first-in-first-out cost formula. 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.

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**1. 9. Municipal Standard Chart of Accounts (mSCOA)**

Municipal Standard Chart of Accounts (mSCOA) Implementation and Reclassification The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effective from 1 July 2017. The main objective of this regulation is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which: a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard chart of accounts for national and provincial government; and b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere. The impact of this mSCOA regulations definitely affected the municipality's current business processes; transacting and reporting requirements.

**1. 10 REVENUE RECOGNITION**

Revenue in general is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

**1. 10 1. Revenue from Exchange Transactions**

**1. 10 1. 1. Service Charges**

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

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month. Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**1. 10. 1 2 Prepaid electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and payment is made in the month before year end, it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

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**1. 10. REVENUE RECOGNITION (continued)**

**1. 10.1.3 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time-proportionate basis that takes into account the effective yield on the investment. Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors

**1. 10.1.4 Tariff charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**1. 10.1.5 Income from Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

**1. 10.1.6 Sale of goods (including houses)**

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

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1. 10.1.7 Rentals**

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

**1. 10.2. Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

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**1. 10. REVENUE RECOGNITION (continued)**

**1. 10. 2. 1 Rates and Taxes**

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

Revenue arising from taxation transactions will be measured at their fair value as at the date of the transaction. Rates and Taxes transactions are measured at the best estimate of the inflow of resources to the entity. The estimation will take into account both the probability that the resources arising from taxation transactions will flow to the municipality and the fair value of the transaction. Receivables at year end with regards to rates and taxes are considered to be statutory receivables and is accounted for in terms of the accounting policy for statutory receivables.

**1. 10. 2. 2 Fines**

Fines are defined as revenue from non-exchange transactions. It is revenue that arises from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Fines will be accounted on a accrual basis based on IGRAP 1. Fines constitute both spot fines and summonses for which revenue is recognised in accordance with the requirements of IGRAP1. Fines are economic benefits or service potential received or receivable by entities as determined by a court or other law enforcement body as a consequence of breach of laws and regulations. Where a defendant reaches an agreement with a prosecutor that includes a payment of a penalty, instead of being tried in court, that penalty is recognised as a fine. Receivables at year end with regards to traffic fines are considered to be statutory receivables and is accounted for in terms of the accounting policy for statutory receivables.

*Initial recognition*

Revenue from fines shall be recognised when an inflow of resources from non-exchange transaction is probable. The probability of inflow shall be determined when an allegation that an offence has been committed and that the offender must appear in court or before other law enforcement body. Normally, fines require an entity/offender to transfer a fixed amount of cash to the municipality and do not impose the obligation to the municipality to recognise a liability, as such fines shall be recognised as revenue when receivables meets the definition of an asset and satisfies the criteria for recognition as an asset.

*Measurement*

At initial and subsequent recognition, fines shall be measured based on fair value of the asset.

*Impairment*

Fines shall be assessed for indicators of impairment at the end of each reporting period. Fines not collected or fines where no warrant of arrests or summonses have been issued shall be impaired at measurement date.

**1. 10. 2. 3 Other donations and contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use. On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition/donation.

**1. 10. 2. 4 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure**

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

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**1. 10. 2. 5 Conditional grants and receipts**

Equitable share allocations are recognised revenue at the start of the financial year if no time-based restrictions exist.

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- 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.
- best estimate of expenditure

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1. 11. PROVISIONS AND CONTINGENCIES**

Provisions are recognised when:

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

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

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

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.

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**1. 11. PROVISIONS AND CONTINGENCIES (continued)**

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

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

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

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

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

**1. 11.1 Environmental rehabilitation provision**

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

**1. 12. EMPLOYEE BENEFITS**

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

**1. 12.1 Short-term employee benefits**

The cost of all 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) is recognised during the period in which the employee renders the related service and are not discounted. The Municipality recognises the expected cost of performance bonuses only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made. The Municipality provides long-term incentives to eligible employees, payable on completion of years of employment. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance. 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.

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**1. 12. EMPLOYEE BENEFITS (continued)**

**1. 12.2 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 a municipality provides post-employment benefits for one or more employees.

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post employment benefit plans under which an entity 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. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

*Defined benefit plans*

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries. Past-service costs are recognised immediately.

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. In measuring its defined benefit liability the municipality shall, recognise past service cost as an expense in the reporting period in which the plan is amended.

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**1. 12. EMPLOYEE BENEFITS (continued)**

**Ex-Gratia Arrangements**

Ex-gratia arrangements are paid to employees who are not part of the Municipality's formalised pension arrangements. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

**1. 13 BORROWING COST**

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

**1. 14 IMPAIRMENT**

Cash-generating assets are those assets used 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. An asset is designated as cash generating prospectively once indicators of impairment exist when the revenue earned through the use of the asset exceeds the expenditure incurred in the operation of the assets. The asset therefore generates a commercial return. If the expenditure incurred in the operation of the asset exceeds the revenue generated by the asset the asset will be designated as non-cash generating for impairment purposes.

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

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

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

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

- The municipality has looked at the definition of cash generating assets which determine that an asset can be identified as cash generating asset if there is a commercial return.
- The municipality do not operate in a profit-oriented manner and the main focus is to provide a service therefor all the assets will be classified as non-cash-generating assets.

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**1. 14 IMPAIRMENT(continued)**

**1. 14. 1 Impairment of Cash generated Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm length transaction, adjusted for the incremental cost that would be directly attributed to the disposal of the assets.

A value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**1. 14. 2 Impairment of Non-Cash generated assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit in the statement of financial performance.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The recoverable service amount of those assets are estimated by using the depreciated replacement cost approach in term of GRAP 21.

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**1. 15 HERITAGE ASSETS**

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

**1. 15. 1. Initial Recognition**

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant of donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage asset purchases price and other costs attributable to bring the asset to the location and condition necessary for it to be called operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also included the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

**1. 15. 2. Subsequent measurement**

Subsequent expenditure relating to heritage assets capitalised if it is probable that future economic benefits of potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost of fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised if it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces part of an heritage asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all the heritage assets are measured at cost less accumulated impairment losses. Heritage assets are not depreciated, owing to uncertainty regarding to their estimated useful lives.

The carrying amount of a heritage asset shall be derecognised:

- (a) on disposal (including disposal through a non-exchange transaction), or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

**1. 16 GRANTS-IN-AID**

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

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

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

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**1. 17 VALUE ADDED TAX**

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax (VAT) on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991. The municipality is liable to account for VAT at the standard rate of 15% in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

**1. 18 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**1. 19 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) MFMA number 56 of 2003
- (b) Public Office Bearers Act (Act No. 20 of 1998)

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

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

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

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**1. 20 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure (as described as per the Municipal Finance Management Act) is expenditure which was made in vain and would have been avoided had reasonable care been exercised. In terms of circular 99 National Treasury except interest on overdue accounts from being classified as fruitless and wasteful expenditure as a result of the impact which Covid 19 has had on the economy and local government. Management has assessed this impact as still being relevant at the reporting date, therefore applying the exception up to the end of the financial period.

**1. 21 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

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

**1. 22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to notes for details of changes in accounting policies. Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

**1. 23. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1. 24. TRANSLATION TO FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**1. 25. COMPARATIVE FIGURES**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

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**1. 26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

**1. 27. COMMITMENTS**

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Only capital commitments are disclosed.

Commitments are disclosed for:

- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

**1. 28. EVENTS AFTER REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**1. 29. COMPARATIVE OF ACTUAL INFORMATION TO BUDGETED INFORMATION**

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed. Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. 30. STATUTORY RECEIVABLES IDENTIFICATION**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. 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 purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

**1. 30. 1. Statutory Receivables Recognition**

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting 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 municipality and the transaction amount can be measured reliably.

**1. 30. 2. Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

**1. 30. 3. 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 accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

**1. 30. 4. Other charges**

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. 30. STATUTORY RECEIVABLES IDENTIFICATION (continued)**

**1. 30. 5. Impairment losses**

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

• adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment or changes in migration rates and patterns.

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

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

**1. 30. 6. 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:

- derecognises the receivable; and
- recognises 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. 31. ACCOUNTING FOR PRINCIPAL OR AGENT AGREEMENTS**

The municipality shall assess 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 a binding arrangement. The assessment requires the assessment whether the transactions undertaken with the third parties are for the benefit of another entity or for its own benefit. If the municipality is the principal, revenue and expenses that arise from transactions with the third parties are recognised by the municipality. Only that portion of the revenue and expenses the municipality receives or incurs in executing the transactions on behalf of the principal is recognised when the municipality is the agent. Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified, paid over and invoiced to the principal. Assets and liabilities arising from principal-agent arrangements are recognised in accordance with the requirements of the GRAP standards applicable to the specific assets and related liabilities.

**SOL PLAATJE LOCAL MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. 32. ACCOUNTING FOR SEGMENT REPORTING**

A segment is an activity that generates economic benefits or service potential, whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity in assessing its performance and for which separate financial information is available. The objective of segment reporting is to provide information about the specific operational objectives and major activities of the municipality as well as the resources devoted to and costs of these objectives and activities.

The reportable segments of the municipality are the actual segments which are used for internal reporting requirements which is based on a directorate level within the municipal structure. The identified segments of the municipality is as follows, Directorate Executive and Council, Municipal General, Municipal Manager, Corporate Services, Community Services, Financial Services, Strategic and Economic Development, Infrastructure and Services. The factors used to identify reportable segments include the nature as well and the reporting lines and allocation of responsibilities within the municipality. Segments were aggregated for reporting purposes. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. 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. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**1. GENERAL INFORMATION**

Sol Plaatje Local Municipality (the municipality) is a local government institution in Kimberley, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements. The principal activities of the municipality are prescribed by The Constitution.

**2. INVENTORY**

Inventory Stores	51 619 528	56 806 072
Inventory Land	52 199 208	52 199 208
Water - at cost	3 420 156	3 008 183
<b>Total Inventory</b>	<b>107 238 892</b>	<b>112 013 463</b>

The net realisable value of the above water inventory is seen as higher than the cost as stipulated above. No inventory was pledged as security.

The cost of Inventories recognised as an expense (included in general expenses) in respect of write downs of Inventory to Net Realisable Value and which was approved by Council amounted to:

Water losses recognized for the year are:

499 892	144 855
93 812 384	85 381 138
<b>Total: Loss/Write down of Inventory</b>	<b>94 312 276</b>
The cost of Inventories recognised as an expense during the period was:	90 527 737
Gains on sale inventory land:	5 834 099
	15 103 382

**3. ASSETS TO BE DISPOSED**

The municipality intends to dispose some of its Property, Plant and Equipment through public auction within the next twelve months.

**4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances	Allowance for Impairment	Net Balances
<b>As at 30 June 2025</b>			
Service Debtors:	3 234 355 213	1 342 542 920	1 891 812 293
Electricity	398 252 333	165 309 873	232 942 460
Refuse	290 581 506	120 616 976	169 964 531
Sewerage	376 342 728	156 215 453	220 127 275
Water	1 053 141 064	437 146 505	615 994 558
Miscellaneous	1 116 037 582	463 254 113	652 783 469
Market	1 347 940	559 514	788 426
Housing Debtors	106 299 372	44 123 623	62 175 749
<b>Sub-Total</b>	<b>3 342 002 525</b>	<b>1 387 226 057</b>	<b>1 954 776 469</b>
Non current portion	(57 810 355)		(57 810 355)
<b>Total</b>	<b>3 284 192 171</b>	<b>1 387 226 057</b>	<b>1 896 966 114</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)**

	<b>Gross Balances</b>	<b>Allowance for Impairment</b>	<b>Net Balances</b>
<b>As at 30 June 2024</b>			
Service Debtors:	2 717 978 494	1 010 449 337	1 707 529 157
Electricity	388 572 835	144 457 789	244 115 046
Refuse	236 196 524	87 809 606	148 386 918
Sewerage	302 572 996	112 486 057	190 086 939
Water	855 507 209	318 047 657	537 459 552
Miscellaneous	935 128 931	347 648 229	587 480 703
Market	1 152 026	428 283	723 743
Housing Debtors	85 417 633	31 755 288	53 662 345
<b>Sub-Total</b>	<b>2 804 548 154</b>	<b>1 042 632 908</b>	<b>1 761 915 245</b>
Non current portion	(24 190 612)		(24 190 612)
<b>Total</b>	<b>2 780 357 542</b>	<b>1 042 632 908</b>	<b>1 737 724 634</b>

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors. Miscellaneous consist mainly out of interest charged on outstanding debtors and VAT on all services.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors. The Municipality does not require collateral in respect of trade and other receivables, except for consumer deposits made by consumers with the connection of water and electricity services.

	<b>2025 R</b>	<b>2024 R</b>
<b>4.1 Ageing of Exchange Debtors</b>		
<b>Electricity: Ageing</b>		
<u>Current:</u>		
0 - 30 days	74 231 842	68 528 103
<u>Past Due:</u>		
31 - 60 Days	21 840 696	19 689 724
61 - 90 Days	17 313 451	21 724 884
+ 90 Days	284 866 345	278 630 124
<b>Total</b>	<b>398 252 333</b>	<b>388 572 835</b>
<b>Refuse: Ageing</b>		
<u>Current:</u>		
0 - 30 days	8 496 737	7 809 623
<u>Past Due:</u>		
31 - 60 Days	6 656 398	5 587 282
61 - 90 Days	6 231 387	5 233 738
+ 90 Days	269 196 984	217 565 882
<b>Total</b>	<b>290 581 506</b>	<b>236 196 524</b>
<b>Sewerage: Ageing</b>		
<u>Current:</u>		
0 - 30 days	10 473 813	8 867 413
<u>Past Due:</u>		
31 - 60 Days	8 732 046	7 142 647
61 - 90 Days	8 274 466	6 778 920
+ 90 Days	348 862 403	279 784 015
<b>Total</b>	<b>376 342 728</b>	<b>302 572 996</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	2025 R	2024 R
<b>4. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)</b>		
<b>Water: Ageing</b>		
<i>Current:</i>		
0 - 30 days	43 771 479	38 681 121
<i>Past Due:</i>		
31 - 60 Days	26 603 906	19 899 852
61 - 90 Days	25 184 093	19 454 660
+ 90 Days	957 581 586	777 471 576
<b>Total</b>	<b><u>1 053 141 064</u></b>	<b><u>855 507 209</u></b>
<b>Miscellaneous: Ageing</b>		
<i>Current:</i>		
0 - 30 days	33 155 205	38 030 706
<i>Past Due:</i>		
31 - 60 Days	21 917 646	25 501 132
61 - 90 Days	19 662 177	18 246 000
+ 90 Days	1 042 650 494	854 503 120
<b>Total</b>	<b><u>1 117 385 522</u></b>	<b><u>936 280 958</u></b>
<b>Housing Rentals: Ageing</b>		
<i>Current:</i>		
0 - 30 days	2 000 920	1 856 212
<i>Past Due:</i>		
31 - 60 Days	2 232 790	1 867 506
61 - 90 Days	1 890 255	2 317 624
+ 90 Days	100 175 406	79 376 292
<b>Total</b>	<b><u>106 299 372</u></b>	<b><u>85 417 633</u></b>

**4.2 Summary of Debtors by Classification (Exchange and Non-Exchange Transactions)**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
<b>As at 30 June 2025</b>				
<i>Current:</i>				
0 - 30 days	119 004 732	63 271 657	26 959 290	209 235 679
<i>Past Due:</i>				
31 - 60 Days	66 857 900	26 468 927	18 211 875	111 538 702
61 - 90 Days	61 134 122	25 979 587	12 608 901	99 722 610
+ 90 Days	2 563 061 799	600 527 557	736 488 321	3 900 077 678
<b>Sub-Total</b>	<b><u>2 810 058 553</u></b>	<b><u>716 247 728</u></b>	<b><u>794 268 387</u></b>	<b><u>4 320 574 668</u></b>
Less: Allowance for Impairment	(1 166 205 129)	(297 250 665)	(329 630 095)	(1 793 085 888)
<b>Total Debtors by Classification</b>	<b><u>1 643 853 425</u></b>	<b><u>418 997 063</u></b>	<b><u>464 638 293</u></b>	<b><u>2 527 488 780</u></b>
<b>As at 30 June 2024</b>				
<i>Current:</i>				
0 - 30 days	121 403 100	58 338 613	21 034 798	200 776 511
<i>Past Due:</i>				
31 - 60 Days	50 214 846	26 468 927	18 211 875	94 895 648
61 - 90 Days	47 777 708	25 979 587	12 608 901	86 366 196
+ 90 Days	2 048 198 783	525 219 403	700 609 973	3 274 028 159
<b>Sub-Total</b>	<b><u>2 267 594 437</u></b>	<b><u>636 006 530</u></b>	<b><u>752 465 547</u></b>	<b><u>3 656 066 514</u></b>
Less: Allowance for Impairment	(846 725 837)	(237 486 542)	(280 972 651)	(1 365 185 029)
<b>Total Debtors by Classification</b>	<b><u>1 420 868 600</u></b>	<b><u>398 519 988</u></b>	<b><u>471 492 896</u></b>	<b><u>2 290 881 485</u></b>

The amount for debtors past due more than the impairment loss provided for is seen as recoverable therefore no impairment loss has been provided for this excess amount. Management is of the opinion that the current debtors is fully recoverable.

An amount of R24,000,000 of the Debtors book have been ceded as security on the loans with the DBSA .

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**2025**  
R

**2024**  
R

**4.3 Reconciliation of the Allowance for Impairment (Exchange and Non-Exchange)**

Balance at beginning of year	1 365 185 029	1 474 636 207
Impairment Loss recognised	488 256 204	313 396 672
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(60 355 345)	(422 847 849)
<b>Balance at end of year</b>	<b>1 793 085 888</b>	<b>1 365 185 029</b>

In determining the recoverability of debtors, the municipality has implemented a risk based approach. Individual accounts are assessed and based on the risk factors identified, the adjusted present value of future cash flows of each account is determined. The difference between the adjusted cash flows and the current value is recognised as an impairment loss.

**4.4 Ageing of impairment**

0 - 30 Days	6 220 500	4 736 044
31 - 60 Days	4 744 894	3 612 576
61 - 90 Days	4 147 065	3 157 412
+ 90 Days	1 777 973 430	1 353 678 998
<b>Total</b>	<b>1 793 085 888</b>	<b>1 365 185 029</b>

**4.5 Input VAT Accrual**

**172 788 619**                      **141 406 793**

**5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

**5.1 Statutory Receivables from Non-Exchange Transactions**

Assessment Rates	938 309 629	816 591 991
Traffic Fines	17 243 097	20 288 519
	955 552 727	836 880 510
Less: Allowance for Impairment - Traffic Fines	(16 378 508)	(18 971 781)
Less: Allowance for Impairment - Assessment Rates	(389 481 324)	(303 580 340)
<b>Total Other Debtors</b>	<b>549 692 895</b>	<b>514 328 389</b>
Non current portion	(17 943 252)	(9 404 870)
<b>Total Statutory Receivables from Non-Exchange Transactions</b>	<b>531 749 643</b>	<b>504 923 519</b>

Statutory Receivables arises from the following legislation:

Assesment Rates	- Municipal Properties Rates Act (No.6 of 2004)
Traffic Fines	- Criminal Procedures Act

**5.2 Trade receivables from Non-Exchange Transactions**

Government Subsidy Claims	6 319 986	6 319 986
Miscellaneous debtors	9 665 462	8 317 864
	15 985 448	14 637 850
<b>Total Trade receivables from Non-Exchange Transactions</b>	<b>15 985 448</b>	<b>14 637 850</b>
<b>Total Receivables from Non-Exchange Transactions</b>	<b>547 735 091</b>	<b>519 561 369</b>

**5.3 Ageing of Receivables**

**Rates: Ageing**

Current:

0 - 30 days	42 284 559	37 003 389
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Past Due:

31 - 60 Days	17 960 195	15 207 552
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61 - 90 Days	15 819 658	12 610 413
--------------	------------	------------

+ 90 Days	862 245 217	751 770 636
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<b>Total</b>	<b>938 309 629</b>	<b>816 591 991</b>
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It is impracticable to age traffic fines as the information is not with the municipality and the amount is impaired at year end.

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments. All Grants and Subsidies are outstanding for more than 90 days.

**6. CASH AND CASH EQUIVALENTS**

Current Investments	130 706 925	58 385 925
Bank/(Bank Overdraft)	33 229 583	55 565 586
<b>Total Cash and Cash Equivalents</b>	<b>163 936 508</b>	<b>113 951 511</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks, net of outstanding Bank Overdrafts.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>6. CASH AND CASH EQUIVALENTS (Continued)</b>		
<b>6.1 Current Investment Deposits</b>		
Call Deposits	-	30 000 000
Notice Deposits	130 695 365	28 374 365
<b>Total Current Investment Deposits</b>	<b>130 695 365</b>	<b>58 374 365</b>

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates from 8% to 8,91% per annum.

A fixed deposit of R7,401,162 (23/24: R7,401,162) was made as a security to the Self-Insurance Workman Compensation reserve as required by the Department of Labour - Compensation Commissioner.

A fixed deposit of R20,973,203 (23/24: R20,973,203) was invested and ceded to Development Bank of South Africa representing the equivalent of one instalment of a loan taken up during a previous financial year.

**6.2 Bank Accounts**

**Cash book balance**

Cash book balance at beginning of year	55 565 586	141 138 544
Cash book balance at end of year	<u>33 229 583</u>	<u>55 565 586</u>

**The following disclosures in terms of Municipal Finance Management Act (MFMA) section 125 2(a):**

**Current Account (Primary Bank Account)**

The Municipality has the following main bank account:

Standard Bank Kimberley Old Main Road

Account Number 040065367

**Primary Bank account 040065367**

Bank statement balance at beginning of year / (overdrawn)	46 374 038	49 919 104
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Bank statement balance at end of year / (overdrawn)	25 718 962	46 374 038
---	------------	------------

**Sub account -Resort 040039072**

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
---	---	---

**Sub account -Traffic 040036340**

Bank statement balance at beginning of year / (overdrawn)	-	-
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Bank statement balance at end of year / (overdrawn)	-	-
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**Sub account -Stores 040065405**

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
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**Sub account -Salary 040065391**

Bank statement balance at beginning of year / (overdrawn)	-	-
---	---	---

Bank statement balance at end of year / (overdrawn)	-	-
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**Sub account -Market 040065383**

Bank statement balance at beginning of year / (overdrawn)	-	-
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Bank statement balance at end of year / (overdrawn)	-	-
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Interest on overdrawn current accounts are charged at the bank's prime rate per annum.

Interest is earned at different rates per annum on favourable balances.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>6. CASH AND CASH EQUIVALENTS (Continued)</b>		
<b>6.3 Cash and Cash equivalents</b>		
Cash Floats and Advances	11 560	11 560
Cash on hand in Cash Floats, Advances and Equivalents	<u>11 560</u>	<u>11 560</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair value.

**7. OPERATING LEASE ASSETS / RECEIVABLES**

**7.1 Leasing Arrangements**

**The Municipality as Lessor:**

Operating Leases relate to property owned by the municipality with lease terms of between 1 to 10 years. The lessees do not have an option to purchase the property at the expiration of the lease period. Operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

Rental Revenue earned from Investment Property	211 471	178 255
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**7.2 Amounts receivable under Operating Leases**

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	1 857 850	1 837 038
2 to 5 years	3 457 643	3 913 696
More than 5 years	<u>171 187</u>	<u>578 734</u>
<b>Total Operating Lease Arrangements</b>	<b><u>5 486 679</u></b>	<b><u>6 329 468</u></b>

The following restrictions have been imposed by the municipality in terms of its lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

**8. STATUTORY RECEIVABLE FROM EXCHANGE TRANSACTIONS**

Vat Receivable from Exchange Transactions	<u>-</u>	<u>13 512 438</u>
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Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No.89 of 1991)

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**9. PROPERTY, PLANT AND EQUIPMENT(PPE) AND HERITAGE ASSETS**

30 June 2025

**Reconciliation of Carrying Value**

Description	Infra-structure	Community	Other	Total PPE	Heritage	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2024</b>	<b>1 689 468 479</b>	<b>284 472 121</b>	<b>22 705 387</b>	<b>1 996 645 986</b>	<b>12 070 884</b>	<b>2 008 716 871</b>
Cost	2 529 314 476	424 567 713	166 848 165	3 120 730 354	12 070 884	3 132 801 238
- Completed Assets	2 193 998 403	424 567 713	158 951 861	2 777 517 976	6 017 355	2 783 535 331
- Under Construction	335 316 073	0	7 896 304	343 212 377	6 053 530	349 265 907
Accumulated Impairment Losses	(35 557 365)	(0)	0	(35 557 365)	-	(35 557 365)
Accumulated Depreciation:	(804 288 632)	(140 095 593)	(144 142 778)	(1 088 527 002)	-	(1 088 527 002)
- Cost	(804 288 632)	(140 095 593)	(144 142 778)	(1 088 527 002)	-	(1 088 527 002)
Acquisitions	27 462 451	-	12 718 457	40 180 908	-	40 180 908
Capital under Construction - Additions	510 193 389	12 917 918	-	523 111 306	245 730	523 357 036
- Cost	510 193 389	12 917 918	-	523 111 306	245 730	523 357 036
Impairment Loss	2 870	(6 727 033)	-	(6 724 163)	-	(6 724 163)
Depreciation:	(68 682 994)	(4 662 165)	(14 105 538)	(87 450 696)	-	(87 450 696)
- Based on Cost	(68 682 994)	(4 662 165)	(14 105 538)	(87 450 696)	-	(87 450 696)
Carrying value of Disposals:	(768 534)	-	(395 274)	(1 163 808)	-	(1 163 808)
- Cost	(1 498 489)	-	(4 168 707)	(5 667 196)	-	(5 667 196)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	729 955	-	3 773 433	4 503 388	-	4 503 388
- Based on Cost	729 955	-	3 773 433	4 503 388	-	4 503 388
Transfers	(2 077 918)	(125 192 927)	127 270 845	(0)	-	(0)
- Cost	(2 286 081)	(196 929 917)	199 215 998	(0)	-	(0)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	208 163	71 736 990	(71 945 153)	0	-	-
- Based on Cost	-	-	-	-	-	-
Adjustment of Depreciation	-	-	-	-	-	-
Capital under Construction - Completed	(35 179 840)	-	-	(35 179 840)	-	(35 179 840)
Other Movements	35 179 840	-	-	35 179 840	-	35 179 840
- Cost	35 179 840	-	-	35 179 840	-	35 179 840
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
<b>Carrying values at 30 June 2025</b>	<b>2 155 597 743</b>	<b>160 807 913</b>	<b>148 193 877</b>	<b>2 464 599 533</b>	<b>12 316 614</b>	<b>2 476 916 147</b>
Cost	3 063 185 745	240 555 714	374 613 912	3 678 355 371	12 316 614	3 690 671 986
- Completed Assets	2 252 856 124	227 637 796	366 717 608	2 847 211 528	6 017 355	2 853 228 883
- Under Construction	810 329 621	12 917 918	7 896 304	831 143 843	6 299 260	837 443 103
Accumulated Impairment Loss	(35 554 495)	(6 727 033)	0	(42 281 528)	-	(42 281 528)
Accumulated Depreciation:	(872 033 508)	(73 020 768)	(226 420 035)	(1 171 474 311)	-	(1 171 474 311)
- Cost	(872 033 508)	(73 020 768)	(226 420 035)	(1 171 474 311)	-	(1 171 474 311)

30 June 2024

**Reconciliation of Carrying Value**

Description	Infra-structure	Community	Other	Total PPE	Heritage	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2023</b>	<b>1 659 154 265</b>	<b>360 151 766</b>	<b>3 813 704</b>	<b>2 023 119 734</b>	<b>12 070 884</b>	<b>2 035 190 618</b>
Cost	2 374 116 010	426 312 613	190 565 524	2 990 994 147	12 070 884	3 003 065 031
- Completed Assets	1 836 368 553	397 228 828	186 617 372	2 420 214 754	6 017 355	2 426 232 108
- Under Construction	537 747 457	29 083 784	3 948 152	570 779 393	6 053 530	576 832 923
Accumulated Impairment Losses	(10 410 095)	-	-	(10 410 095)	-	(10 410 095)
Accumulated Depreciation:	(704 551 650)	(66 160 847)	(186 751 820)	(957 464 318)	-	(957 464 318)
- Cost	(704 551 650)	(66 160 847)	(186 751 820)	(957 464 318)	-	(957 464 318)
Correction of error (Note 39)	-	-	-	-	-	-
- Cost	15 033 155	2 773 976	498 459	18 305 590	-	18 305 590
- Accumulated Depreciation	12 234 129	(52 984 580)	22 451 872	(18 298 579)	-	(18 298 579)
- Accumulated Impairment Loss	(25 147 270)	(0)	0	(25 147 270)	-	(25 147 270)
<b>Restated carrying values at 01 July 2023</b>	<b>1 661 274 279</b>	<b>309 941 162</b>	<b>26 764 034</b>	<b>1 997 979 475</b>	<b>12 070 884</b>	<b>2 010 050 359</b>
Acquisitions	393 019	-	5 204 126	5 597 145	-	5 597 145
Capital under Construction - Additions	139 772 292	-	3 948 152	143 720 444	-	143 720 444
- Cost	139 772 292	-	3 948 152	143 720 444	-	143 720 444
- Borrowing Costs Capitalised	-	-	-	-	-	-
Correction of error (Note 39) - Depreciation	(65 742 024)	(12 800 484)	168 666	(78 373 842)	-	(78 373 842)
Depreciation:	(46 229 087)	(10 390 916)	(12 357 860)	(68 977 863)	-	(68 977 863)
- Based on Cost	(111 971 111)	(23 191 400)	(12 189 194)	(147 351 704)	-	(147 351 704)
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Disposal	-	(2 277 641)	(1 021 732)	(3 299 373)	-	(3 299 373)
- Cost	-	(4 518 875)	(33 368 096)	(37 886 972)	-	(37 886 972)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	2 241 234	32 346 365	34 587 599	-	34 587 599
- Based on Cost	-	2 241 234	32 346 365	34 587 599	-	34 587 599
Adjustment of Depreciation	-	-	-	-	-	-
Capital under Construction - Completed	(342 203 676)	(29 083 784)	-	(371 287 460)	-	(371 287 460)
Other Movements	-	-	-	-	-	-
- Cost	342 203 676	29 083 784	-	371 287 460	-	371 287 460
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
<b>Carrying values at 30 June 2024</b>	<b>1 689 468 479</b>	<b>284 472 121</b>	<b>22 705 387</b>	<b>1 996 645 986</b>	<b>12 070 884</b>	<b>2 008 716 871</b>
Cost	2 529 314 476	424 567 713	166 848 165	3 120 730 354	12 070 884	3 132 801 238
- Completed Assets	2 193 998 403	424 567 713	158 951 861	2 777 517 976	6 017 355	2 783 535 331
- Under Construction	335 316 073	0	7 896 304	343 212 377	6 053 530	349 265 907
Accumulated Impairment Losses	(35 557 365)	(0)	0	(35 557 365)	-	(35 557 365)
Accumulated Depreciation:	(804 288 632)	(140 095 593)	(144 142 778)	(1 088 527 002)	-	(1 088 527 002)
- Cost	(804 288 632)	(140 095 593)	(144 142 778)	(1 088 527 002)	-	(1 088 527 002)

Refer to Appendices "B, C and Notes 37 and 61.2" for more detail on Property, Plant and Equipment, including those in the course of construction and amount spend on repairs and maintenance. None of the municipality's Assets which form part of Property, plant and equipment has been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Assets of the municipality.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>9. PROPERTY, PLANT AND EQUIPMENT AND HERITAGE ASSETS (Continued)</b>		
<b>9.1 Carrying Amount of Property, Plant and Equipment temporarily idle:</b>		
An element of plant of the Municipality is currently temporarily not in use. The carrying amount of this asset, which is included in the reconciliation of the carrying value of Property, Plant and Equipment as above, is as follows:	-	<b>120 680</b>

**9.2 Heritage Assets**

The municipality identified certain categories of assets that can be classified as Heritage Assets. Some of these categories are not valued due to the fact that no active market exists for these items and therefore no value can be attached to it. The mentioned categories are: *Municipal Jewellery, Antique Paintings, Monuments (including plaques or busts)*. The note below gives the detail of the composition of the heritage registers and the values attached thereto.

Heritage assets disclosed in the financial statements consist of the following:

Land (24 areas)	5 981 199	5 981 199
Antiques Other (38 items)	36 156	36 156
Antiques Paintings (15 items)	-	-
Municipal Jewellery (2 items)	-	-
Monuments (13 items)	-	-
Monuments (Work in progress)	6 299 260	6 053 530
<b>Total</b>	<b>12 316 614</b>	<b>12 070 884</b>

**9.3 Work in Progress (WIP) - Projects significantly delayed**

CLASS	PROJECT NAME	PMU STATUS	Narration	R	R
ELECTRICITY NETWORK	REFURBISHMENT RIVERTON TRANSFORMER	DELAYED	The Project Management Unit is currently	8 364 496	8 364 496
ELECTRICITY NETWORK	NETWORKS ACQ - ELECTR LERATO PARK	DELAYED	The Project Management Unit is currently	43 393 041	43 308 302
HERITAGE	ACQ-OTHER MONUMENTS	DELAYED	The Nelson Mandela monument project	4 207 179	4 207 179
HERITAGE	CH: N-MONU - ACQ - NM MONU	DELAYED	The Nelson Mandela monument project	1 846 350	1 846 350
SANITATION NETWORK	LERATO PARK SEWER UPGR DOWNSTREAM	DELAYED	Due to termination of contract there is a legal dispute over	4 676 485	4 676 485
WATER NETWORK	ELEVATED WATER TANKS DISTRIBUTION	DELAYED	The Project Management Unit is currently	8 753 456	8 753 456
SANITATION NETWORK	CARTERS GLEN SEWER PUMP STATION	DELAYED	The project was delayed in the 2023/24 financial	-	46 610 481

**9.4 Other Changes**

During the 2024/25 financial year, management reclassified assets with a cost amounts of R196 929 916,55 from Community Assets to Other Assets and R2 286 081,07 from Infrastructure Assets to Other Assets following a detailed review of the asset register against the standardised asset hierarchy in CIDMS Module 3 (National Treasury, 2018, Table 3.3). This hierarchy classifies Operational Buildings (e.g., municipal offices, depots) and Housing under Other Assets, as they primarily support internal operations, while Community Assets are reserved for public-facing facilities (e.g., community halls, recreation centres). The reclassification enhances consistency and fair presentation in accordance with GRAP 1 (Paragraph 33(a)) and GRAP 17 (Paragraph 85), with no change in the underlying use of the assets. This movement is reflected in the "Other changes" row of the reconciliation table. No net impact on total Property, Plant and Equipment arose from this adjustment. Full details of reclassified assets are available in the updated Fixed Asset Register."

**10. INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Loss	<b>41 116 719</b>	<b>46 592 291</b>
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The movement in Intangible Assets is reconciled as follows:

	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2024</b>	<b>46 592 291</b>	<b>46 592 291</b>
Cost	61 729 466	61 729 466
Accumulated Amortisation	(15 137 175)	(15 137 175)
Acquisitions during the Year:	-	-
Purchased	-	-
Amortisation during the Year:	(5 475 572)	(5 475 572)
<b>Carrying values at 30 June 2025</b>	<b>41 116 719</b>	<b>41 116 719</b>
Cost	61 729 466	61 729 466
Accumulated Amortisation	(20 612 747)	(20 612 747)
	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2023</b>	<b>17 713 591</b>	<b>17 713 591</b>
Cost	27 701 450	27 701 450
Accumulated Amortisation	(9 987 859)	(9 987 859)
Acquisitions during the Year:	34 028 016	34 028 016
Purchased	34 028 016	34 028 016
Internally Developed	-	-
Amortisation during the Year:	(5 149 316)	(5 149 316)
<b>Carrying values at 30 June 2024</b>	<b>46 592 291</b>	<b>46 592 291</b>
Cost	61 729 466	61 729 466
Accumulated Amortisation	(15 137 175)	(15 137 175)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31). All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Intangible Assets of the municipality.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**2025**                      **2024**  
**R**                                      **R**

**11. INVESTMENT PROPERTY**

At Cost less Accumulated Depreciation 200 307 547                      200 506 932

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	<b>200 506 932</b>	<b>201 692 055</b>
Cost	203 662 806	204 646 335
Accumulated Depreciation	(3 155 873)	(2 954 279)
Accumulated Impairment Losses	-	-

<b>Correction of Error</b>		
Opening Cost		(733 650)
Cost Disposal Reversal		(25 855)

Acquisitions during the Year		
Depreciation during the Year	(199 385)	(201 594)
Impairment Losses during the Year	-	-
Disposals during the Year:	-	(224 024)
At Cost	-	(224 024)
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-

Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-

<b>Carrying values at 30 June</b>	<b>200 307 547</b>	<b>200 506 932</b>
Cost	203 662 806	203 662 806
Accumulated Depreciation	(3 355 258)	(3 155 873)
Accumulated Impairment	-	-

<b>Cost of Investment Property at 30 June</b>	<b>203 662 806</b>	<b>203 662 806</b>
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Revenue and Expenditure disclosed in the Statement of Financial Performance include:      Rental Revenue	211 471	178 255
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. Impairment is assessed annually and if an indicator of impairment is identified, the investment property will be impaired.

There are no contractual obligations on Investment Property.

**12. LONG-TERM RECEIVABLES**

Staff were previously entitled to loans from the Municipality. This practice has been phased out by the Municipality in terms of the requirements of the MFMA. Subsequent to this change in policy, all loans have been repaid.

**13. CONSUMER DEPOSITS**

Electricity and Water	49 971 244	48 325 086
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<b>Total Consumer Deposits</b>	<b>49 971 244</b>	<b>48 325 086</b>
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<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>2 007 428</b>	<b>2 007 428</b>
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Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**2025**                      **2024**  
**R**                                      **R**

**14. EMPLOYEE BENEFITS**

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19 below)	13 050 060	12 462 478
Current Portion of Long Service Liability (See Note 19 below):	187 920	474 033
Ex-Gratia Arrangements	187 920	474 033
Accrued Leave	64 394 510	59 641 474
Staff Bonuses	13 731 536	13 796 386
<b>Total Provisions</b>	<b>91 364 026</b>	<b>86 374 371</b>

**Accrued Leave** accrues to the staff of the municipality on a monthly basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

**15. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	763 745 494	505 803 017
Payments received in Advance	53 436 167	47 659 293
Other Payables	725 096	725 096
Output Vat Accual	142 686 903	233 419 209
<b>Total Payables</b>	<b>960 593 661</b>	<b>787 606 615</b>

Various individual creditor balances have been restated for the prior year. Part of the restatement relates to a reversal of Eskom interest. The municipality took part in the National Treasury Circular 124 Debt Relief Programme, accordingly to that agreement interest amounting to R37million for 2022-23 has been reversed. Refer to Note 39 on "Correction of Error" for the quantum of the restatement as at 30 June 2024.

The required average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. For the current financial year due to cash flow constraints not all payments were made in 30 days. Due to the municipality taking part in the Debt Relief Programme mentioned above, part of the Eskom debt was derecognised from Trade payables and reported under Non-current liabilities as a Concessionary Loan is to be written-off the over three years subject to the municipality's compliance with the conditions of the agreement. The municipality met the conditions of the first year and National Treasury authorized the first one third write-off after 30 June 2025 and Eskom will effect that write-off in 2025/26.

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

**16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**16.1 Conditional Grants from Government**

	<b>741 827</b>	<b>4 057 327</b>
Financial Management Grant (FMG)	-	-
Frances Baard District Municipality Grant (FBDM Grant)	-	-
Grants	741 827	4 057 327
<b>Total Conditional Grants and Receipts</b>	<b>741 827</b>	<b>4 057 327</b>

See Note 26 for the reconciliation of Grants from Other Spheres of Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Refer to Appendix "D" for more detail on Conditional Grants.

**17. VAT PAYABLE FROM EXCHANGE TRANSACTIONS**

Vat Payable from Exchange Transactions	<b>106 385 750</b>	<b>-</b>
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Vat is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>18. LONG TERM LIABILITIES</b>		
Annuity Loans	131 323 246	146 120 159
Finance Lease Liabilities	14 108 848	14 108 848
Municipal Relief Debt liability	710 375 665	661 955 432
Sub-total	855 807 759	822 184 438
Less: Current Portion transferred to Current Liabilities:-	242 503 090	220 338 719
Annuity Loans	16 704 189	14 782 198
Finance Lease Liabilities	5 848 614	5 848 614
Municipal Relief Debt liability	219 950 287	199 707 908
<b>Total Long-term Liabilities</b>	<b>613 304 668</b>	<b>601 845 719</b>

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

An amount of R24,000,000 of the Debtors book as well as an investment of R20,973,203 with Standard Bank have been ceded as security on the loans with the DBSA .

**18.1 Obligations under Finance Lease Liabilities**

**The Municipality as Lessee:**

The obligations under Finance Leases are as follows:

	<b>Minimum Lease Payments</b>		<b>Present Value of Minimum Lease</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Amounts payable under finance leases:</b>				
Within one year	6 647 207,84	6 647 207,84	5 848 614	5 848 614
In the second to fifth years, inclusive	5 676 663,69	5 676 663,69	5 676 664	5 676 664
	12 323 871,52	12 323 871,52	11 525 278	11 525 278
<b>Present Value of Minimum Lease Obligations</b>	<b>12 323 871,52</b>	<b>12 323 871,52</b>	<b>11 525 278</b>	<b>11 525 278</b>
Less: Amounts due for settlement within 12 months (Current Portion)			5 848 614	5 848 614
<b>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</b>			<b>5 676 664</b>	<b>5 676 664</b>
Minimum Lease Payments			12 323 872	12 323 872
Present Value of Minimum Lease			11 525 278	11 525 278
<b>Future finance charges</b>			<b>798 594</b>	<b>798 594</b>

The municipality has finance lease agreements for the following significant classes of assets:

- Software Licenses

Included in these classes are the following significant lease:

(i) ESRI Licensing agreement

- Instalments are payable yearly in advance

- Average period outstanding

- Average effective interest rate

- Average yearly instalment

2 months	2 months
11,75%	10,00%
563 925	564 361

**19. EMPLOYEE BENEFIT LIABILITIES**

Ex-Gratia Arrangements	-	195 789
Post-retirement Health Care Benefits Liability	290 348 535	290 517 977
<b>Total Non-current Provisions</b>	<b>290 348 535</b>	<b>290 713 766</b>

**The movement in Employee Benefit Liabilities are reconciled as follows:**

**19.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	302 980 455	256 606 000
Contributions to Provision	(12 850 053)	(12 560 000)
Expenditure incurred	41 344 508	43 115 000
Actuarial loss/(gain)	(28 076 315)	15 819 455
Wholly unfunded balance at year end	303 398 595	302 980 455
Transfer to Current Provisions	(13 050 060)	(12 462 478)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>290 348 535</b>	<b>290 517 977</b>

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

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2025 by DT Muriwa, Fellow member of the Actuarial Society of South Africa and Fellow of the Faculty of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

In-service (employee) members	1 248	1 194
In-service (employee) non-members	103	103
Continuation Members (retirees and widowers)	264	254
<b>Total Members</b>	<b>1 615</b>	<b>1 551</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**19. EMPLOYEE BENEFIT LIABILITIES (Continued)**

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

In-service Members	175 909 195	174 072 706
In-service Non-members	3 097 029	3 383 036
Continuation Members	124 392 371	125 524 713
<b>Total Liability</b>	<b>303 398 595</b>	<b>302 980 455</b>

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

- Bonitas	- LA Health
- Hosmed	- Samwumed
- Key Health	

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

Discount Rate	11,96%	10,66%
Health Care Cost Inflation Rate	7,86%	7,00%
Net Effective Discount Rate	3,80%	3,42%
Expected Rate of Salary Increase (ERSI)	6,36%	5,50%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

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

Balance at the beginning of the year	302 980 455	256 606 000
Current service costs	9 719 945	7 692 000
Interest cost	31 624 563	35 423 000
Benefits paid	(12 850 053)	(12 560 000)
Actuarial loss/(gain)	(28 076 315)	15 819 455
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>303 398 595</b>	<b>302 980 455</b>
<b>Total Recognised Benefit Liability</b>	<b>303 398 595</b>	<b>302 980 455</b>

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

Present value of fund obligations	303 398 595	302 980 455
<b>Total Benefit Liability</b>	<b>303 398 595</b>	<b>302 980 455</b>

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

Current service cost	9 719 945	7 692 000
Interest cost	31 624 563	35 423 000
Actuarial losses / (gains)	(28 076 315)	15 819 455
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 29)</b>	<b>13 268 193</b>	<b>58 934 455</b>

**The history of experienced adjustments is as follows:**

	2025	2024	2023	2022	2021
	R	R	R	R	R
Present Value of Defined Benefit Obligation	303 398 595	302 980 455,00	256 606 000,00	262 853 000	242 085 000
<b>Deficit</b>	<b>303 398 595</b>	<b>302 980 455,00</b>	<b>256 606 000,00</b>	<b>262 853 000</b>	<b>242 085 000</b>

2025  
R

2024  
R

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

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	39 415 787	35 958 401
Effect on the defined benefit obligation	268 923 918	267 294 135

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	51 854 205	47 932 285
Effect on the defined benefit obligation	344 865 728	346 176 346

Refer to Note 49 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**19. EMPLOYEE BENEFIT LIABILITIES (Continued)**

**19.2 Ex-Gratia Arrangements**

Balance at beginning of year	669 822	788 000
Interest cost	39 725	47 000
Expenditure incurred / Contribution	(604 613)	(599 000)
Actuarial Loss / (Gain)	82 986	433 822
	187 920	669 822
Transfer to current provisions	(187 920)	(474 033)
<b>Balance at end of year</b>	<b>-</b>	<b>195 789</b>

Ex-gratia pensions are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's pension arrangements. Provision has therefore not been made in this valuation for the possibility that future employees might be entitled to these annuities.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by DT Mureniwa, Fellow member of the Actuarial Society of South Africa and Fellow of the Faculty of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end there were 7 remaining employees eligible for Ex-gratia arrangement awards.

The interest costs for the year is estimated to be:

39 725                      47 000

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

Discount Rate	7,95%	9,18%
Net Effective Discount Rate	4,24%	4,24%
Expected Rate of Salary Increase	3,55%	4,74%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

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

Balance at the beginning of the year	669 822	788 000
Interest cost	39 725	47 000
Expenditure incurred / Contribution	(604 613)	(599 000)
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>187 920</b>	<b>669 822</b>
Actuarial losses / (gains) unrecognised	(187 920)	(474 033)
<b>Total Recognised Benefit Liability</b>	<b>-</b>	<b>195 789</b>

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

Interest cost	39 725	47 000
Actuarial loss	82 986	433 822
<b>Total Post-retirement Benefit included in Employee Related Costs</b>	<b>122 711</b>	<b>480 822</b>

**The history of experienced adjustments is as follows:**

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	187 920	669 822,00	788 000,00	1 005 000	1 094 000
<b>Deficit</b>	<b>187 920</b>	<b>669 822,00</b>	<b>788 000,00</b>	<b>1 005 000</b>	<b>1 094 000</b>

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

<b>Increase:</b>		
Effect on the aggregate of the interest cost	15 569	40 819
Effect on the defined benefit obligation	195 881	684 000
<b>Decrease:</b>		
Effect on the aggregate of the interest cost	14 327	38 670
Effect on the defined benefit obligation	180 252	656 069

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	2025	2024
	R	R

**20. NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Land-fill Sites	14 228 467	10 885 911
<b>Total Non-current Provisions</b>	<u>14 228 467</u>	<u>10 885 911</u>

The movement in Non-current Provisions are reconciled as follows:

**20.1 Rehabilitation of Land-fill Sites**

Balance at beginning of year	10 885 911	9 229 899
Current service cost	-	-
Interest cost	-	-
Expenditure incurred / Contribution	3 342 556	1 656 012
<b>Balance at end of year</b>	<u>14 228 467</u>	<u>10 885 911</u>

In terms of the licensing of the landfill refuse sites, the municipality will incur the following licensing and rehabilitation costs to restore the site at the end of its useful life, estimated to be 27 years (provision has been made for the net present value of this cost, using the average cost of borrowing interest rate):

	14 228 467	10 885 911
--	------------	------------

An independent valuer performed the valuation.

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

Inflation Rate	5,94%	6,51%
Size of landfill site in hectares	31	31
Annual airspace of waste deposited	74 393	73 819

**21. ACCUMULATED SURPLUS**

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

Capital Replacement Reserve (CRR)	51 500 000	51 500 000
Self-insurance Reserve	12 150 857	12 150 857
C.O.I.D. Reserve	11 153 236	11 153 236
Accumulated Surplus due to the results of Operations	3 238 727 274	2 803 111 971
<b>Total Accumulated Surplus</b>	<u>3 313 531 367</u>	<u>2 877 916 064</u>

The **Capital Replacement Reserve (CRR)** is a reserve to finance future capital expenditure and is fully cash backed.

The **Self-insurance Reserve** covers all internal and external insurance claims against Council. Council is externally insured for catastrophic events.

The Compensation Commissioner for Occupational Injuries and Diseases (**C.O.I.D.**) Reserve arises on the exemption from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act. A fixed deposit as determined by the Commissioner was made as a security to the Self-Insurance Workman Compensation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

			2025 R	2024 R
<b>22. PROPERTY RATES</b>				
	<b>Property Valuations</b>		<b>Actual Levies</b>	
	<b>July 2021</b>	<b>July 2020</b>		
	<b>R000's</b>	<b>R000's</b>		
Residential	23 920 801	23 920 801	255 636 605	243 085 699
Business	7 536 443	7 536 443	269 798 694	257 575 288
Rural	2 612 917	2 612 917	2 446 178	2 184 588
Industrial	807 530	807 530	28 046 548	28 169 059
PSI	157 379	157 379	-	-
State	2 498 871	2 498 871	124 266 356	118 392 672
Mining Areas	102 685	102 685	7 145 049	7 035 022
Exempt	3 164 014	3 164 014	-	-
<b>Total Assessment Rates</b>	<b>40 800 639</b>	<b>40 800 639</b>	<b>687 339 430</b>	<b>656 442 329</b>

Valuations on land and buildings are performed every four years in terms of the Municipal Property Rates Act (MPRA), with the last general valuation taking effect on 1 July 2023. Supplementary valuations are processed when necessary to account for changes in individual property values due to alterations, subdivisions, and similar adjustments. Rates are levied monthly, although ratepayers may apply to pay annually, with the final payment date being 30 September. Assessment rates are based on the value of land and improvements. The Municipality offers rebates for different categories of properties and category of owners, including pensioners, persons with disabilities, rural properties, etc.

	2025 R	2024 R
<b>23. INTEREST EARNED</b>		
<b>External Investments:</b>		
Interest	21 841 259	16 116 393
<b>Outstanding Debtors:</b>		
Interest earned on statutory receivables	103 759 011	96 761 065
Interest earned on trade receivables	166 016 681	161 280 363
	<b>269 775 691</b>	<b>258 041 428</b>
<b>Total Interest Earned</b>	<b>291 616 951</b>	<b>274 157 821</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
<b>Financial instruments at amortised cost</b>	<b>291 616 951</b>	<b>274 157 821</b>

	2025 R	2024 R
<b>24. SERVICE CHARGES</b>		
Sale of Electricity	942 830 063	886 360 447
Sale of Water	312 658 471	275 869 980
Refuse Removal	83 146 819	75 113 780
Sewerage and Sanitation Charges	110 452 585	93 749 034
<b>Total Service Charges</b>	<b>1 449 087 939</b>	<b>1 331 093 241</b>
Availability service charges non-exchange transactions	27 322 019	49 298 636
<b>Total Service Charges</b>	<b>1 476 409 958</b>	<b>1 380 391 877</b>

As per GRAP 9 and the accounting standards board frequently asked questions 6.1, the municipality have not recognised revenue foregone relating to free basic services and internal consumption as there is no intention to collect the revenue related to the free or subsidised goods and services.

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

	2025 R	2024 R
<b>25. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Facilities and Equipment	32 057 467	28 850 882
<b>Total Rental of Facilities and Equipment</b>	<b>32 057 467</b>	<b>28 850 882</b>

Rental revenue earned on Facilities and Equipment is in respect of residential and commercial buildings rented out.

	2025 R	2024 R
<b>26. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants</b>		
National Equitable Share	282 104 020	263 135 366
Other Subsidies	9 264 000	8 866 000
<b>Operational Grants</b>	291 368 020	272 001 366
<b>Conditional Grants</b>	596 105 470	173 539 194
National: Financial Management Grant (FMG)	1 800 000	1 700 000
National: Integrated Urban Development Grant(IUDG)	75 321 480	63 395 000
National: Grants	506 000 000	74 133 980
National: Expanded Public Works Programme (EPWP)	2 927 000	3 102 000
Provincial: Grants	-	112 693
Local Government: Local Municipalities Grant	10 056 990	12 245 521
Other Spheres of Government: Various Grants	-	18 850 000
<b>Total Government Grants and Subsidies</b>	<b>887 473 490</b>	<b>445 540 560</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>Unconditional Grants:</b>		
<b>26.1 National Equitable Share:</b>		
Equitable Share	282 104 020	263 135 366
This unconditional grant is partly used to subsidise the provision of basic services to registered and verified indigent community members.	<u>282 104 020</u>	<u>263 135 366</u>
<b>26.2 Other Subsidies</b>		
Balance unspent at beginning of year	-	-
Current year receipts:	9 264 000	8 866 000
- Library	9 264 000	8 866 000
Conditions met - transferred to Revenue	<u>(9 264 000)</u>	<u>(8 866 000)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>
The Municipality renders services on behalf of the Provincial Government and is refunded the gazette amount. This grant has been used exclusively to library expenditure (included in Appendix D). The conditions of the grant have been met.		
<b>Conditional Grants:</b>		
<b>26.3 National: FMG</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 800 000	1 700 000
Conditions met - transferred to Revenue: Operating Expenses	<u>(1 800 000)</u>	<u>(1 700 000)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>
The Financial Management Grant is paid by National Treasury to high capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). The grant is spent in accordance with National Treasury guidelines (included in Appendix D).		
<b>26.4 National: IUDG</b>		
Balance unspent at beginning of year	-	-
Current year receipts	75 856 000	63 395 000
Conditions met - transferred to Revenue: Capital Expenses	<u>(75 321 480)</u>	<u>(63 395 000)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>534 520</u>	<u>-</u>
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
<b>26.5 National: Grants</b>		
Balance unspent at beginning of year	3 970 020	7 233 366
Current year receipts	502 029 980	70 870 634
Conditions met - transferred to Revenue: Operating Expenses	<u>(4 500 000)</u>	<u>(3 775 826)</u>
Conditions met - transferred to Revenue: Capital Expenses	<u>(501 500 000)</u>	<u>(70 358 154)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>3 970 020</u>
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
<b>26.6 National - EPWP</b>		
Balance unspent at beginning of year	-	-
Current year receipts	2 927 000	3 102 000
Conditions met - transferred to Revenue: Operating Expenses	<u>(2 927 000)</u>	<u>(3 102 000)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>
This grant was used for various projects (included in Appendix D). No funds have been withheld.		
<b>26.7 Provincial: Grants</b>		
Balance unspent at beginning of year	87 307	-
Current year receipts	120 000	200 000
Conditions met - transferred to Revenue: Operating Expenses	<u>-</u>	<u>(112 693)</u>
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>207 307</u>	<u>87 307</u>
The grant is spent in accordance with business plans approved by the Provincial Government (included in Appendix D).		

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>26. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>26.8 Local Government - Local Municipalities</b>		
Balance unspent at beginning of year	-	-
Current year receipts	10 056 990	12 245 521
Conditions met - transferred to Revenue: Operating Expenses	(10 056 990)	(5 808 449)
Conditions met - transferred to Revenue: Capital Expenses	-	(6 437 071)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
The grant is spent in accordance with business plans approved by the FBD Municipality (included in Appendix D). No funds have been withheld.		
<b>26.9 Other Grants</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	18 850 000
Conditions met - transferred to Revenue: Capital Expenses	-	(18 850 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
This European Union (EU/BEAR) grant was used for various projects (included in Appendix D).		
<b>26.10 Changes in Levels of Government Grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.		
<b>27. PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Donations Received	97 717 150	215 206 290
<b>Total Public Contributions and Donations</b>	<b>97 717 150</b>	<b>215 206 290</b>
Donations received comprise of various assets/maintenance that was paid for by a third party.		
<b>28. OTHER INCOME</b>		
Premiums received and claims recovered	1 062 982	1 486 262
Admission, Academic and transaction fees	7 148 088	6 040 937
Burial fees	2 480 928	3 164 283
Building Plan Approvals	4 265 856	3 465 047
Market Fees	2 170 630	2 676 205
Unclaimed fines, deposits and stale cheques	125 965	85 533
Various (including camping fees, advertising, etc.)	2 793 821	1 384 071
<b>Total Other Income</b>	<b>20 048 271</b>	<b>18 302 339</b>
The amounts disclosed above for Other Income are in respect of services, other than described in Notes 22 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
<b>29. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	469 320 534	465 390 326
Employee Related Costs - Contributions for UIF and Medical Aids	62 262 072	58 395 898
Employee Related Costs - Contributions for Pensions	68 568 344	68 032 798
Employee Related Costs - 13th Annual Cheque	30 548 747	30 590 995
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	111 048 154	116 142 837
Housing Benefits and Allowances	4 168 077	2 866 766
Overtime Payments	66 349 155	78 737 725
Long-service Awards	30 771 010	30 971 504
Defined Benefit Plan Expense:	13 390 904	59 415 277
Current Service Cost	9 719 945	7 692 000
Interest Cost	31 664 288	35 470 000
Net Actuarial loss/(gain) recognised	(27 993 329)	16 253 277
<b>Total Employee Related Costs</b>	<b>856 426 998</b>	<b>910 544 126</b>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	1 576 378	1 510 421
Car Allowance	314 396	316 451
Company Contributions to UIF, Medical and Pension Funds	360 578	129 234
<b>Total</b>	<b>2 251 352</b>	<b>1 956 106</b>
<b>Remuneration of the Director: Finance</b>		
Annual Remuneration	284 498	215 303
Car Allowance	-	-
Company Contributions to UIF, Medical and Pension Funds	1 417	177
<b>Total</b>	<b>285 915</b>	<b>215 481</b>
The post was vacant for a full year. The above amounts includes acting employees.		
<b>Remuneration of the Director: Community Services</b>		
Annual Remuneration	1 537 945	1 515 117
Car Allowance	395 819	420 023
Company Contributions to UIF, Medical and Pension Funds	321 745	322 566
<b>Total</b>	<b>2 255 509</b>	<b>2 257 706</b>

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	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>29. EMPLOYEE RELATED COSTS (Continued)</b>		
<i>Remuneration of the Director: Strategy, Economic Development and Planning</i>		
Annual Remuneration	1 563 339	1 528 319
Car Allowance	330 786	328 237
Company Contributions to UIF, Medical and Pension Funds	318 337	309 935
<b>Total</b>	<b>2 212 461</b>	<b>2 166 491</b>
<i>Remuneration of the Director: Corporate Services</i>		
Annual Remuneration	442 901	85 232
Car Allowance	49 644	-
Company Contributions to UIF, Medical and Pension Funds	48 711	177
<b>Total</b>	<b>541 257</b>	<b>85 409</b>
The post was vacant for the better part of the year and filled in May 2025. The above amounts includes acting employees.		
<i>Remuneration of the Director: Technical Services</i>		
Annual Remuneration	357 787	87 676
Car Allowance	45 000	-
Company Contributions to UIF, Medical and Pension Funds	69 006	177
<b>Total</b>	<b>471 794</b>	<b>87 853</b>
The post was vacant for the better part of the year and filled in May 2025. The above amounts includes acting employees.		
The following compensation was payable to key management personnel in terms of GRAP as at 30 June:		
<b>Staff Leave Benefits:-</b>		
Municipal Manager	201 805	101 297
Acting Chief Financial Officer	15 507	40 795
Director Community	141 588	81 711
Director Corporate	103 561	-
Director SED	180 571	180 571
Director Technical	103 561	-
<b>Total</b>	<b>746 593</b>	<b>404 373</b>
<b>30. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	1 081 259	1 172 599
Speaker	778 227	967 326
Councillors	26 190 043	27 061 707
Contributions to UIF, Medical and Pension Funds and other allowances	5 744 467	5 424 266
<b>Total Councillors' Remuneration</b>	<b>33 793 995</b>	<b>34 625 898</b>
<i>In-kind Benefits</i>		
The Councillors occupying the positions of Executive Mayor, Speaker and the Mayoral Committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties. Council owned vehicles are made available for official duties.		
<b>31. DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment	87 529 239	147 363 288
Amortisation: Intangible Assets	5 475 572	5 149 316
Depreciation: Investment Property	199 385	201 594
<b>Total Depreciation and Amortisation</b>	<b>93 204 196</b>	<b>152 714 198</b>
<b>32. IMPAIRMENT LOSS</b>		
<b>32.1 Impairment Losses on Fixed Assets</b>		
<b>Impairment Losses Recognised:</b>		
Property, Plant and Equipment	6 781 096	-
Intangible Assets	6 781 096	-
Investment Property	-	-
<b>32.2 Impairment Loss on Financial Assets</b>		
<b>Impairment Losses Recognised:</b>		
Trade Receivables from exchange transactions	476 743 432	333 145 727
Trade Receivables from non-exchange transactions	393 435 721	348 325 275
	83 307 710	(15 179 548)
<b>Total Impairment Loss</b>	<b>483 524 528</b>	<b>333 145 727</b>
<b>33. FINANCE COSTS</b>		
Loans and Payables at amortised cost	84 971 961	66 140 875
Interest on overdue accounts	19 597 142	44 147 036
Finance Leases	-	774 766
Total Interest Expense	104 569 103	111 062 676
<b>Total Interest Paid on External Borrowings</b>	<b>104 569 103</b>	<b>111 062 676</b>
	18 786 495,31	
<b>34. BULK PURCHASES</b>		
Electricity	901 044 950	787 457 231
<b>Total Bulk Purchases</b>	<b>901 044 950</b>	<b>787 457 231</b>
Bulk Water moved to general expenditure and losses on inventory		
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the Department Water Affairs and Forestry.	139 546 857	129 069 855

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<b>35. CONTRACTED SERVICES</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Audit committee	611 100	458 015
Legal and collection cost	9 815 001	4 777 370
Maintenance of Equipment and Security	-	(1 000 000)
Project Management	104 537 476	23 587 229
Prepaid Vendor	8 131 577	15 231 539
Other Contracted Services	2 253 985	2 035 847
<b>Total Contracted Services</b>	<b>125 349 139</b>	<b>45 090 000</b>

**36. GRANTS AND SUBSIDIES PAID**

Other Grants	407 020	226 435
Subsidy paid to Society for Prevention of Cruelty against Animals (SPCA)	2 400 000	2 300 000
<b>Total Grants and Subsidies</b>	<b>2 807 020</b>	<b>2 526 435</b>

The subsidy to the SPCA is to assist the municipality to care for stray animals and other related tasks. The subsidy is paid on an annual basis.

**37. GENERAL EXPENSES**

**Repairs and Maintenance**

Hardware in Store	7 761 293	4 921 468
Stores Workshop	1 586 906	1 314 854
Building Maintenance	9 443 745	11 769 147
Electricity Maintenance	29 007 540	21 638 416
Fleet Maintenance	1 478 542	4 583 436
General Maintenance	8 544 166	10 175 630
Other Materials - Clarification/Purification Chemicals	21 578 813	20 102 169
Other Materials -Cleaning material	1 969 560	2 096 724
Other Materials - Fuel	15 779 068	19 471 821
Other Materials - Stationery	3 745 823	4 270 884
Other Materials	21 966	38 415
Refuse Maintenance	29 782 324	29 024 243
Roads	54 328 826	50 079 127
Sewer	16 692 334	11 239 281
Streetlights	10 909 920	9 539 958
Water	23 029 684	25 929 561
<b>Sub Total Repairs and Maintenance</b>	<b>235 660 513</b>	<b>226 195 135</b>

**Other Expenses**

Audit fees	8 272 344	8 072 426
Bank charges	1 852 732	2 366 079
Catering municipal activities	247 466	500 685
Conferences and seminars	4 831 782	4 969 337
Course fees/Skills development levy	7 872 270	8 019 503
Electricity	56 609 863	47 490 573
Indigent relief	3 316 889	4 280 818
Interns and learner ships	2 750 748	1 306 811
Insurance and claims	14 639 976	21 308 420
Membership fees	8 887 299	9 529 035
Postage	1 323 314	2 507 278
Printing and stationary	922 638	2 516 004
Software licences and Computer services	14 450 724	6 521 826
Telephone expenditure	894 484	1 135 767
Uniforms and Protective clothing	7 131 339	6 180 022
Vehicle licences	1 577 403	1 545 770
Vehicle tracking	803 241	1 111 906
Water	87 607	63 246
Water inventory consumed	45 734 472	43 688 716
Water resource management fee	3 961 093	3 204 209
Ward committee activities	3 775 789	3 807 011
Other General Expenses	6 978 167	7 188 840
<b>Sub Total Other Expenses</b>	<b>196 921 639</b>	<b>187 314 282</b>
<b>Total General Expenses</b>	<b>432 582 153</b>	<b>413 509 418</b>

The comparative figures for General Expenses have been restated to correct errors contained in the prior year Financial Statements. Refer to note 39 on Correction of Errors for details of the restatement. The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025                      2024  
R                                      R

**38. CHANGE IN ACCOUNTING POLICY**

There were no changes in accounting policy during the current financial year under review.

**39. CORRECTION OF ERROR**

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended before 30 June 2023.

Details of the appropriations are as follows:

**39.1 Unappropriated Surplus Account:**

The correction to expenditure relates to council contributions to a pension fund together with interest charges.

The corrections to PPE relate to depreciation and impairment charges arising from additions from WIP and transfers between classes of assets. The detailed split of this error correction is shown on Note 9

Corrections to Expenditure  
Corrections to Property, Plant and Equipment

(2 171 382)  
(35 096 109)  
**(37 267 491)**  
**(37 267 491)**

**Increase / (Decrease) in Unappropriated Surplus Account**

**Increase / (Decrease) in Accumulated Surplus Account**

**39.2 Restatement of Expenditure:**

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The depreciation correction is due to the work in progress assets transferred to completed assets leading to additional depreciation charges.

The remuneration of council is as a result of back pay.

The reduction in interest costs is as a result of Eskom reversing interest charges as a result of Circular 124

General expenses correction relates to expenditure related to the landfill and drivers licence & permits

**The effect of the Correction of Error is as follows:**

	2024 Expenditure	2024 Correction	Restated Amount
Depreciation and Amortisation	74 328 772	78 385 425	152 714 198
Remuneration of Councillors	33 868 942	756 956	34 625 898
Finance Cost	122 651 081	(11 588 405)	111 062 676
General Expenses	412 247 142	1 262 276	413 509 418
	<u><b>643 095 937</b></u>	<u><b>68 816 253</b></u>	<u><b>711 912 190</b></u>

**SURPLUS/(DEFICIT) FOR THE YEAR**

**286 705 114**                      **(67 649 312)**                      **219 055 802**

**39.3 Restatement of Statement of Financial Position:**

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify the nature of the balances.

-Accumulated surplus movement is a summation of the corrections in 39,1 and 39,2

-Payables restatement is as a result of changes to accounts payables linked to general expenses and finance costs. The reclassification of VAT due to implementing Fact Sheet 11 also affected 2023/24 balances payables according to GRAP 104

-VAT payable is a reclassification due to implementing Fact Sheet 11

-Property plant and equipment correction of error is the effect of changes noted in 39,1 and 39,2 and are shown in detail on Note 9.

-The Statutory Receivable and Trade Receivable is a reclassification due to implementing Fact Sheet 11.

-The Non-current Provision is as a result of the correction of the landfill asset

	2024 Fin Position	2024 Correction	Restated Amount
Accumulated Surplus	-2 982 832 867	104 916 803	(2 877 916 064)
Payables from Exchange Transactions	-562 848 189	(224 758 426)	(787 606 615)
VAT Payable from Exchange Transactions	-78 499 978	78 499 978	-
Property, Plant and Equipment	2 100 105 544	(102 977 763)	1 997 127 781
Statutory Receivable from Exchange Transactions	-	13 512 438	13 512 438
Trade Receivables from Exchange Transactions	1 737 724 634	141 406 793	1 879 131 426
Non-current Provisions	-1 045 593	(9 840 318)	(10 885 911)
	<u><b>1 736 679 041</b></u>	<u><b>759 505</b></u>	<u><b>1 881 757 954</b></u>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**39. CORRECTION OF ERROR (Continued)**

**39.4 Restatement of Current Liabilities:**

Included in the prior year's restated amounts are corrections in respect payables on exchange transactions as a result of corrections to creditors.

The effect of the Correction of Error is as follows:

**Balances as per AFS previously published for 23/24**

Restatement of Current Liabilities

**Balances as per current restated AFS published for 23/24**

<b>Payables from Exchange Transactions</b>
(562 848 189)
<u>(224 758 426)</u>
<b><u>(787 606 615)</u></b>

**39.5 Restatement of Non-Current Assets**

The prior year figures for Property, Plant and Equipment(PPE), Inventory and Investment properties had to be corrected as a result of a changes in the asset register due to the previous year's audit. This correction was done retrospectively and impacted on PPE and the Surplus Account. This oversight has been rectified and the restated figure is reflected below.

Additional donated assets were capitalised and this resulted in an increase of cost for PPE assets. Furthermore, older replaced assets due to to upgrade projects were derecognised.

Capitalisation of completed projects, useful life assessments and impairment reviews increased depreciation of assets for 2024.

A new Policy and Procedure adopted by the Municipality lead to all assets being reclassified in the asset register and assets were unbundled into new components as directed by the hierarchy adopted. The reclassification of assets and review of Useful Lives of assets resulted in an increase of Accumulated Depreciation.

Impairment tests on PPE assets were performed and this resulted in an additional impairment loss amount as reflected in note 8.

The effect of the Correction of Error is as follows:

**Balances as per AFS previously published for 23/24**

Restatement of non-current assets

**Balances as per current restated AFS published for 23/24**

<b>Property, Plant and Equipment</b>
<b>2 100 105 544</b>
<u>(102 977 763)</u>
<b><u>1 997 127 781</u></b>

**39.6 Adjustment of Expenses:**

The prior year figure for Remuneration Councillors, Finance Cost and General Expenditure were adjusted after corrections were identified. The relevant expenditure categorie and the Surplus Account were corrected. The restated figure is reflected below.

The effect of the Correction of Error is as follows:

	Depreciation and Amortisation	Remuneration Councillors	General Expenses	Finance Cost
<b>Balances as per AFS previously published for 23/24</b>	<b>74 328 772</b>	<b>33 868 942</b>	<b>412 247 142</b>	<b>122 651 081</b>
Adjustment of prior period expenses	<u>78 385 425</u>	<u>756 956</u>	<u>1 262 276</u>	<u>(11 588 405)</u>
<b>Balances as per current restated AFS published for 23/24</b>	<b><u>152 714 198</u></b>	<b><u>34 625 898</u></b>	<b><u>413 509 418</u></b>	<b><u>111 062 676</u></b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>40. CHANGE IN ACCOUNTING ESTIMATES</b>		
No changes were made to existing accounting estimates during the current financial year that could potentially have a material impact on the Annual Financial Statements.		
<b>41. CASH GENERATED BY OPERATIONS</b>		
Surplus / (Deficit) for the Year	435 615 302	219 055 802
Adjustment for:		
Adjusting non cash flow items prior errors	-	(38 951)
Adjusting non cash flow items	-	-
Depreciation and Amortisation	93 204 196	152 714 198
Contribution to Impairment Provision	488 256 204	313 396 672
Bad Debts Written-off	(60 355 345)	(422 847 849)
Interest earned	(291 616 951)	(274 157 821)
Gains on sale of Assets	(5 834 099)	(15 103 382)
Finance Costs	85 782 608	111 062 676
<b>Operating surplus before working capital changes</b>	<b>745 051 915</b>	<b>84 081 345</b>
(Increase)/Decrease in Inventories	4 774 571	(18 655 451)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(537 454 372)	(223 894 583)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(120 019 815)	22 625 820
Increase/(Decrease) in Interest Receivables	220 849 727	110 505 641
(Increase)/Decrease in VAT Receivable	13 512 438	17 694 793
Increase/(Decrease) in Consumer Deposits	1 646 157	2 854 166
Increase/(Decrease) in Creditors (Capital creditors excluded)	142 569 643	(407 779 340)
Increase/(Decrease) in Conditional Grants and Receipts	(3 315 500)	(3 176 040)
(increase)/Decrease in Provisions and Employee Benefits	7 966 981	40 722 358
Increase/(Decrease) in VAT Payable	106 385 750	(141 406 793)
<b>Cash generated by / (utilised in) Operations</b>	<b>581 967 496</b>	<b>(516 428 083)</b>
<b>Income for the year</b>	<b>3 544 443 164</b>	<b>3 097 931 571</b>
Adjustment for:-		
Investment income	(291 616 951)	(274 157 821)
Adjusting non cash flow items	-	-
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(537 454 372)	(223 894 583)
Bad Debts Written-off	(60 355 345)	(422 847 849)
(Increase)/Decrease in Operating Lease Assets	-	-
Increase/(Decrease) in Consumer Deposits	1 646 157	2 854 166
Increase/(Decrease) in Interest Receivables	220 849 727	110 505 641
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(120 019 815)	22 625 820
(Decrease)/increase in conditional grants and receipts	(3 315 500)	(3 176 040)
<b>Cash receipts from ratepayers, government and other</b>	<b>2 754 177 067</b>	<b>2 309 840 905</b>
Gains on sale of Assets	(5 834 099)	(15 103 382)
Grants received	(887 473 490)	(442 364 521)
<b>Sale of goods and services</b>	<b>1 860 869 478</b>	<b>1 852 373 002</b>
<b>Expenditure for the year</b>	<b>3 108 827 862</b>	<b>2 878 875 768</b>
Adjustment for:-		
Depreciation	93 204 196	152 714 198
Contribution to bad debt provision	488 256 204	313 396 672
Adjusting non cash flow items prior errors	-	(38 951)
Interest paid	85 782 608	111 062 676
<b>Operating expenditure before working capital changes:</b>	<b>2 441 584 854</b>	<b>2 301 741 173</b>
(Increase)/Decrease in inventories	4 774 571	(18 655 451)
Increase/(Decrease) in Creditors	142 569 643	(407 779 340)
(Increase)/Decrease in Provisions and Employee Benefits	7 966 981	40 722 358
(Decrease)/Increase in VAT	119 898 188	(123 712 000)
<b>Cash paid to suppliers and employees</b>	<b>2 166 375 471</b>	<b>2 811 165 606</b>
Employee Costs	843 036 094	851 128 849
<b>Supplier and other payments</b>	<b>1 323 339 378</b>	<b>1 960 036 757</b>
<b>Cash generated by/(utilized in) operations</b>	<b>581 967 496</b>	<b>(516 428 083)</b>
<b>42. NON-CASH INVESTING AND FINANCING TRANSACTIONS</b>		
The municipality did not enter into any Non-cash Investing and Financing Transactions during the financial year under review.		
<b>43. FINANCING FACILITIES</b>		
Unsecured Bank Overdraft Facility payable at call:		
- Amount used	-	-
- Amount unused	-	-

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**44. LONG-TERM LIABILITIES**

Long-term Liabilities (See Note 18)	855 807 759	822 184 438
Long-term Liabilities have been utilised in accordance with section 46 of the Municipal Finance Management Act. See detail information in Appendix A.		

**45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**45.1 Unauthorised Expenditure**

To management's best of knowledge the following Unauthorised Expenditure was incurred during the year under review.

	2025 R	2024 R	2023 R
Reconciliation of Unauthorised Expenditure:			
Opening balance	29 260 980,82	-	-
Unauthorised Expenditure current year	-	29 260 981	-
Approved by Council	-	-	-
Unauthorised Expenditure awaiting authorisation	<u>29 260 980,82</u>	<u>29 260 981</u>	<u>-</u>

**45.2 Fruitless and Wasteful Expenditure**

	2025 R	2024 R	2023 R
Reconciliation of Fruitless and Wasteful expenditure:			
Opening balance		31 262 383	27 438 901
Fruitless and Wasteful Expenditure current year		29 002 902	40 733 895
Fruitless and Wasteful Expenditure incurred in the prior year identified in the current year		-	-
Fruitless and Wasteful Expenditure reversed (prior year audit correction)		-	(11 022 314)
Written off by Council		-	(25 888 100)
Fruitless and Wasteful Expenditure awaiting condonement		<u>60 265 285</u>	<u>31 262 383</u>

The incidents identified relating to the current or prior years has been reported to MPAC for investigation.

Incident	Amount	Causes
Interest on late payments.	20 692 187	Interest and penalties paid to ESKOM, DWS and ORANJE RIET WATER USERS ASSOCIATION.
Settlement agreements.	31 657 130	Settlements paid to suppliers due to disputes.
Various incidents.	7 915 967	Legal claims and penalties from SARS against the municipality paid.

The Fruitless and Wasteful Expenditure incurred by the municipality in it's nature is zero – rated VAT and therefore the amounts disclosed above do not include VAT.

**45.3 Irregular Expenditure**

	2025 R	2024 R	2023 R
Reconciliation of Irregular Expenditure:			
Opening balance	79 750 966,67	184 935 243	276 872 869
Correction prior period error	-	(7 246 333)	-
Irregular Expenditure current year	171 812 987,90	53 681 268	78 357 386
Irregular Expenditure incurred in the prior year identified in the current year	-	10 938 622	64 300 285
Ratified by Accounting Officer	-	(162 557 835)	(234 595 296)
Written off by Council	-	-	-
Irregular Expenditure awaiting condonement	<u>251 563 955</u>	<u>79 750 967</u>	<u>184 935 243</u>

The incidents identified relating to the current or prior years has been reported to MPAC for investigation.

Incident	Amount	Causes
Non compliance with SCM regulations	818 405	Non-compliance: Contract expired
Non compliance with SCM regulations	65 908 487	Non-compliance: Deviation invalid (emergency/exceptional case)
Non compliance with SCM regulations	611 340	Non-compliance: Less than 3 quotes
Non compliance with SCM regulations	117 053 063	Non-compliance: Competitive bidding not followed Reg 19
Non compliance with SCM regulations	67 172 659	Non-compliance with SCM regulations - Various Contraventions with the SCM regulations

The nature of the above irregular expenditure have been disclosed, the extent is still under investigation. The amounts disclosed above is inclusive of VAT.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**2025**                      **2024**  
**R**                                      **R**

**46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**46.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	8 789 952	9 529 035
Amount Paid - current year	<u>(8 789 952)</u>	<u>(9 529 035)</u>
<b>Balance Unpaid (included in Creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>

**46.2 Audit Fees**

Opening Balance	95 838	85 011
Current year Audit Fee	8 272 344	8 072 426
Amount Paid - current year	<u>(8 336 383)</u>	<u>(8 061 599)</u>
<b>Balance Unpaid (included in Creditors)</b>	<b><u>31 799</u></b>	<b><u>95 838</u></b>

**46.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in Note 8 and 17. All VAT returns have been submitted by the due date throughout the year.

**46.4 PAYE and UIF**

Opening Balance	12 156 243	10 108 913
Current year Payroll Deductions	142 056 347	145 131 532
Amount Paid - current year	(129 640 271)	(132 975 290)
Amount Paid - previous years	<u>(12 156 243)</u>	<u>(10 108 913)</u>
<b>Balance Unpaid (included in Creditors)</b>	<b><u>12 416 076</u></b>	<b><u>12 156 243</u></b>

**46.5 Pension and Medical Aid Deductions**

Opening Balance	16 123 717	15 410 780
Current year Payroll Deductions and Council Contributions	198 189 177	192 895 662
Amount Paid - current year	(181 563 398)	(176 771 945)
Amount Paid - previous years	<u>(16 123 717)</u>	<u>(15 410 780)</u>
<b>Balance Unpaid (included in Creditors)</b>	<b><u>16 625 778</u></b>	<b><u>16 123 717</u></b>

**46.6 Councillors arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

**30 June 2025**

	<b>Total</b>	<b>Outstanding more than 90 days</b>
KOCK KC	150,00	150
MOSES	1 250,37	1 250
BARTLETT	1 335,78	1 336
LANDELLA	1 376,79	1 377
NATHANE	6 092,42	6 092
BADENHORST J & EL	7 119,03	7 119
LOFF R R	14 139,50	14 140
BROWN JE	15 095,91	15 096
MOLALE	28 041,68	28 042
WAGTER IB	33 282,44	33 282
SHWABABA	66 940,55	66 941
RAMMUTLE CB	91 505,94	91 506
ERASMUS	98 678,20	98 678
WHITE M	139 012,42	139 012
LEPHOI	181 818,20	181 818
METSIMETSI	183 824,51	183 825
DIPHAHE	187 355,37	187 355
GRIESEL	198 264,00	198 264
<b>Total Councillor Arrear Consumer Accounts</b>	<b><u>1 255 133,11</u></b>	<b><u>1 255 133</u></b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

30 June 2024	Total	Outstanding more than 90 days
KOCK KC	136,27	136
LOFF R R	48,81	49
BROWN JE	460,85	461
MATIKA N E	1 910,45	1 910
BADENHORST J & EL	1 337,11	1 337
KOK R & KE	3 434,40	3 434
WHITE M	2 973,82	2 974
JOHNSON E	1 618,50	1 619
AARON MC	10 718,86	10 719
WAGTER IB	24 082,02	24 082
NKUKANE E	26 692,26	26 692
RAMMUTLE CB	67 625,74	67 626
<b>Total Councillor Arrear Consumer Accounts</b>	<b>141 039,09</b>	<b>141 039</b>

**46.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

No known matters existed at the reporting date.

**46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council. The Municipality has deviated from the procurement policy, the details of which were reported to council (refer to note 62).

**46.9 Material losses**

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding water losses as a result of various factors for example burst pipes and stand pipes not metered is 67,03%, 25 991 243kl (2024: 66,04%, 23 671 278kl) is disclosed to the amount of:

2025 R	2024 R
93 812 384	85 381 138
232 476 837	192 263 663

In terms of section 125(d)(i) of the Municipal Finance Management Act disclosure regarding electricity losses as a result of various factors are 25,8%, 120 760 594 kWh (2024: 24,42%, 113 227 933 kWh) is disclosed to the amount of:

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE**  
**MANAGEMENT ACT (Continued)**

**46.10 Suppliers in service of the State**

The municipality bought goods from the following companies, which are considered to be in service of the State.

Name Supplier	Related Person	Relationship/connection to service in State	Purchases for the year	Purchases for the year
ASB Aircons and Trading	J. Bezuidenhout	Sol Plaatje Municipality Kimberley Library	-	36 620
GAP ELECTRICAL	J Joseph / D Lehane	SAPS NC Justice Department		
	D Joseph	Eskom		
	K Christian	NC Dept Economic Affairs		
	D Christian	NC Dept Social Dev		
	S Wookey	NC Dept Sports, Arts & Culture		
	Shuyb Wookey	Lenmed Hospital		
	Faziel Kimmie	NC Dept Education		
	P.T Christians	ASAPS	3 183 991	1 643 078
J&B Communication	A Abbott	Working SPM at IT	-	42 266
NB Mechanicals	N Barnes	Department of sports, arts and culture	20 195 306	34 023 954
S & R enterprises	N Barnes	Department of Sports and Arts Culture	46 530 786	44 083 703
Towell and Groenewaldt	L Groenewaldt	NC Public works - Senior administrator		
	O. Groenewaldt	Sol Plaatje Municipality - Electrical	1 748 955	452 343
Sonskyn Tuin	N. Damon	Transnet HR		
	S. Newman	Transnet yard official	-	47 265
Workwrite Industries	Fahgmida Dooling	DEPARTMENT PUBLIC WORKS	-	46 586
Panprop cc t/a Valudata	A.J De Klerk	Sol Plaatje Municipality	164 680	104 000
Van De Wall Incorporated	O.B Cronje	Independent member of Frances Baard	1 567 471	2 361 031
Quality Rubber Stamps	P Modisane	South Africa Police Services	14 962	35 823
Liquid Telecommunications	Reshaad Sha	Reshaad Sha (Shareholder at Telkom &	171 699	179 630
Aqri Automate	Wife of director	Dietician at RMSH HOSPITAL &	-	73 060
BB Services and Sales	C. Mbosa	Department of Health	12 744	14 080
Tennessee General Trading	B. Williams	Transnet Freight Rail	126 120	87 288
AA Du Plessis Builders	C. Du Plessis	Department of Tourism	23 384	29 415
RDT General Trading	K. Mohibidu	Head of Ministry- Department of	88 200	413 000
Ketane ya Tiro	M.Meas	Department of Education	142 722	166 895
Triple Smooth Trading	S. Hoogstander	Sol plaatje Messenger	38 383	52 610
Tmab Enterprise	K. Marumo	Provincial Treasury	-	134 033
Lelthable Coaches	Lesego Mildred	Depart of Education Northern Cape	9 248 722	8 645 545
Mabuyi Development Planners (Pty) Ltd	TJP Lushaba	City of Mbombela Municipality	124 000	766 390
Makoloi Legacy General Trading	Mothusi Makoloi	SAPS - Northern Cape	-	286 688
NC Mud	D. I. Z Mooketsi	GDH - Acting Facility Manager	-	724 970
Plastic Packaging Cape (Pty) Ltd	M Isaacs	David Kruiper Municipality	561	1 922
Calandra Trading T/A Vodashop North Cape Mall	Ramon Barlow		0,00-	-
Sueclae Enterprises		Dep Environmental Affairs - Western	3 998	-
ATS Load Testing Services	Wife	Teacher	34 095	30 835
Mr Rons Enterprise	HB Japhta	Father was a Cllr since Sept 2021	123 501	77 420
FRG TRADERS	Nabeelah GOOL	Mother - SPM - Organizational	43 898	30 985
CLT Enterprise	Jason Harmse	Teacher - Kimberley Junior Primary	298 562	497 136
Wareatla pty ltd	Kagisho Oliphant	Traffic Department	-	8 660
K2014002877 ta Bokomosa		Northern Cape Provincial Legislature	-	379 680
Raff Kahder construction	Ferzana Kahder	Beacon Primary School -teacher	24 002	149 763
B AND G deco	Jemimah Taku	Sol Plaatje Municipality	1 200	28 538
Zuratri	List	List	-	613 443
Nomzwakes Tradings Services	Gcinile Sibisi	Sol Plaatje	-	9 796
BNK enterprise	Tebogo Bonokwane / Julia Bonokowane - Nkuna	Housing / MM Assistant	-	-
			-	5 880
ATMERALS ENTERPRISE	Laban Ntshoe	Transnet	-	13 980
Malaza KBY Projects		COGHSTA	-	43 880
Coalition Trading 1237 t/a Creative Solutions	Boitshepo Buang	NCEDA	56 250	25 910
KARS LOGISTICS	Refilwe Sunday	Public works	-	67 747
Suekatz pty ltd	Zulette Katz	Sol Plaatje Municipality	252 370	308 335
Umonde Trading 518CC	Mpho Bezent	TEACHER	-	291 200
Marce Fire Fighting Technology	Maggie Seale	Eskom	-	4 540 375
Maquba Enterprise Pty Ltd	Gladys Maquba	Sol Plaatje Municipality	-	58 261
SMEC South Africa	Ms Phosa	Member of National Assembly	-	527 986
Greenro Solutions Pty ltd	Mothibe Griffins	Wife - SAPS Forensic Department		
	Thabeng		1 265 419	-
Kimberley Toyota	Saroshni Govender	Wife	149 205	-
DCD Driving School	D. Pick	Wife - South African Post Office	-	44 982
Kaselela & Sons Trading	Masabata Kaselela	Wife - Sol Plaatje Municipality	27 720	-
Lubabalo Trading	Mandla Ndzillili	Spouse - Department of Agriculture	29 000	-
Sedoor Trading	Billy Frans	Husband - SAPS	143 313	-
Moedi Consulting Engineers	Mrs C Abrams	Spouse to shareholder is in service at	22 665	-
Breedecom t/a Bolt Supplies	Mrs E Greeff	Spouse - Teacher Eureka Primary	30 718	-
Key Spirit Trading	Busang Phala	CIDB	1 540 161	-
<b>Total Purchases</b>			<b>87 473 745</b>	<b>102 165 998</b>

**47. COMMITMENTS FOR EXPENDITURE**

**47.1 Capital Commitments**

Commitments in respect of Capital Expenditure inclusive of VAT:

- **Approved and Contracted for:-**  
Infrastructure

<b>641 675 172</b>	<b>165 783 434</b>
641 675 172	165 783 434

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	2025	2024
	R	R
<b>48. FINANCIAL INSTRUMENTS</b>		
<b>48.1 Classification</b>		
<b>FINANCIAL ASSETS:</b>		
In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows:		
<b><u>Financial Assets</u></b>	<b><u>Classification</u></b>	
<b>Trade receivables from exchange transactions</b>		
Electricity	Amortised cost	232 942 460
Refuse	Amortised cost	169 964 531
Sewerage	Amortised cost	220 127 275
Water	Amortised cost	615 994 558
Miscellaneous	Amortised cost	652 783 469
Market	Amortised cost	788 426
Housing Debtors	Amortised cost	62 175 749
<b>Bank, Cash and Cash Equivalents</b>		
Bank	Amortised cost	33 229 583
Call Deposits	Amortised cost	-
Notice Deposits	Amortised cost	130 695 365
Cash Floats and Advances	Amortised cost	11 560
		<b>2 118 712 976</b>
		<b>1 875 866 757</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>		
<b>Amortised cost</b>		
Short-term Investment Deposits	Notice Deposits	130 695 365
Trade receivables from exchange transactions	Electricity	232 942 460
Trade receivables from exchange transactions	Refuse	169 964 531
Trade receivables from exchange transactions	Sewerage	220 127 275
Trade receivables from exchange transactions	Water	615 994 558
Trade receivables from exchange transactions	Miscellaneous	652 783 469
Trade receivables from exchange transactions	Market	788 426
Trade receivables from exchange transactions	Housing Debtors	62 175 749
		53 662 345
		1 954 776 469
Bank Balances and Cash	Cash Floats and Advances	55 577 146
Short-term Investment Deposits	Call Deposits	-
<b>Total Financial Assets</b>		<b>2 118 712 976</b>
		<b>1 875 866 757</b>
<b>FINANCIAL LIABILITIES:</b>		
In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows:		
<b><u>Financial Liabilities</u></b>	<b><u>Classification</u></b>	
<b>Long-term Liabilities</b>		
Annuity Loans	Amortised cost	114 619 057
Finance Lease Liabilities	Amortised cost	8 260 234
<b>Consumer Deposits</b>		
Electricity and Water	Amortised cost	49 971 244
<b>Creditors</b>		
Trade Creditors	Amortised cost	763 745 494
Other Creditors	Amortised cost	725 096
Payments received in Advance	Amortised cost	53 436 167
<b>Unspent Conditional Grants and Receipts</b>		
Conditional Grants from Government	Amortised cost	741 827
<b>Current Portion of Long-term Liabilities</b>		
Annuity Loans	Amortised cost	16 704 189
Finance Lease Liabilities	Amortised cost	5 848 614
		14 782 198
		5 848 614
		<b>1 014 051 922</b>
		<b>766 798 826</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		
<b>Financial Liabilities at Amortised Cost:</b>		
Long-term Liabilities	Annuity Loans	114 619 057
Long-term Liabilities	Finance Leases	8 260 234
Consumer Deposits	Electricity and Water	49 971 244
Payables from exchange transactions	Trade Creditors	763 745 494
Payables from exchange transactions	Other Creditors	725 096
Unspent Conditional Grants and Receipts	Conditional Grants from Government	741 827
Current Portion of Long-term Liabilities	Annuity Loans	16 704 189
Current Portion of Long-term Liabilities	Finance Leases	5 848 614
Payables from exchange transactions	Payments received in Advance	53 436 167
		47 659 293
<b>Total Financial Liabilities</b>		<b>1 014 051 922</b>
		<b>766 798 826</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**48. FINANCIAL INSTRUMENTS (Continued)**

**48.2 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 6 and the Statement of Changes in Net Assets.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Net Debt	1 014 051 922	766 798 826
Equity	3 313 531 368	2 877 916 064
<b>Net debt to equity ratio</b>	<b>30,60%</b>	<b>26,64%</b>

Debt is defined as Long term Liabilities, as detailed in the notes.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

**48.3 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these financial statements.

**48.4 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

**48.5 Liquidity Risk**

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

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**48.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6.1 - 2 below). No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**48.6.1 Foreign Currency Risk Management**

The municipality has very limited exposure to the financial risks of foreign currency. The foreign exchange loss for the financial period under review is not material. Refer to Financial Statement of Performance.

**48.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, trade receivables, cash and cash equivalents, and loan payables.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

2025  
R

2024  
R

**48. FINANCIAL INSTRUMENTS (Continued)**

**Interest Rate Sensitivity Analysis**

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

**SENSITIVITY ANALYSIS - INTEREST RATE**

*Effect of a change in interest rate on interest bearing financial assets and liabilities*

<u>Financial Assets</u>	<u>Classification</u>		
<b><u>External investments:</u></b>			
Call Deposits	Amortised cost		30 000 000
Notice Deposits	Amortised cost	130 695 365	28 374 365
Bank Balances (overdraft)	Amortised cost	33 229 583	55 565 586
		<u>163 924 948</u>	<u>113 939 951</u>

**Interest received**

Interest Earned - External Investments		21 841 259	16 116 393
Interest rate		13%	14%

*Effect of a change in interest rate on interest earned from external investments:*

Effect of change in interest rate	%	12%	13%
Effect of change in interest rate	Rand value	20 202 010	14 976 993

Effect of change in interest rate	%	14%	15%
Effect of change in interest rate	Rand value	23 480 509	17 255 792

**Outstanding debtors:**

Trade receivables from exchange transactions	Amortised cost	1 954 776 469	1 761 915 245
Trade receivables from non-exchange transactions	Amortised cost	565 678 343	528 966 239
		<u>2 520 454 812</u>	<u>2 290 881 485</u>

**Interest received**

Interest Earned - Outstanding Debtors		269 775 691	258 041 428
Interest rate		11%	11%

*Effect of a change in interest rate on interest earned from outstanding debtors*

Effect of change in interest rate	%	10%	10%
Effect of change in interest rate	Rand value	244 571 143	235 132 613

Effect of change in interest rate	%	12%	12%
Effect of change in interest rate	Rand value	294 980 240	280 950 243

**Financial Liabilities**

<u>Long-term Liabilities</u>	<u>Classification</u>		
Annuity Loans	Amortised cost	114 619 057	131 337 961
Annuity Loans - current portion	Amortised cost	16 704 189	14 782 198
Finance Lease Liabilities	Amortised cost	14 108 848	14 108 848
Finance Lease Liabilities - current portion	Amortised cost	5 848 614	5 848 614
		<u>131 323 246</u>	<u>146 120 159</u>

**Interest paid**

Long-term Liabilities		104 569 103	111 062 676
Interest rate %		80%	76%

*Effect of a change in interest rate on interest paid on long-term liabilities*

Effect of change in interest rate	%	79%	75%
Effect of change in interest rate	Rand value	103 255 871	109 601 475

Effect of change in interest rate	%	81%	77%
Effect of change in interest rate	Rand value	105 882 336	112 523 878

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**48. FINANCIAL INSTRUMENTS (Continued)**

**48.7 Effective Interest Rates and Repricing Analysis**

In accordance with GRAP 104.116 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2025

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>							
<b>Bank Facilities</b>		<b>131 323 246</b>	-	-	-	<b>6 914 265</b>	<b>124 408 982</b>
Loan No 102855/1 : DBSA	12,61%	6 914 265				6 914 265	
Loan No 103958/2 : DBSA	12,445%	124 408 982					124 408 982
<b>Total Fixed Rate Instruments</b>		<b>131 323 246</b>	-	-	-	<b>6 914 265</b>	<b>124 408 982</b>
<b>VARIABLE RATE INSTRUMENTS</b>							
Short-term Investment Deposits		130 695 365	-	130 695 365			
Bank Balances and Cash		11 560	11 560				
<b>Total Variable Rate Instruments</b>		<b>130 706 925</b>	<b>11 560</b>	<b>130 695 365</b>	-	-	-

30 June 2024

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
<b>FIXED RATE INSTRUMENTS</b>							
<b>Bank Facilities</b>		<b>146 120 159</b>	-	-	-	<b>8 403 969</b>	<b>137 716 189</b>
Loan No 102855/1 : DBSA	12,61%	8 403 969				8 403 969	
Loan No 102855/3 : DBSA	6,75%	-					
Loan No 103958/2 : DBSA	12,445%	137 716 189					137 716 189
<b>Total Fixed Rate Instruments</b>		<b>146 120 159</b>	-	-	-	<b>8 403 969</b>	<b>137 716 189</b>
<b>VARIABLE RATE INSTRUMENTS</b>							
Short-term Investment Deposits		58 374 365	30 000 000	28 374 365			
Bank Balances and Cash		11 560	11 560				
<b>Total Variable Rate Instruments</b>		<b>58 385 925</b>	<b>30 011 560</b>	<b>28 374 365</b>	-	-	-

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**48.8 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**48.9 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. Included in the note is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

**30 June 2025**

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
<b>Non-interest Bearing</b>							
- Consumer Deposits		49 971 244					49 971 244
- Creditors		960 593 661	960 593 661				
- Unspent Conditional Grants		741 827		741 827			
<b>Fixed Interest Rate Instruments</b>							
Loan No 102855/1 : DBSA	12,61%	11 272 456	1 252 446	1 252 446	2 504 892	6 262 673	
Loan No 103958/2 : DBSA	12,45%	210 400 085	15 014 607	15 014 607	30 029 214	90 087 642	60 254 015
Finance Lease Liabilities		12 323 872		6 647 208	5 676 664		
<b>Total</b>		<b>1 245 303 143</b>	<b>976 860 713</b>	<b>23 656 087</b>	<b>38 210 769</b>	<b>96 350 315</b>	<b>110 225 259</b>

**30 June 2024**

Description	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	%	R	R	R	R	R	R
<b>Non-interest Bearing</b>							
- Consumer Deposits		48 325 086					48 325 086
- Creditors		787 606 615	787 606 615				
- Unspent Conditional Grants		4 057 327		4 057 327			
<b>Fixed Interest Rate Instruments</b>							
Loan No 102855/1 : DBSA	12,61%	15 029 349	1 252 446	1 252 446	2 504 892	7 514 675	2 504 892
Loan No 102855/3 : DBSA	6,75%	256 712		256 712			
Loan No 103958/2 : DBSA	12,45%	240 233 712	15 014 607	15 014 607	30 029 214	90 087 642	90 087 642
Finance Lease Liabilities		12 323 872		6 647 208	5 676 664		
<b>Total</b>		<b>1 107 832 673</b>	<b>804 130 380</b>	<b>26 971 587</b>	<b>38 210 769</b>	<b>97 602 317</b>	<b>140 917 620</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**48. FINANCIAL INSTRUMENTS (Continued)**

**48.10 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists.

Counterparty and Location	30 June 2025 Gross Amount R	30 June 2024 Gross Amount R
Department Of Public Works	631 584 120	570 037 043
De Beers Consolidated Mines	63 203 360	54 875 673
Northern Cape Department Of Health	0	53 005 274
Kimberley Engineering Works	32 688 623	31 300 721
Ocean Echo Prop 333 CC	27 454 775	30 592 270
Ekapa Resources (Pty) Ltd	18 374 092	

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:	2025 R	2024 R
Fixed Deposit Investments	130 695 365	58 374 365
Trade Receivables from Exchange Transactions	1 954 776 469	1 761 915 245
Trade Receivables from Non-Exchange Transactions	549 692 895	514 328 389
Bank, Cash and Cash Equivalents	11 560	11 560
<b>Maximum Credit and Interest Risk Exposure</b>	<b>2 635 176 289</b>	<b>2 334 629 560</b>

The major concentrations of credit risk that arise from the Municipality's receivables in relation to customer classification are as follows:

The maximum credit and interest risk exposure in respect of the relevant customer classification is as follows:	2025 R	2024 R
Households	1 643 853 425	1 420 868 600
Industrial/commercial	418 997 063	398 519 988
National and provincial government	464 638 293	471 492 896
<b>Maximum Consumer Risk Exposure</b>	<b>2 527 488 780</b>	<b>2 290 881 485</b>

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

Employees and Councillors belong to a variety of approved Pension and Provident Funds as described below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

All Retirement Funds are defined contribution plans. All the funds are multi-employer plans.

The total expense recognised in the Statement of Financial Performance represents contributions paid to these plans by the municipality at rates specified in the rules of the plans.

These following contributions have been expensed: 68 568 344                      68 032 798

None of the below mentioned Funds are State Plans.

**Municipal Councillors Pension Fund:**

The actuarial Pension Fund for councillors has not recently been valued and the curatorship terminated.

**LA Retirement Fund/Cape Joint Pension Fund:**

A statutory valuation as of 30 June 2023 shows the fund in a sound financial position. Their overall funding level is 106.9%. The breakdown is as follows, Pensioner Account equals 120.3% and Defined Contribution (DC) Section is 100%. Additionally, trustees granted a 4.5% pension increase effective 1 January 2024, and a 100% pension bonus to pensioners in December 2023

**Consolidated Retirement Fund:**

The actuarial valuation as of 30 June 2023 indicates that the funding level is at 100.2%. The total net assets are approximately R 42.71 billion and that there is an actuarial surplus of R 105.82 million. Specifically, for the Pension Account, the funding level is 120.1%, supported by a solvency reserve

**SALA Pension Fund:**

At the valuation date of 1 July 2020 the SALA pension fund was 86.1% funded. The valuator indicated that the financial position of the Fund has deteriorated further from the previous interim valuation.

**Municipal Employees Pension Fund:**

At the valuation date of 28 February 2017 the Municipal Employees Pension Fund was 100% funded. The valuator stated that the fund was in a sound position for the purposes of the Pension Fund Act, 1956.

**National Fund for Municipal Workers:**

At the valuation date of 30 June 2023 the statutory actuarial valuation confirms that the fund's assets are exactly sufficient (100.0%) to meet members' liabilities and reserve account balances (National Fund for Municipal Workers).

**Municipal Workers Union Retirement Fund:**

The Fund was formerly the South African Municipal Workers Union National Provident Fund. At the valuation date of 30 June 2017 the Fund was 100% (30 June 2014: 111.7%) funded. The valuator stated that the fund is in a sound financial position.

**50. RELATED PARTY TRANSACTIONS**

**50.1 Interest of Related Parties**

Councillors and/or management of the municipality have relationships with businesses.

**50.2 Services rendered to Related Parties**

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

**50.3 Loans granted to Related Parties**

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

**50.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

**50.5 Related Parties (Municipal entities or Trusts)**

Municipality has no related entities or trusts for the financial year under review.

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**50. RELATED PARTY TRANSACTIONS (Continued)**

**50.6 Related Parties relationships**

The municipality's key officials declared the following relationships with the listed companies. It should be noted that no transactions were entered into between these related parties and the municipality.

<b>Name Supplier</b>	<b>Related Person</b>	<b>Financial Disclosure Records</b>
Tyabashe-Kesiamong, Nomonde Bogacwi, Kaosiebonya Abraham	Executive Director: Strategy, ED: Community Services	Shares - JM & N Trading (CC member), Ngobile Planners Shares - 751 Sanlam, 15000 BMFI, 700 Old Mutual. Dir/Partn: 6 Entities
Phuthi, Tebogo Ezekiel Samolapo, Lebelo Kenneth	HR Manager Acting ED: Finance	Royal Phuthi Investments: Lewapi Mining. Shares: Batsatsing Mining. Directorships & Partnerships: Batsatsing Mining.
Moyahi Winston, Modisa	Engineer - MM's office	100% consulting & Engineering - Moyahi & Ass. Cc
Singelewana, Phillimon, Mpendulo	Manager Youth Unit	Dir/Paertr: Okhuhle Supply and Construction
Kogisho John Brendon Sonyoni	Councillor	Bakangs traveling tours - Private Company
Badenhorst, Eleanor, Linzi Fourie, Ockert Cornelius	Councillor Councillor	Husband is Director of Afrikhaya Housing Development Shares - Roodeheuwel Sand (Bpk) Minerals.
Joseph, George, Harold	Councillor	Directorships 1. GI Manufacturers – Manufacturing 2. The Zone (Partner) Marketing/Graphics – New business
Pearce Carol-Ann Johnson, Elizabeth	Councillor Councillor	Directorship & Partnership- Women Liberation Trading Dir/Partn: Santang - Tavern
Landella, Simphiwe Thandeka	Councillor	Shares: 200 Ordinary Shares - Welkom Yizani Shares, Dir/Partn: Omphilelhabo General Trading
Louw, Petrus Johannes Francois	Councillor	PM Family Trust, CRF - Trustee
Mocwana, Pontsho Moses	Councillor	Dir/Part: Omphilelhabo General - General Trading
Nathane, Poelo Elizabeth	Councillor	Dir/Part: Nathilicuis 84 - Pivate Company
Nkukane, Thapelo Edward	Councillor	Shares: 100 General Trading, Premier Attraction, Dir/Partn: Premier Attraction
Pietersen, Jahn	Councillor	Shares: 50% Parlour - Zintles Funerals. Dir/Partn: Zintles
Rammute, Casper Bongani	Councillor	Oomcas Trading - General
Reichert, Francois	Councillor	Dir/Partn: Eptocraft PTY LTD - Farming
Griesel, Dawid, Johan	Councillor	Dir/Partn: Contractor Handyman
Smit, Johan	Councillor	Dir/Partn: NC Debt Collectors and Tracers - Debt Collecting

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**51. CONTINGENT LIABILITIES**

**2025**  
**R**

**2024**  
**R**

**51.1 Guarantees:**

The municipality pledged the following amounts as guarantee for employees' housing bonds:

**51.2 Court Proceedings:**

**51.2.1 High Court matters**

Various claims and litigation is in process.

16 771 299

10 433 099

**51.2.2 Litigation and claims in process**

Various claims and litigation is in process.

12 034 677

8 181 268

**51.2.3 Labour matters (SALGBC)**

Various cases involving Council.

-

240 000

**51.2.4 Magistrate court matters**

Various cases involving Council.

1 199 761

454 761

30 005 737

19 309 128

All the above cases are being defended. The timing of any cash outflow is uncertain.

**51.3 Other liabilities:**

**51.3.1 Other cases:** Various claims between employees and Council is in process.

**52. CONTINGENT ASSETS**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

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-

**53. IN-KIND DONATIONS AND ASSISTANCE**

The National Treasury has appointed Vodacom (Pty) Ltd through a Transversal Tender Contract number RT29 as its preferred service provider for the supply and installation of a Smart Metering solution that will provide an estimated 13 000 prepaid electricity. The municipality did not receive or control the grant funds or the meters, as the meters are owned by the residents. The municipality expects to benefit indirectly through enhanced revenue collection from prepaid electricity sales. No amounts have been recognised in the financial statements in respect of this arrangement.

**54. COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance against that budget, is set out in Note 60. Budget and actual figures are presented on a comparable basis (accrual basis of accounting).

**55. PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the 2024/25 financial year.

**56. EVENTS AFTER THE REPORTING DATE**

After the end of the financial year, on 6 August 2025 Management received communication from National Treasury confirming the approval of the first one third write-off of debt owed by Sol Plaatje Municipality as at 30 March 2023 to Eskom as part of the Circular 124 Debt Relief Programme to the value of R248 128 140.53. The debt write-off is to be effected in Eskom's financial system within 30 days from the date of this letter and therefore was not yet effected at 30 June 2025. Management has identified this as a non-adjusting subsequent event that may potentially have a significant impact on the Annual Financial Statements to be reported. No further adjusting or non-adjusting subsequent events were identified.

Subsequent to year-end, the Municipal Manager was placed on precautionary suspension pending an investigation into alleged irregularities. The investigation is ongoing, and the financial impact, if any, cannot be determined at this stage.

**57. GOING CONCERN**

The municipality has identified several significant risks that threaten its ability to continue as a going concern. These include the rapid deterioration of aging infrastructure, persistently low revenue collection rates, and ongoing non-compliance with the required minimum payment obligations to Eskom and the Department of Water and Sanitation (DWS). Should these risks materialise, they will severely compromise the municipality's financial sustainability and its capacity to operate effectively as a going concern. The municipality has an enhanced revenue plan and is actively implementing it. The municipality has appointed debt collectors to enhance debt collections. Additionally, the BFI projects is currently in progress to address the aging water infrastructure.

**58. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 39).

**SOL PLAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

	2025 R	2024 R
<b>59. 1. STANDARDS AND INTERPRETATIONS APPROVED NOT YET EFFECTIVE</b>		
The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2025 or later periods:		
<b>Standard/Interpretation</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact</b>
iGRAP 22 Foreign Currency	1 April 2025	Impact is currently being assessed
GRAP 104 (as revised): Financial Instruments	1 April 2025	Impact is currently being assessed
The Above-mentioned standards and interpretations which are relevant to the municipality will be adopted once they become effective. Application of the other GRAP standards and guidelines above will be effective from a date to be announced by the Minister of Finance.		

**2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT**

The following standards and interpretations have been published and are mandatory for entity's reporting on GRAP.

<b>Standard/Interpretation</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact</b>
GRAP 1(amended): Statements (Going concern)	Not yet determined by Minister of Finance (Not yet effective)	N/A

**60. PRINCIPAL - AGENT ARRANGEMENTS**

**60.1 Principal in Principal-Agent Arrangement (Material) (Ontech)**

The Sol Plaatje Local Municipality is the Principal in the Principal-Agent arrangement with ONTEC SYSTEMS PTY LTD. ONTEC SYSTEMS PTY LTD undertakes prepaid electricity sales through the use of third party vendors on behalf of Sol Plaatje Local Municipality. No significant judgements were applied in determining if the municipality was the principal. No changes have been made to the terms and conditions to the arrangement during the reporting period. No significant risks and benefits associated with the arrangement have been identified.

**Compensation paid for agency activities**

Commission and administrative fees	<u>8 131 577</u>	<u>9 871 520</u>
------------------------------------	------------------	------------------

Sol Plaatje Local municipality paid 2.13% commission and other administrative costs to ONTEC SYSTEMS PTY LTD for acting as an agent on its behalf during the financial year.

**Resources under custodianship of agent**

There are no resources of Sol Plaatje Local Municipality under the custodianship of the agent, nor have they been recognised as such. All resources provided to third party vendors are that of the agent and not of the municipality. There are no direct resource or cost implications for the principal if the principal-agent arrangement is terminated, however this will directly impact on service delivery continuity and revenue generation negatively, due to the reduction of service points.

**60.2 Agent in arrangement**

The Sol Plaatje Local Municipality is the Agent in the Principal-Agent arrangement with various personal insurance companies, unions and legal firms. The municipality deduct specified amounts from the salaries of municipal employees on behalf of the principals in exchange for commission of 2.5%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. There has been no significant changes in the terms and conditions of the arrangements during the reporting period. There are no significant risks and benefits associated with the principal agent arrangements.

The Sol Plaatje Local Municipality is the Agent in the Principal-Agent arrangement with Department of Transport, Safety and Liaison. The municipality is responsible for the issuing of vehicle and drivers licences on behalf of Department of Transport, Safety and Liaison in exchange for commission of 12%. No significant judgements are applied in determining that the municipality was the agent in the arrangement. The responsibility of issuing vehicle licences was removed from the municipality effective 01 September 2018 significantly reducing the commission received during the reporting period.

**Compensation received for agency activities**

Commission (Payroll deductions)	969 422	813 239
Commission (Transport, Safety and Liaison)	<u>1 294 387</u>	<u>1 336 697</u>
<b>Total Compensation received</b>	<u><b>2 263 809</b></u>	<u><b>2 149 936</b></u>

Sol Plaatje Local Municipality was paid 2.5% commission by various personal insurance companies, unions and legal firms for acting as an agent on its behalf during the financial year.

Sol Plaatje Local Municipality was paid 12% commission by Department of Transport, Safety and Liaison for acting as an agent on its behalf during the financial year.

**Resources under custodianship of agent**

There are no resources of the principal under the custodianship of Sol Plaatje Local Municipality, nor have they been recognised as such.

**SOL PLAAATJE LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025**

**61 BUDGET VS ACTUAL COMPARITIVE INFORMATION**

**61.1 Revenue and Expenditure**

	2025 Actual	2025 Original Budget	2025 Adjustment	2025 Final Budget	2025 Variance Original vs Final Budget %	2025 Explanation of variances greater than 10% Original versus Final Budget	2025 Variance Actual vs Final Budget R	2025 Variance Actual vs Final Budget %	2025 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R	R			R		
<b>REVENUE</b>									
Property Rates	687 339 430	687 319 713	-	687 319 713	0%		19 717	0%	
Service Charges	1 449 087 939	1 611 045 774	-	1 611 045 774	0%		(161 957 835)	-10%	
Rental of Facilities and Equipment	32 057 467	27 740 000	-	27 740 000	0%		4 317 467	16%	
Interest Earned - External Investments	21 841 259	9 000 000	-	9 000 000	0%		12 841 259	143%	
Interest Earned - Outstanding Statutory receivables	103 759 011	91 900 000	-	91 900 000	0%		11 859 011	0%	
Interest Earned - Outstanding Trade receivables	166 016 681	120 030 000	-	120 030 000	0%		45 986 681	38%	
Availability service charges non-exchange transactions	27 322 019	50 900 000	-	50 900 000	0%		(23 577 981)	-46%	
Fines	36 851 089	32 143 000	-	32 143 000	0%		4 708 089	15%	
Licenses and Permits	9 096 259	9 200 000	-	9 200 000	0%		(104 741)	-1%	
Government Grants and Subsidies	887 473 490	871 500 000	15 951 000	887 451 000	2%		22 490	0%	
Public Contributions and Donations	97 717 150	-	-	-	0%		97 717 150	0%	
Other Income	20 048 271	19 728 780	500 000	20 228 780	3%		(180 509)	-1%	
Gains on sale inventory land	5 834 099	-	-	-	0%		5 834 099	#N/A	
<b>Total Revenue</b>	<b>3 544 443 164</b>	<b>3 530 507 267</b>	<b>16 451 000</b>	<b>3 546 958 267</b>	<b>0%</b>		<b>(2 515 103)</b>	<b>0%</b>	<b>Due to decrease in service charges and interest.</b>
<b>EXPENDITURE</b>									
Employee Related Costs	856 426 998	950 862 583	1 804 643	952 667 226	0%		(96 240 228)	-10%	
Remuneration of Councillors	33 793 995	37 076 570	-	37 076 570	0%		(3 282 575)	-9%	
Impairment Losses	476 743 432	355 246 241	120 000 000	475 246 241	34%	Error in estimates of tariff increase	1 497 191	0%	
Depreciation	93 204 196	89 700 000	-	89 700 000	0%		3 504 196	4%	
Finance Costs	85 782 608	17 774 464	60 920 233	78 694 697	343%	Increase in interest on Eskom Debt Relief Loan unwinding	7 087 911	9%	Eskom interest to be reversed still on account.
Bulk Purchases	901 044 950	897 900 000	12 818 000	910 718 000	1%		(9 073 050)	-1%	
Contracted services	125 349 139	40 731 000	25 785 000	66 516 000	63%	Adjusting expenditure upwards.	58 833 139	88%	
Grants and Subsidies Paid	2 807 020	3 660 000	-	3 660 000	0%		(852 981)	-23%	
General Expenses - Other	432 582 153	471 154 000	21 018 257	492 172 257	4%		(59 590 104)	-12%	
Losses on Inventory	94 312 276	95 000 000	26 538 000	91 938 000	41%	Actual water losses higher than budgeted.	2 374 276	3%	
Foreign Exchange Loss	-	-	-	-	0%		-	0%	
Impairment of property, plant and equipment	6 781 096	-	-	-	0%		6 781 096	0%	
<b>Total Expenditure</b>	<b>3 108 827 862</b>	<b>2 928 504 858</b>	<b>269 284 133</b>	<b>3 187 788 991</b>	<b>9%</b>	Adjusting expenditure upwards.	<b>(88 961 129)</b>	<b>-3%</b>	<b>Due to the savings in general.</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>435 615 302</b>	<b>602 002 409</b>	<b>(252 633 133)</b>	<b>349 169 276</b>	<b>-42%</b>	Adjusting expenditure upwards.	<b>86 446 026</b>	<b>25%</b>	<b>Due to the income not realising.</b>

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

61 BUDGET VS ACTUAL COMPARATIVE INFORMATION (Continued)

61.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Directorate	2025 Actual Additions R	2025 Work in Progress Additions R	2025 Total Additions R	2025 Original Budget R	2025 Adjustment R	2025 Final Budget R	2025 Variance Original vs Final Budget %	2025 Explanation of variances greater than 10% Original versus Final Budget	2025 Variance Actual vs Final Budget R	2025 Variance Actual vs Final Budget %	2025 Explanation of significant variances greater than 10% Actual versus Final Budget
Executive and Council	-	-	-	-	-	-	0%		-	0%	
Municipal General	12 696 220	-	12 696 220	24 500 000	4 240 538	28 740 538	17%	Budget increased.	(16 044 318)	-56%	Projects not completed.
Municipal Manager	-	-	-	2 349 203	-	-	0%		-	0%	
Corporate Services	-	-	-	-	-	-	0%		-	0%	
Community Services	-	8 760 485	8 760 485	7 209 850	(1 500 000)	5 709 850	0%		3 050 635	0%	
Financial Services	-	-	-	-	-	-	0%		-	0%	
Strategic and Economic Development	-	4 403 163	4 403 163	5 000 000	(489 000)	4 511 000	0%		(107 837)	0%	
Infrastructure and Services	37 144 823	510 193 389	547 338 212	574 869 947	14 505 836	589 175 783	3%	Grants decreased.	(41 837 571)	-7%	Projects not completed.
<b>TOTAL</b>	<b>49 841 043</b>	<b>523 357 036</b>	<b>573 198 079</b>	<b>613 729 000</b>	<b>16 757 374</b>	<b>628 137 171</b>	<b>3%</b>	<b>Grants decreased.</b>	<b>(54 939 092)</b>	<b>-9%</b>	<b>Projects not completed.</b>

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

61.3 Cash Flow

	2025 Actual	2025 Original Budget	2025 Adjustment	2025 Final Budget	2025 Variance Original vs Final Budget %	2025 Explanation of variances greater than 10% Original versus Final Budget	2025 Variance Actual vs Final Budget R	2025 Variance Actual vs Final Budget %	2025 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R			R		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Grants received	884 157 990	871 500 000	10 127 000	881 627 000	1%		2 530 990	0%	
Sale of goods and services	1 472 175 441	2 281 904 824	30 300 000	2 312 204 824	1%		(840 029 384)	-36%	
Employee Costs	(865 596 568)	(987 939 153)	(1 804 643)	(989 743 796)	0%		104 147 228	-11%	Due to freezing of filling of positions and vakators report.
Supplier payments	(1 132 642 444)	(1 557 844 872)	85 735 385	(1 643 580 257)	-5%		510 937 813	-31%	Decrease in general spending.
<b>Cash generated from / (utilised in) Operations</b>	<b>338 094 418</b>	<b>607 620 799</b>	<b>(43 603 742)</b>	<b>560 507 771</b>					
Interest received	21 841 259	9 000 000	-	9 000 000	0%		12 841 259	143%	Realignment of mSCOA data strings will pull budgets in line.
(Increase) / decrease in Interest Receivables	269 775 691	2 000 000	-	2 000 000	0%		267 775 691	0%	Realignment of mSCOA data strings will pull budgets in line.
Interest paid	(85 782 608)	(17 774 464)	(12 000 000)	(29 774 464)	40%	Increase due to overdue accounts	(56 008 144)	188%	Due to interest paid on overdue accounts.
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>543 928 760</b>	<b>600 846 335</b>	<b>(55 503 742)</b>	<b>541 733 307</b>					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Purchase of Property, Plant and Equipment	(520 648 384)	(613 729 000)	(7 788 578)	(621 517 578)	1%	Decrease in grants allocation.	100 869 193	-16%	Realignment of mSCOA data strings will pull budgets in line.
Purchase of Heritage Assets	(245 730)	-	-	-	0%		(245 730)	0%	Realignment of mSCOA data strings will pull budgets in line.
Purchase of Investment Property	(6 672 970)	-	-	-	0%		(6 672 970)	0%	
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	0%	Increase in budget.	-	0%	
Proceeds on Disposal of Assets	-	-	-	-	0%		-	0%	
Proceeds on Disposal of Investment Property	-	-	-	-	0%		-	0%	
(Increase) / decrease in Long-term Receivables	-	-	-	-	0%		-	0%	
Donation of Property, Plant and Equipment	-	-	-	-	0%		-	0%	Not budgeted.
Increase / (decrease) in Capital Payables	-	-	-	-	0%		-	0%	Not budgeted.
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(527 567 085)</b>	<b>(613 729 000)</b>	<b>(7 788 578)</b>	<b>(621 517 578)</b>					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
New Finance Leases/Finance Lease payments	-	-	-	-	0%		-	0%	Realignment of mSCOA data strings will pull budgets in line.
Loans repaid	33 623 321	(14 787 681)	-	(14 787 681)	0%		48 411 001	-327%	
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>33 623 321</b>	<b>(14 787 681)</b>	<b>-</b>	<b>(14 787 681)</b>					
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>49 984 996</b>	<b>(27 670 346)</b>	<b>(66 901 606)</b>	<b>(84 571 952)</b>					
Cash and Cash Equivalents at the beginning of the year	113 951 511	100 817 091	-	100 817 091					
Cash and Cash Equivalents at the end of the year	163 936 508	73 146 746	(66 901 606)	6 245 140					

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

61 BUDGET VS ACTUAL COMPARITIVE INFORMATION (Continued)

61.4 Statement of Financial Position

	2025 Actual	2025 Original Budget	2025 Adjustment	2025 Final Budget	2025 Variance Original vs Final Budget %	2025 Explanation of variances greater than 10% Original versus Final Budget	2025 Variance Actual vs Final Budget R	2025 Variance Actual vs Final Budget %	2025 Explanation of variances greater than 10% Actual versus Final Budget
	R	R	R	R			R		
<b>ASSETS</b>									
<b>Current Assets</b>	<b>2 888 665 223</b>	<b>2 336 146 378</b>	<b>(216 701 606)</b>	<b>2 119 444 772</b>					
Inventory	107 238 852	60 701 404	(0)	60 701 404	0%		46 537 488	77%	Transfers from Investment Properties.
Trade Receivables from Exchange Transactions	2 069 754 733	1 274 568 119	(119 928 566)	1 154 639 550	-10%	Budget allocation correction.	915 115 183	79%	Wrong budget allocation receivables.
Statutory Receivables from Non-Exchange Transactions	531 749 643	927 730 109	(29 871 431)	897 858 678	-3%		(366 109 035)	-41%	Wrong budget allocation receivables.
Trade Receivables from Non-Exchange Transactions	15 985 448	-	-	-	0%		15 985 448	0%	Budget allocation split not done according to GRAP 106.
Cash and Cash Equivalents	163 936 508	73 146 746	(66 901 606)	6 245 140	-1071%	Budget allocation correction.	157 691 368	2525%	Increase in Cash on year end.
Statutory Receivable from Exchange Transactions	-	-	-	-	0%		-	0%	Budget allocation split not done according to GRAP 106.
<b>Non-Current Assets</b>	<b>2 794 307 413</b>	<b>2 874 230 569</b>	<b>7 788 577</b>	<b>2 882 019 146</b>					
Property, Plant and Equipment	2 464 812 925	2 632 801 275	7 788 577	2 640 589 852	0%		(175 776 927)	-7%	
Heritage Assets	12 316 614	12 070 864	(0)	12 070 864	0%		245 730	2%	
Intangible Assets	41 116 719	13 213 591	-	13 213 591	0%	Reallocation of assets.	27 903 128	211%	Correction on asset class.
Investment Property	200 307 547	216 144 819	(0)	216 144 819	0%		(15 837 272)	-7%	Transfer to Inventory.
Trade Receivables from Exchange Transactions	57 810 355	-	-	-	0%		57 810 355	#DIV/0!	Clean up of debtors arrangements entered into.
Statutory Receivables from Non-Exchange Transactions	17 943 252	-	-	-	0%		17 943 252	0%	Budget allocation split not done according to GRAP 106.
<b>Total Assets</b>	<b>5 682 972 636</b>	<b>5 210 376 946</b>	<b>(208 913 028)</b>	<b>5 001 463 918</b>					
<b>LIABILITIES</b>									
<b>Current Liabilities</b>	<b>1 451 559 598</b>	<b>1 382 009 650</b>	<b>1</b>	<b>1 392 009 651</b>					
Consumer Deposits	49 971 244	49 570 166	(0)	49 570 166	0%		401 078	1%	
Employee Benefits	91 364 026	-	-	-	#DIV/0!		91 364 026	#DIV/0!	
Payables from Exchange Transactions	960 593 661	1 286 802 332	0	1 286 802 332	0%		(326 208 672)	-25%	Increase in creditors due to cash flow constraints.
Unspent Conditional Grants and Receipts	741 827	-	-	-	0%		741 827	0%	Grants not spend at year end.
Current Portion of Long-term Liabilities	242 503 090	-	-	-	0%		242 503 090	0%	Budget to be split between Long-term and current.
<b>Non-Current Liabilities</b>	<b>917 881 670</b>	<b>396 208 264</b>	<b>48 420 233</b>	<b>444 628 497</b>					
Long-term Liabilities	613 304 668	136 107 147	48 420 233	184 527 380	26%		426 777 288	229%	Budget to be split between Long-term and current.
Employee Benefit Liabilities	290 348 535	256 606 000	-	256 606 000	0%		33 742 535	13%	
Non-current Provisions	14 228 467	1 495 117	-	1 495 117	0%		12 733 350	0%	
<b>Total Liabilities</b>	<b>2 369 441 268</b>	<b>1 778 217 915</b>	<b>48 420 233</b>	<b>1 826 638 148</b>					
<b>Total Assets and Liabilities</b>	<b>3 313 531 368</b>	<b>3 432 159 031</b>	<b>(267 333 261)</b>	<b>3 174 825 770</b>					
<b>NET ASSETS</b>	<b>3 313 531 368</b>	<b>3 432 159 032</b>	<b>(267 333 262)</b>	<b>3 174 825 770</b>					
Accumulated Surplus	3 313 531 368	3 432 159 032	(267 333 262)	3 174 825 770	-8%		138 705 598	4%	Decrease in income and prior year error corrections.
<b>Total Net Assets</b>	<b>3 313 531 368</b>	<b>3 432 159 032</b>	<b>(267 333 262)</b>	<b>3 174 825 770</b>					

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

DISCLOSURES OF DEVIATIONS FROM PROCUREMENT POLICY

DocNo.	Service Provider	Service Rendered / Product Purchased	Financial	Line Manager	Motivation
01/2024/2025	ESRI SOUTH AFRICA	GIS SOFTWARE LICENSE RENEWAL FOR MUNICIPALITY	2 160 568	RISHLE CHAUKE	SOLE PROVIDER
02/2024/2025	KANU EQUIPMENT SOUTH AFRICA	TO REPAIR DEFECTED ENGINE OF THE BOMAG COMPACTOR AT THE LANDFILL SITE	1 055 387	M ARTHUR	SOLE PROVIDER
03/2024/2025	BENE-TECH SERVICE	SEWER PIPELINE INSPECTIONS FOR THE NORTH CAPE MALL CONSORTIUM/SOL PLAATJE MUNICIPALITY	293 975	B MUKOSI	EMERGENCY
04/2024/2025	UMRG	UPGRADE OF TEAMMATE SOFTWARE	1 139 461	K DE KLERK	SOLE PROVIDER
05/2024/2025	AB MK HOLDINGS, TENNESSE GENERAL TRADING, S&R ENTERPRISE	SUPPLY AND DELIVERY OF PPE	3 475 200	R BROOKER	EXCEPTIONAL CASE
06/2024/2025	LRMG	PROCURING ORG PLUS SOFTWARE PROGRAMME TO DIAGRAMATICALLY ILLUSTRATE THE MUNICIPAL ORGANISATIONAL CHART AND REPORT ON THE VACANCIES	253 137	M VAN ZYL	SOLE PROVIDER
07/2024/2025	ADT/FEDILITY	SUPPLY, INSTALLATION, MONITORING AND MAINTENANCE OF CAMERAS WITH OFF-SITE MONITORING CCTV SURVEILLANCE AND 24HRS ARMED RESPONSE	139 760	N SINOMBE	AN EMERGENCY
08/2024/2025	BENE TECH	SEWER PIPELINE INSPECTIONS FOR THE DIAMOND PARK AREA WITHIN SOL PLAATJE MUNICIPALITY	1 309 407	B MUKOSI	AN EMERGENCY

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

63 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

63.1 Statement of Financial Performance per directorate

	2025 Original Budget	2025 Adjustment	2025 Final Budget	2025 Variance Original vs Final Budget %	2025 Explanation of variances greater than 10% Original versus Final Budget	2025 Actual Income & Expenditure R	2025 Variance Actual vs Final Budget R	2025 Variance Actual vs Final Budget %	2025 Explanation of significant variances greater than 10% Actual versus Final Budget
	R	R	R	%		R	R	%	
<b>Income per directorate</b>									
Executive and Council	0	-	-	0%		-	-	0%	
Municipal General	968 901 000	8 527 846	977 428 846	1%		1 011 431 490	34 002 644	3%	
Municipal Manager	0	2 759	2 759 154	0%		2 759 154	-	0%	
Corporate Services	6 161 460	-	6 161 460	0%		6 262 558	101 078	2%	Unspent funds on ISDG.
Community Services	124 200 708	4 664 000	128 864 708	4%	Increases income,	148 982 602	20 117 894	16%	Increase in fines and services,
Financial Services	710 110 713	-	710 110 713	0%		714 280 844	4 170 131	1%	
Strategic and Economic Development	8 368 000	500 000	8 868 000	6%	Increase in grants and other income.	8 419 062	(448 938)	-5%	
Infrastructure and Services	1 709 105 366	-	1 709 105 366	0%		1 545 949 186	(163 156 180)	-10%	
<b>Total</b>	<b>3 526 847 267</b>	<b>16 451 000</b>	<b>3 543 298 267</b>	<b>0%</b>		<b>3 438 084 895</b>	<b>(105 213 372)</b>	<b>-3%</b>	
<b>Expenditure per directorate</b>									
Executive and Council	60 855 273	40 000	60 895 273	0%		57 032 714	(3 862 559)	-6%	
Municipal General	400 103 315	104 920 000	505 023 315	26%		457 428 030	(47 595 285)	-9%	
Municipal Manager	27 854 270	4 772 028	32 626 298	17%	Increase in expenditure,	29 885 690	(2 740 608)	-8%	
Corporate Services	82 140 226	(6 322 000)	75 818 226	-8%		73 334 648	(2 483 578)	-3%	
Community Services	337 111 662	7 181 000	344 292 662	2%		320 136 279	(24 154 383)	-7%	
Financial Services	166 217 291	8 015 000	174 232 291	5%		143 186 916	(31 045 375)	-18%	Saving on vacancies not filled and expenditure in general.
Strategic and Economic Development	67 812 821	3 850 000	71 702 821	6%		55 692 228	(16 010 593)	-22%	Saving on vacancies not filled and expenditure in general.
Infrastructure and Services	1 782 749 872	146 788 233	1 929 538 105	8%		1 910 101 442	(19 436 663)	-1%	
Loss Actuarial Assessments	-	-	-	0%		-	-	0%	Not budgeted under gains or losses.
<b>Total</b>	<b>2 924 844 730</b>	<b>269 284 261</b>	<b>3 194 128 991</b>	<b>9%</b>		<b>3 046 799 948</b>	<b>(147 329 043)</b>	<b>-5%</b>	<b>Due to cost containment.</b>
<b>Surplus/(Deficit)</b>	<b>602 002 537</b>	<b>(252 833 261)</b>	<b>349 169 276</b>	<b>-42%</b>	<b>Increase in expenditure.</b>	<b>391 284 947</b>	<b>42 115 671</b>	<b>12%</b>	<b>Income not realising and expenditure savings.</b>

SOL PLAATJE LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

63 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (Continued)

63.2 Statement of Financial Performance per directorate

	2025	2025	2025	2025	2025	2025	2025	2025	2025
	Executive and Council	Municipal General	Municipal Manager	Corporate Services	Community Services	Financial Services	Strategic and Economic Development	Infrastructure and Services	Total
	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>									
Property rates						687 339 430			687 339 430
Service Charges					83 146 819			1 365 941 120	1 449 087 939
Rental of Facilities and Equipment					32 681		211 471	31 813 316	32 057 467
Availability service charges non-exchange transactions					2 106 674			25 215 345	27 322 019
Fines and Penalties					12 708 101	24 142 988			36 851 089
Government Grants and Subsidies Received		5 834 099							5 834 099
Grants and Subsidies Paid		865 150 336	2 759 154	4 500 000	13 264 000	1 800 000			887 473 490
Public Contributions and Donations		-						97 717 150	97 717 150
Interest Earned - External Investments		21 841 259							21 841 259
Interest Earned - Outstanding Statutory receivables		100 274 533							100 274 533
Interest Earned - Outstanding Trade receivables		26 400 676			21 073 417			122 027 065	169 501 159
Licences and Permits				1 762 558	9 095 259	998 426	8 207 591		9 095 259
Other Income		552 185			7 575 171			952 340	20 048 271
<b>Total Revenue</b>		1 020 053 089	2 759 154	6 262 558	149 002 122	714 280 844	8 419 062	1 843 666 336	3 544 443 164
<b>EXPENDITURE</b>									
Employee Related Costs	19 046 740	24 669 259	22 353 494	68 533 111	274 702 927	125 419 177	49 060 660	272 641 629	856 426 988
Remuneration of councillors	33 793 995								33 793 995
Impairment Losses		248 746 241			11 000 000			216 997 191	476 743 432
Depreciation and Amortisation		58 954 070			1 293 970			32 956 156	93 204 196
Finance Costs		407 741						85 374 868	85 782 608
Bulk Purchases Electricity								901 044 950	901 044 950
Contracted Services		37 499 637	5 318 802		430 500	241 859	215 296	81 643 045	125 349 139
Foreign Exchange Loss									-
Gains on Disposal of Property, Plant and Equipment									-
General Expenses	4 191 979	85 657 802	2 213 394	4 801 537	32 710 882	17 525 879	6 416 273	279 064 407	432 582 153
Grants and Subsidies Paid		2 787 500			19 520				2 807 020
Loss/Write down of Inventory		489 892						93 812 384	94 312 276
Impairment of Property, Plant and Equipment		6 781 096							6 781 096
<b>Total Expenditure</b>	57 032 714	466 003 237	29 886 690	73 334 648	320 157 799	143 196 816	56 692 228	1 963 534 629	3 108 927 862
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	(57 032 714)	554 049 852	(27 126 536)	(67 072 089)	(171 155 677)	571 093 928	(47 273 167)	(319 868 294)	435 515 302

	2024	2024	2024	2024	2024	2024	2024	2024	2024
	Executive and Council	Municipal General	Municipal Manager	Corporate Services	Community Services	Financial Services	Strategic and Economic Development	Infrastructure and Services	Total
	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>									
Property Rates						656 442 329			656 442 329
Service Charges					75 113 780			1 255 979 460	1 331 093 241
Rental of Facilities and Equipment					35 616		178 255	28 637 011	28 850 882
Interest Earned - External Investments		16 116 393							16 116 393
Interest Earned - Outstanding Statutory receivables		96 761 065							96 761 065
Interest Earned - Outstanding Trade receivables		21 112 816			18 609 157			121 568 390	161 280 363
Availability service charges non-exchange transactions					389 595			48 900 080	49 290 676
Fines					13 827 481	42 939 234			56 766 715
Licences and Permits					7 169 376				7 169 376
Government Grants and Subsidies		408 436 041		3 775 826	12 666 000	1 700 000	18 850 000	112 693	445 540 560
Public Contributions and Donations		4 831 240						210 375 050	215 206 290
Other Income		807 321		1 615 635	7 008 534	805 009	7 069 520	996 320	18 302 339
Gains on sale inventory land		16 048 804							16 048 804
<b>Total Revenue</b>		564 113 678		5 391 461	134 819 500	701 686 572	26 097 775	1 668 568 006	3 088 876 992
<b>EXPENDITURE</b>									
Employee Related Costs	21 537 597	66 696 309	21 487 821	66 203 233	276 235 250	125 773 459	52 836 548	279 773 909	910 544 126
Remuneration of Councillors	33 868 942								33 868 942
Impairment Losses		170 549 091						164 708 998	335 258 089
Depreciation		47 263 035			780 500			26 285 238	74 328 772
Finance Costs		1 004 551						121 646 530	122 651 081
Bulk Purchases								787 457 231	787 457 231
Contracted services		22 543 576	5 661 841		494 674	289 814	205 565	15 894 529	45 090 000
Grants and Subsidies Paid		2 400 000			126 435				2 526 435
General Expenses - Other	4 208 268	98 555 459	457 628	4 980 876	37 281 315	8 658 894	7 630 367	250 476 334	412 247 142
Losses on Inventory		144 855						85 381 138	85 525 994
Foreign Exchange Loss		2 674 066							2 674 066
<b>Total Expenditure</b>	59 614 807	411 828 942	27 607 291	71 184 109	314 918 174	134 722 166	60 672 480	1 731 623 907	2 812 171 878
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	(59 614 807)	152 284 736	(27 607 291)	(65 792 648)	(180 098 674)	567 164 405	(34 574 705)	(65 055 902)	286 705 114

**APPENDIX A (UNAUDITED)**  
**SOL PLAATJE LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025**

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable Date</b>	<b>Opening Balance</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Closing Balance</b>	<b>Carrying Value of Property, Plant &amp; Equip</b>	<b>Other Costs in accordance with the MFMA</b>
			R	R	R	R	R	R
<b>LONG TERM LIABILITIES</b>								
<b>ANNUITY LOANS</b>								
DBSA Loan @ 12.61%	102855/1	31-12-2028	8 403 969		1 489 705	6 914 265	174 513 556	
DBSA Loan @ 12.445%	103958/2	30-06-2031	137 716 189		13 307 208	124 408 982		
<b>Sub total DBSA</b>			<b>146 120 159</b>	-	<b>14 796 912</b>	<b>131 323 246</b>		
<b>Total Annuity loans</b>			<b>146 120 159</b>	-	<b>14 796 912</b>	<b>131 323 246</b>	<b>174 513 556</b>	-
<b>TOTAL EXTERNAL LOANS</b>			<b>146 120 159</b>	-	<b>14 796 912</b>	<b>131 323 246</b>	<b>174 513 556</b>	-

**APPENDIX D (UNAUDITED)**  
**SOL PLAATJE LOCAL MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

**Grants and Subsidies received for the year ended 30 June 2025**

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did the municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non compliance
		Total	Total	Total	Total		Yes / No	
Library Services	Provincial	9 264 000	9 264 000	-	9 264 000	None	Yes	None
EPWP	Provincial	2 927 000	2 927 000	-	2 927 000	None	Yes	None
Equitable Share	National	282 104 000	N/A	-	282 104 000	None	Yes	None
WSIG	National	-	-	-	-	Debtor outstanding R6 319 986.	N/A	None
Financial Management Grant	National	1 800 000	1 800 000	-	1 800 000	None	Yes	None
IUDG	National	75 856 000	75 321 480	-	75 856 000	None	Yes	None
INEP	National	4 500 000	4 500 000	-	4 500 000	None	Yes	None
EEDSM	National	5 000 000	5 000 000	-	5 000 000	None	Yes	None
ISDG (Skills)	National	4 500 000	4 500 000	-	4 500 000	None	Yes	None
Frances Baard Municipality	Municipality	9 126 990	9 126 990	-	N/A	None	N/A	None
Department of COGHSTA	Provincial	120 000	0	-	N/A	None	Yes	None
RBIG	National	492 000 000	492 000 000	-	492 000 000	None	Yes	None
European Union	EU	0	0	-	0	None	Yes	None
<b>Total</b>		<b>887 197 990</b>	<b>604 439 470</b>	<b>0</b>	<b>877 951 000</b>			

National and Provincial grants are spent in accordance with business plans approved by the various Government Departments.  
The EPWP grant is a job creating grant to alleviate poverty and unemployment approved by National Government.

**APPENDIX E**  
**SOL PLAATJE LOCAL MUNICIPALITY**  
**APPROPRIATION STATEMENT (A1 - A7) AS AT 30 JUNE 2025**

Please select name NC091 Sol Plaatje  
Please select year 2022/23