



Greater Tzaneen Municipality
Audited Annual Financial Statements
for the year ended 30 June 2025

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	<p>Greater Tzaneen Municipality is a local Municipality performing the functions as set out in the constitution (Act no 105 of 1996).</p> <p>Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.</p> <p>The main business operations of the Municipality is to engage in local government activities which includes planning and promotion of integrated development planning, economic and environmental development and provision of the following services to the community.</p> <p>General services: All types of services rendered by a Municipality excluding the provision of housing to the community.</p> <p>Electricity service: electricity is bought in bulk from ESKOM and distributed to communities.</p> <p>Waste management services: The collection and disposal of waste.</p> <p>Water and sewer services: Greater Tzaneen Municipality acts as service provider for Mopani District Municipality with regards to water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.</p>
Jurisdiction within which the Municipality operates	The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardtsdal in the South
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007)

Greater Tzaneen Municipality

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General Information

Executive committee

Mayor

Members of the Executive Committee

Councillor G.P. Molapisane
Councillor G.P. Molapisane (Exco)
Councillor T.T. Maunatlala (Finance)
Councillor R. Mabuza (Sports, Recreation, Arts and Culture)
Councillor M.C Ramothwala (Infrastructure)
Councillor M.M Mmola (Health, Environment and Social Development)
Councillor M.S. Raganya (Economic Development, Housing and Spatial Development Plan)
Councillor M.M. Makwala (Public Transport and Safety and Security)
Councillor M.R. Shingange (Corporate Governance and Shared Services)
Councillor R.E. Pohl (Exco)
Councillor S.S Malatjie (Exco)(Until 29 May 2025)
Councillor N.A Mondlana (Exco) (From 29 May 2025)
Councillor M.S. Tiba
Councillor G.M. Malatji

Speaker

Chief Whip

Other Councillors

Councillor N.G. Maunatlala (MPAC Chairperson)
Councillor M.E. Manyama
Councillor H.R. Malatji
Councillor S.V. Mahlawule
Councillor M.R. Ngomani
Councillor P.G. Mamejja
Councillor E.N. Monyela
Councillor M.F. Maenetja - Makamu
Councillor M.S Baloyi
Councillor N.L. Mohale
Councillor I. Risiva
Councillor S.E. Ngobeni
Councillor C. Dreyer
Councillor C. Stoltz
Councillor N.L. Masinge
Councillor N.G. Mukansi
Councillor S.M. Matiane
Councillor W.T. Phiri
Councillor C. Mathevula
Councillor T.S. Lepulane
Councillor K. Ndlovu
Councillor P.M. Mayimele
Councillor M.B. Mashele
Councillor T.M. Shihangule
Councillor G.P. Makhubele
Councillor G. Nkhwashu
Councillor W.M. Maake
Councillor M.E. Mawasha
Councillor F.C. Mabitsele
Councillor T. Nkuna
Councillor S.J. Mokoena
Councillor M.E. Ralepelle

Greater Tzaneen Municipality

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General Information

	Councillor N.E. Ratopola
Proportional Representative (PR) Councillors	Councillor M.G. Mangena (Until 29 May 2025) Councillor D Mukansi (From 26 June 2025) Councillor D.G. Mkhabele Councillor M.C. Morwatshehla Councillor G.E. Ntimbane Councillor S.B. Ramoshaba Councillor T. Ngobeni Councillor J. Mashele Councillor M.M. Kgamedi Councillor P.C. Mabunda Councillor M.L. Ramalepe Councillor S.N. Mohonone Councillor C. Bredenkamp Councillor J.M. Ratopola Councillor S.S Malatji Councillor E.S. Mathole (Until 26 March 2025) Councillor N.A Mondlane (From 24 April 2025) Councillor N.R. Lefuphana Councillor M.O. Shingange Councillor N.S. Thobejane Councillor C.M. Shokane Councillor A. Moss (Until 25 November 2024) Councillor PT. Welthagen (From 25 November 2024) Councillor S.M. Makgoba Councillor R.R. Shaai Councillor M.D. Sejaphala Councillor C.N. Ramathoka
Grading of local authority	Grade 4: High Capacity - in terms of the Public Office Bearers Act 20 of 1998
Chief Finance Officer (CFO)	Choene Maeta
Accounting Officer	Donald Mhangwana
Registered office	38 Agatha Street Civic Center Tzaneen 0850
Business address	38 Agatha Street Civic Center Tzaneen 0850
Postal address	PO Box 24 Tzaneen 0850
Bankers	ABSA
Website address	www.tzaneen.gov.za

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

General Information

Audit Committee

M.P. Ramutsheli (Chairperson)

L.P.V. Malumbete-Baloyi

J.N. Mpjane

K. Mosupa

Level of Rounding

Auditor

Rounding to the nearest Rand

Auditor General of South Africa (AGSA)

Polokwane Office

Telephone number: 015 283 9338

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

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ABBREVIATIONS

AGSA	Auditor General of South Africa
ASB	Accounting Standards Board
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
GTEDA	Greater Tzaneen Economic Development Agency
GTM	Greater Tzaneen Municipality
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IFRS	International Financial Reporting Standards
INEP	Integrated National Electrification Programme Grant
IPSAS	International Public Sector Accounting Standards
MDRG	Municipal Disaster Recovery Grant
MDRG	Municipal Disaster Response Grant
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MPAC	Municipal Public Accounts Committee
MSCOA	Municipal Standard Chart of Accounts
NERSA	National Energy Regulator of South Africa
PAYE	Pay As You Earn
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SETA	Sector Education and Training Authority
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WSA	Water Service Authority
WSP	Water Service Provider

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

I have reviewed the municipality cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.


The audited financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Municipality's external auditors are responsible for expressing an opinion on the financial statements.

I would like to bring to your attention the following material matters to your attention:

I hereby certify that the Salaries, Allowances and Benefits of councillors as disclosed in note 29 to the set audited annual financial statements are within the upper limits of the framework envisaged in Section 219 of the constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the minister of provincial and Local Governments determination in accordance with the Act.

The Audited Annual Financial Statements set out on page 12 - 147 , which have been prepared on the going concern basis, were approved on 30 November 2025 and were signed by:



Accounting Officer

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2025.

1. Introduction

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipal Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardtsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2024/2025 Budget on 16 May 2024. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards essential services. During the year, the municipality remained committed to its core mandate of delivery of quality basic services while maintain sound financial management practice. This has contributed to improved service delivery outcomes, completion of infrastructure projects, improved turnaround time for service delivery and maintenance, and introduction of a call centre as part of on-going efforts to enhance service delivery and strengthen communication with the community.

The short term improvements includes but not limited to:

- The upgrading and maintenance of electricity network to ensure uninterrupted electricity service and enhance reliability.
- A strong administration to ensure a stable working environment through which future development can be established.
- The implementation of revenue protection programs and combatting of electricity losses.
- Alignment of revenue enhancement strategy with the LED strategy and broader goals of economic growth to ensure that initiatives are responsive to opportunities and to economic drivers of Greater Tzaneen Municipality.
- Prioritise use of Geographic Information System(GIS) for integrated planning, accurate property data management and infrastructure mapping to enhance service delivery.

2. Implementation of the Municipal Standard Chart of Accounts (MSCOA)

Towards this end version 6.8 of the mSCOA Chart which is effective from 2024/2025 has been released and implemented by the Municipality.

Greater Tzaneen Municipality has:

- Acquired, upgraded and maintained the hardware, software and licenses required to be mSCOA compliant.
- The Municipality, budget, transact and report directly on all six (6) legislated mSCOA segments.
- Generate Regulated schedules directly from the core Municipal financial system, and
- Compiled the 2024/2025 Annual Financial Statements on version 6.8 of the mSCOA chart to comply with legislative requirements.

3. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2025 in accordance with applicable legislation which includes the standards of GRAP.

4. Review of operating results

The budget of Greater Tzaneen Municipality for the 2024/2025 financial year has been approved by Council on 16 May 2024 for implementation on 1 July 2024, and the adjusted budgets for the financial year was approved as follows:
- Adjustment Budget 26 February 2025

Sustainability of the Municipality's finances remains a key priority during the 2024/2025 financial year to ensure that service delivery continues in a sustainable manner and that the strategic objectives of the Municipality were met.

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the Annual Financial Statements.

Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 845 695 417 to R 2 045 141 005 while the operating expenditure increased from R 1 545 640 585 to R 1 764 946 486.

The operating revenue is mostly generated from assessment rates, electricity sales and government grants and subsidiaries. Revenue from these items represent the following percentage of the total revenue:

- Property rates 9,34%
- Service charges 44,92%
- Government grants and subsidies 34,39%

The Municipality's actual operating expenditure amounts to R 1 764 946 486 resulting in a surplus of R 274 775 740.

Employee related costs as a percentage of the total expenditure, amounts to 24,60% whilst contribution to bad debt impairment provision is 4,42%. Depreciation and amortisation for the year represents 6,86% of the total expenditure. Expenditure on bulk electricity purchases ended on 39,68% of the total expenditure.

The actual expenditure amounts to R 1 764 946 486 compared to the budgeted amount of R 1 795 373 479.

The expenditure amount includes R 434 239 207 for employee related costs, and R 700 306 703 for the purchase of bulk electricity.

The Municipality reported a net operating surplus of R 274 775 740 for the financial year under review, (2024 R 298 881 937).

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:

- Bulk purchases;
- Employee related costs;
- General Expenditure
- Depreciation and amortisation
- Debt Impairment
- Contracted Services

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors and rates as at 30 June 2025 amounts to R 1 157 157 276 (2024: R 1 049 427 534) of which R 502 602 877 (2024: R 484 863 699) were provided for impairment. Debtors to the amount of R 49 298 390 (2024: R19 769 653) which was previously impaired was written off during the year as irrecoverable. An additional amount of R7 932 068 for interest on property rates was written off which was not previously impaired.. The total provision for consumer debtors and rates impairment amounts to R 502 602 877 (2024: R 484 863 699).

Unspent conditional grants and receipts increased from R 6 166 838 in the previous financial year to R 7 062 317 in the current financial year with a 100% spending on the Municipal Infrastructure Grant. The unspent grant mainly relates to Municipal Disaster Recovery Grant which was transferred to the municipality in March 2025.

The outstanding loans which have been taken-up to finance capital projects amount to R 96 283 982 (2024: R 113 006 455) and the detail of this amount is contained in Note 14 and Appendix A.

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Accounting Officer's Report

5. Electricity losses

The electricity losses decreased from 17.05 % in the previous financial year to 11.08% in the 2024/2025 financial year. These losses are mainly due to both technical and non-technical losses, which among others are illegal connections and power which is lost due to the resistance of the conductors. The decrease was mainly due to mitigating measures to minimize losses.

6. Accounting officers interest in contracts

Employees of the Municipality, including the Accounting Officer completed a declaration of interest in contracts and other related transactions to comply with legislative requirements.

7. Corporate Governance

The Accounting Officer is committed to ensure business integrity, transparency and professionalism in all his activities and to comply with the Code of Corporate Practices and conduct laid out in the King Report on Corporate Governance.

8. Remuneration

8.1 Employees

Employees are remunerated according to the salary and wage collective agreement dated 06 September 2024 for the period 01 July 2024 to 30 June 2029.

8.2 Councillors

The upper limits of the remuneration of the councillors are determined in terms of government notice issued by the Minister of Co-operative Governance and Traditional Affairs as required by the remunerations of public officers' bearers Act No. 20 of 1998. Our Municipality complies with these legislative requirements.

9. Audit and Risk Committee

Audit Committee

The members of the audit committee are independent audit committee members which met on a regular basis during the financial year to review matters necessarily to fulfil its role. These members have been appointed by the Municipal Council in terms of section 166 of the Municipal Finance Management Act.

Risk Committee

The municipality has established the risk committee to monitor the implementation of risk mitigation strategies employed by municipal departments on a quarterly basis.

10. Compliance

10.1 Internal Audit

The Municipality established an internal audit function in terms of section 165 of the Municipal Finance Management Act 2003. The unit reports to the Accounting Officer administratively and functionally to the audit committee.

10.2 Risk management

A risk and compliance management unit has been established in terms of Chapter 8 Section 62, of the Municipal Finance Management Act. The unit reports administratively to the Accounting Officer and functionally to the risk committee.

11. Going concern

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

Continued assessments will be performed to ensure that the demands are met without interruptions in service delivery.

Greater Tzaneen Municipality

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Accounting Officer's Report

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Municipality continue to procure funding for the ongoing operations for the Municipality.

We draw attention to the fact that as at 30 June 2025 the Municipality had an accumulated surplus of R 3 468 375 971, and that the Municipality's total assets exceed its total Liabilities by R 3 468 375 971

The Municipality took a decision to dissolve GTEDA as a municipal entity as part of continuous efforts to streamline its operations and enhance efficiency. GTEDA was merged into the Municipality as at 1 July 2025 and business functions will continue through the Municipality. The Municipality remain committed to ensure smooth and orderly transition and has assessed the impact of the dissolution processes as part of ability to operate as going concern.

12. Subsequent events

There are no subsequent events that occurred subsequent to 30 June 2025.

13. Accounting Officer

Accounting Officer	Nationality
D Mhangwana	South African

14. Auditors

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

15. Accounting Policies

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	43 787 122	20 115 036
Other financial assets	5	29 369 247	-
Operating lease asset	7	1 476 901	1 172 268
Receivables from exchange transactions	8	858 972 377	718 519 315
Receivables from non-exchange transactions	6	268 063 109	262 534 256
Cash and cash equivalents	9	271 695 976	231 359 050
Total Current Assets		1 473 364 732	1 233 699 925
Non-Current Assets			
Investment property	10	757 336 901	762 042 900
Property, plant and equipment	11	1 786 820 764	1 697 555 492
Intangible assets	12	1 353 454	1 489 452
Heritage assets	13	200 958	200 958
Other financial assets	5	22 794 721	48 092 035
Total Non-Current Assets		2 568 506 798	2 509 380 837
Total Assets		4 041 871 530	3 743 080 762
Liabilities			
Current Liabilities			
Other financial liabilities	14	48 976 131	17 311 745
Finance lease obligation	15	973 418	1 011 996
Payables from exchange transactions	16	271 029 927	256 894 999
Consumer deposits	18	24 782 031	25 316 368
Employee benefit obligation	21	9 599 000	8 194 000
Unspent conditional grants and receipts	19	7 062 317	6 166 838
Provisions	20	37 633 525	30 020 454
Total Current Liabilities		400 056 349	344 916 400
Non-Current Liabilities			
Other financial liabilities	14	47 307 851	95 694 710
Finance lease obligation	15	2 037 585	4 266
Employee benefit obligation	21	115 078 000	100 669 000
Provisions	20	9 015 774	8 196 159
Total Non-Current Liabilities		173 439 210	204 564 135
Total Liabilities		573 495 559	549 480 535
Net Assets		3 468 375 971	3 193 600 227
Accumulated surplus		3 468 375 971	3 193 600 227
Total Net Assets		3 468 375 971	3 193 600 227

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	918 765 336	823 527 704
Rental of facilities and equipment	63	1 861 007	1 858 501
Agency services	53	12 830 714	12 468 742
Licences and permits	54	525 306	503 485
Other income	23	68 551 742	78 455 321
Interest revenue	55	90 416 800	73 933 205
Total revenue from exchange transactions		1 092 950 905	990 746 958
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	191 037 588	146 334 418
Transfer revenue			
Government grants & subsidies	25	703 283 750	663 632 864
Public contributions and donations	26	20 122 049	11 660 085
Fines, Penalties and Forfeits	56	37 746 713	33 321 092
Total revenue from non-exchange transactions		952 190 100	854 948 459
Total revenue	27	2 045 141 005	1 845 695 417
Expenditure			
Employee related costs	28	(434 239 207)	(386 155 941)
Remuneration of councillors	29	(29 610 009)	(29 742 486)
Depreciation and amortisation	58	(121 117 983)	(117 607 001)
Impairments of assets	30	(5 839 247)	(6 165 737)
Finance costs	31	(12 149 414)	(12 929 086)
Debt Impairment	59	(78 068 492)	(76 443 626)
Bulk purchases	33	(700 306 703)	(570 292 315)
Contracted services	34	(187 164 036)	(154 367 236)
Transfers and Subsidies	35	(50 312 388)	(48 358 652)
Inventory Consumed	32	(28 123 471)	(32 542 535)
General Expenses	36	(118 015 536)	(111 035 970)
Total expenditure		(1 764 946 486)	(1 545 640 585)
(Loss)/Gain on disposal/Write off of assets	57	(4 558 780)	(1 172 895)
Fair value adjustments	52	(859 999)	-
Surplus for the year		274 775 740	298 881 937

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 843 320 485	2 843 320 485
Prior year adjustments	51 397 809	51 397 809
Balance at 01 July 2023 as restated*	2 894 718 290	2 894 718 290
Changes in net assets		
Surplus for the year Previously reported	237 195 355	237 195 355
Prior Period	61 686 582	61 686 582
Balance at 30 June 2024	3 193 600 227	3 193 600 227
Balance at 01 July 2024 as restated*	3 193 600 231	3 193 600 231
Changes in net assets		
Surplus for the year	274 775 740	274 775 740
Total changes	274 775 740	274 775 740
Balance at 30 June 2025	3 468 375 971	3 468 375 971

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Rates and Taxes		116 608 056	83 667 427
Sale of goods and services		911 230 225	753 401 182
Transfer Revenue		740 266 534	697 239 265
Interest income		33 761 214	31 906 502
		<u>1 801 866 029</u>	<u>1 566 214 376</u>
Payments			
Employee costs		(448 035 216)	(404 246 427)
Suppliers		(1 082 103 535)	(902 126 566)
Finance costs		(11 974 156)	(12 729 461)
		<u>(1 542 112 907)</u>	<u>(1 319 102 454)</u>
Net cash flows from operating activities	37	<u>259 753 122</u>	<u>247 111 922</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(197 319 517)	(169 817 772)
Proceeds from sale of investment property	10	-	17 321
Purchase of other intangible assets	12	(38 150)	(1 514 560)
Movement of financial assets		(4 071 933)	(4 590 593)
		<u>(201 429 600)</u>	<u>(175 905 604)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(16 722 473)	(15 053 225)
Finance lease payments		(1 264 123)	(2 105 503)
		<u>(17 986 596)</u>	<u>(17 158 728)</u>
Net increase/(decrease) in cash and cash equivalents		40 336 926	54 047 590
Cash and cash equivalents at the beginning of the year		231 359 050	177 311 460
Cash and cash equivalents at the end of the year	9	<u>271 695 976</u>	<u>231 359 050</u>

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	964 762 996	44 000 000	1 008 762 996	918 765 336	(89 997 660)	Note 51
Rental of facilities and equipment	1 737 990	-	1 737 990	1 861 007	123 017	Note 51
Interest received- Trading	35 734 777	16 000 000	51 734 777	56 655 586	4 920 809	Note 51
Income from agency services	16 664 291	-	16 664 291	12 830 714	(3 833 577)	Note 51
Licences and permits	1 229 000	(700 000)	529 000	525 306	(3 694)	
Other income	10 937 746	-	10 937 746	68 551 742	57 613 996	Note 51
Interest received - Investment	22 764 459	7 000 000	29 764 459	33 761 214	3 996 755	Note 51
Total revenue from exchange transactions	1 053 831 259	66 300 000	1 120 131 259	1 092 950 905	(27 180 354)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	190 271 814	-	190 271 814	191 037 588	765 774	
Transfer revenue						
Government grants & subsidies	709 956 000	6 316 840	716 272 840	703 283 750	(12 989 090)	
Public contributions and donations	-	-	-	20 122 049	20 122 049	Note 51
Fines, penalties and forfeits	27 206 392	8 000 000	35 206 392	37 746 713	2 540 321	Note 51
Total revenue from non-exchange transactions	927 434 206	14 316 840	941 751 046	952 190 100	10 439 054	
Total revenue	1 981 265 465	80 616 840	2 061 882 305	2 045 141 005	(16 741 300)	
Expenditure						
Employee related costs	(447 513 509)	-	(447 513 509)	(434 239 207)	13 274 302	Note 51
Remuneration of councillors	(30 557 659)	-	(30 557 659)	(29 610 009)	947 650	
Depreciation and amortisation	(118 167 597)	-	(118 167 597)	(121 117 983)	(2 950 386)	Note 51
Impairment of assets	-	-	-	(5 839 247)	(5 839 247)	Note 51
Finance costs	(16 084 886)	5 000 000	(11 084 886)	(12 149 414)	(1 064 528)	Note 51
Debt Impairment	(106 277 000)	34 277 000	(72 000 000)	(78 068 492)	(6 068 492)	Note 51
Bulk purchases	(560 012 325)	(140 271 467)	(700 283 792)	(700 306 703)	(22 911)	Note 51
Contracted Services	(99 732 861)	(30 330 462)	(130 063 323)	(187 164 036)	(57 100 713)	Note 51
Transfers and Subsidies	(49 029 048)	(2 082 796)	(51 111 844)	(50 312 388)	799 456	Note 51
Inventory consumed	(87 745 382)	(11 560 511)	(99 305 893)	(28 123 471)	71 182 422	Note 51
General Expenses	(202 525 675)	67 240 699	(135 284 976)	(118 015 536)	17 269 440	Note 51
Total expenditure	(1 717 645 942)	(77 727 537)	(1 795 373 479)	(1 764 946 486)	30 426 993	
Operating surplus	263 619 523	2 889 303	266 508 826	280 194 519	13 685 693	
(Loss)/Gain on disposal/Write off of assets	-	-	-	(4 558 780)	(4 558 780)	Note 51
Fair value adjustments	-	-	-	(859 999)	(859 999)	Note 51
	-	-	-	(5 418 779)	(5 418 779)	
Surplus before taxation	263 619 523	2 889 303	266 508 826	274 775 740	8 266 914	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	263 619 523	2 889 303	266 508 826	274 775 740	8 266 914	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	28 659 155	-	28 659 155	43 787 122	15 127 967	Note 51
Other financial assets	-	-	-	29 369 247	29 369 247	Note 51
Operating lease asset	1 037 511	-	1 037 511	1 476 901	439 390	Note 51
Receivables from exchange transactions	626 929 260	54 485 252	681 414 512	858 972 377	177 557 865	Note 51
Receivables from non-exchange transactions	131 294 231	(10 556 560)	120 737 671	268 063 109	147 325 438	Note 51
Cash and cash equivalents	333 789 676	(59 899 368)	273 890 308	271 695 976	(2 194 332)	
Total Current Assets	1 121 709 833	(15 970 676)	1 105 739 157	1 473 364 732	367 625 575	
Non-Current Assets						
Investment property	763 790 900	-	763 790 900	757 336 901	(6 453 999)	
Property, plant and equipment	1 752 848 094	49 312 963	1 802 161 057	1 786 820 764	(15 340 293)	Note 51
Intangible assets	1 073 333	-	1 073 333	1 353 454	280 121	Note 51
Heritage assets	200 958	-	200 958	200 958	-	
Other financial assets	43 501 442	-	43 501 442	22 794 721	(20 706 721)	Note 51
Total Non-Current Assets	2 561 414 727	49 312 963	2 610 727 690	2 568 506 798	(42 220 892)	
Total Assets	3 683 124 560	33 342 287	3 716 466 847	4 041 871 530	325 404 683	
Liabilities						
Current Liabilities						
Other financial liabilities	17 750 419	-	17 750 419	48 976 131	31 225 712	Note 51
Finance lease obligation	1 011 996	-	1 011 996	973 418	(38 578)	
Payables from exchange transactions	301 955 341	11 368 847	313 324 188	271 029 928	(42 294 260)	Note 51
Consumer deposits	31 223 443	(5 333 836)	25 889 607	24 782 031	(1 107 576)	
Employee benefit obligation	4 321 840	1 924 933	6 246 773	9 599 000	3 352 227	Note 51
Unspent conditional grants and receipts	-	-	-	7 062 317	7 062 317	Note 51
Provisions	8 011 781	-	8 011 781	37 633 525	29 621 744	Note 51
Total Current Liabilities	364 274 820	7 959 944	372 234 764	400 056 350	27 821 586	
Non-Current Liabilities						
Other financial liabilities	106 195 965	21 300 000	127 495 965	47 307 851	(80 188 114)	Note 51
Finance lease obligation	-	-	-	2 037 585	2 037 585	
Employee benefit obligation	89 888 018	75 852 000	165 740 018	115 078 000	(50 662 018)	Note 51
Provisions	7 112 035	-	7 112 035	9 015 774	1 903 739	Note 51
Total Non-Current Liabilities	203 196 018	97 152 000	300 348 018	173 439 210	(126 908 808)	
Total Liabilities	567 470 838	105 111 944	672 582 782	573 495 560	(99 087 222)	
Net Assets	3 115 653 722	(71 769 657)	3 043 884 065	3 468 375 970	424 491 905	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3 115 653 722	(71 769 657)	3 043 884 065	3 468 375 970	424 491 905	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rates and Taxes	196 594 027	(18 149 392)	178 444 635	116 608 056	(61 836 579)	Note 51
Sale of goods and services	1 283 953 933	99 273 130	1 383 227 063	911 230 225	(471 996 838)	Note 51
Transfer Revenue	709 956 003	6 316 846	716 272 849	740 266 534	23 993 685	
Interest income	59 713 575	65 032 300	124 745 875	33 761 214	(90 984 661)	Note 51
	2 250 217 538	152 472 884	2 402 690 422	1 801 866 029	(600 824 393)	
Payments						
Employee costs	(447 513 509)	-	(447 513 509)	(448 035 216)	(521 707)	
Suppliers	(1 404 592 568)	(31 222 982)	(1 435 815 550)	(1 082 103 535)	353 712 015	Note 51
Finance costs	(16 084 886)	-	(16 084 886)	(11 974 156)	4 110 730	Note 51
	(1 868 190 963)	(31 222 982)	(1 899 413 945)	(1 542 112 907)	357 301 038	
Net cash flows from operating activities	382 026 575	121 249 902	503 276 477	259 753 122	(243 523 355)	
Cash flows from investing activities						
Additions property, plant and equipment and intangible assets	(216 955 694)	(159 849 270)	(376 804 964)	(197 319 517)	179 485 447	Note 51
Purchase of other intangible assets	-	-	-	(38 150)	(38 150)	Note 51
Movement in financial assets	(3 487 110)	-	(3 487 110)	(4 071 933)	(584 823)	Note 51
Net cash flows from investing activities	(220 442 804)	(159 849 270)	(380 292 074)	(201 429 600)	178 862 474	
Cash flows from financing activities						
Repayment of other financial liabilities	(5 105 554)	(21 300 000)	(26 405 554)	(16 722 473)	9 683 081	Note 51
Finance lease payments	-	-	-	(1 264 123)	(1 264 123)	Note 51
Net cash flows from financing activities	(5 105 554)	(21 300 000)	(26 405 554)	(17 986 596)	8 418 958	
Net increase/(decrease) in cash and cash equivalents	156 478 217	(59 899 368)	96 578 849	40 336 926	(56 241 923)	
Cash and cash equivalents at the beginning of the year	177 311 459	-	177 311 459	231 359 050	54 047 591	
Cash and cash equivalents at the end of the year	333 789 676	(59 899 368)	273 890 308	271 695 976	(2 194 332)	

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

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

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

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Presentation currency

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

1.2 Rounding

All figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down/up is included in the operation surplus/deficit note.

Fair value estimation

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

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

Impairment testing

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

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

Provisions

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

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

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions.

Effective interest rate

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

Allowance for doubtful debts

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

1.5 Investment property

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

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

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

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

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

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

Fair value

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

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

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

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

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

Derecognition

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

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

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

1.6 Property, plant and equipment

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to 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, whilst land is carried at a revalued amount based on municipal valuations, less subsequent accumulated impairment

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Item	Depreciation method	Average useful life in years
Land	Straight line	Indefinite
Infrastructure	Straight line	
• Roads and road furniture		10 - 30
• Bridges, Culverts and Gabions		30
• Car Parks		20
• Airports		10 - 20
• Traffic Lights		20
• Electricity :		
- Transformers, Meters & Reticulation Networks		10 - 65
- Substations & switchgears		15 - 40
- Other Electricity Components		10 - 40
• Water		10 - 20
• Refuse Sites		15 - 30
• Buildings		30
• Security Fencing and Lighting		10 - 30
Community Assets	Straight line	
• Parks Improvements		30
• Community Buildings		30
• Recreational facilities		20
Other Assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3 - 10
• Furniture and fittings		3 - 10
• Bins and containers		5 - 10
• Plant and equipment		5 - 15
• Emergency and Health Equipment		5 - 10
• Security Access and Control		5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Land is not depreciated as it is regarded as having an unlimited life.

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 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 depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements: Accounting Policies

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit as part of Contracted Services and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.7 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The Municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

Item	Average useful life
Computer software, other	3-5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Derecognition

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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1.8 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

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

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

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

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

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or

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- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

Classification

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

Class	Category
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost
Financial Assets	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

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

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

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Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

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

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

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

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

The Municipality's expenditure pattern must be structured in line with the available cash resources.

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

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Derecognition

Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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Presentation

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

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

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

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Leases

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

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

Finance leases - 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.

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessor

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

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

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.

Operating leases - lessee

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

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1.11 Inventories

Consumable and stands inventories consist of consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. The cost of inventories is determined using the first-in-first-out (FIFO) method. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

Redundant and slow moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write down of inventory arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

Stands available for sale during the next 12 months are recognised as inventory. Subsequently inventories are measured at the lower of cost and net realisable value.

1.12 Impairment of cash-generating assets

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

Identification

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

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

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the Municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

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Estimates of future cash flows exclude:

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

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

1.13 Impairment of non-cash-generating assets

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

Identification

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

Redesignation

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

1.14 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a Municipality pays fixed contributions into a separate Municipality (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 the employee services in the current and prior periods.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably

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committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 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.

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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Notes to the Financial Statements: Accounting Policies

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

Service Charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates 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 levied monthly.

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

Pre-paid Electricity - exchange revenue

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

Sale of goods

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

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

Rendering of services

Service charges relating to electricity is based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

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

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Notes to the Financial Statements: Accounting Policies

Service charges relating to solid waste is levied monthly in terms of the approved tariffs.

Interest

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

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

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

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

VAT Input Accrual

VAT Input Accrual represents amounts recoverable from SARS for input VAT on qualifying goods and services received by the Municipality which have not yet been claimed at reporting date. In accordance with GRAP 1 and 104, VAT Input Accruals are recognised as part of Receivables from Exchange Transactions, as they arise from transactions where the Municipality is entitled to recover VAT in terms of the Value-Added Tax Act.

Recognition

VAT Input Accruals are recognised when all the following conditions are met:

- The Municipality has incurred a qualifying expenditure on which input VAT is recoverable;
- The amount of VAT recoverable can be measured reliably; and
- It is probable that the economic benefits relating to the recovery of VAT will flow to the Municipality.

Initial Measurement

VAT Input Accruals are initially measured at the amount of VAT recoverable from SARS, determined in accordance with the Value-Added Tax Act.

Subsequent Measurement

After initial recognition, VAT Input Accruals are measured at amortised cost, using the effective interest method where applicable. The carrying amount is reduced for impairment losses in line with the Municipality's policy on the impairment of receivables. Any impairment loss is recognised in the Statement of Financial Performance.

Presentation and Disclosure

VAT Input Accruals are presented as part of Receivables from Exchange Transactions. Where material, they are disclosed separately.

1.18 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality receives value from another entity without directly giving approximately equal value in exchange. Non-exchange receivables arising from legislation, supporting regulations or similar binding arrangements are recognised as statutory receivables in accordance with GRAP 108.

The Municipality recognises a receivable when it controls the resources, expects future economic benefits or service potential, and the fair value can be reliably measured.

Recognition of Revenue

An inflow of resources from a non-exchange transaction is recognised as revenue when:

- The related receivable qualifies for recognition as an asset; and
- No liability exists to repay the amount.

If a liability is recognised, revenue is recognised when the liability is settled, reduced, or the related obligation is fulfilled.

Categories of Non-Exchange Transactions

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Notes to the Financial Statements: Accounting Policies

Taxes and Levies (Including Property Rates)

- An asset is recognised when the taxable event occurs in terms of relevant legislation.
- The Municipality assesses taxation laws to determine the timing of the taxable event.
- Taxation revenue is measured on a gross basis.

Statutory VAT Receivables

Statutory VAT receivables arise from VAT transactions governed by the Value-Added Tax Act, 1991. A statutory VAT receivable is recognised when the net VAT position for a taxation period (input VAT recoverable less output VAT payable) results in a refund due from SARS, and the recoverable amount is probable and reliably measurable. Where the net position results in an amount payable to SARS, a statutory VAT payable is recognised as a liability.

Recognition

The receivable is recognised when:

- The Municipality has control over the statutory right to recover VAT;
- Future economic benefits or service potential are expected to flow to the Municipality; and
- The amount can be reliably determined based on VAT returns submitted or evidence available at reporting date. Statutory VAT that does not meet the criteria for recognition as an asset is recognised as an expense.

Initial Measurement

Statutory VAT receivables are initially measured at the amount specified or calculated in accordance with the VAT Act and SARS regulations, representing the recoverable statutory entitlement at the transaction date or reporting date.

Subsequent Measurement

Subsequently, statutory VAT receivables are measured at the recoverable amount, being the amount expected to be collected from SARS. Adjustments are recognised for:

- refunds received;
- revised VAT return assessments issued by SARS; and
- impairment losses, where required.

Impairment

At each reporting date, statutory VAT receivables are assessed for impairment based on:

- historical recovery patterns;
- SARS audit risks and dispute outcomes;
- evidence of delays or challenges in enforcement;
- age and status of returns where evidence indicates reduced recoverability, an impairment loss is recognised in surplus or deficit. Impairment losses are reversed when conditions improve and recovery becomes probable.

Derecognition

Statutory VAT receivables are derecognised when:

- the asset is settled through a refund from SARS;
- SARS legally extinguishes the right of recovery; or
- the Municipality has no reasonable expectation of recovery.

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Notes to the Financial Statements: Accounting Policies

Transfers (Grants and Donations)

Transferred assets are measured at fair value on the date of acquisition, and revenue is recognised unless conditions exist that give rise to a liability.

Fines and Penalties (Including Traffic Fines)

- Recognised as revenue when the receivable meets the definition and recognition criteria of an asset.
- Measured initially at the best estimate of the economic inflow, considering expected recoveries based on administrative and court processes.
- Where the Municipality acts as an agent, no revenue is recognised.

Interest and Penalties

Where permitted in legislation:

- Interest or penalty charges on statutory receivables are recognised when the event triggering the charge occurs, and
- The amount can be measured reliably.

Measurement

Initial measurement:

- Statutory receivables are measured at the amount specified, levied, or calculated under legislation.

Subsequent measurement:

- Adjusted for interest, penalties, impairment losses, and derecognitions.

Where material, future cash flows are discounted using a rate that reflects the time value of money and legislative context.

Impairment of Non-Exchange and Statutory Receivables

The Municipality assesses statutory receivables at each reporting date for impairment.

Impairment is recognised when:

- There is objective evidence of non-recoverability, considering enforcement processes, past collection history, aging, and court progression status.

Impairment loss is measured as the difference between:

- The carrying amount, and
- The present value of expected future cash flows.

When circumstances improve, previously recognised impairment losses are reversed.

Derecognition

Statutory receivables are derecognised when:

- Recoverability is no longer probable,
- Legal rights expire, or

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Notes to the Financial Statements: Accounting Policies

- The receivable is settled.

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of the municipality directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.20 Current Comparative figures

When the presentation of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless if such restatements are not required by a Standard of GRAP. Where material accounting errors have been identified in the current year which relate to prior periods, a retrospective correction is made as far as is practicable and the prior year comparatives are restated accordingly.

1.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

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

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

1.24 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The Municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.25 Comparitve 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, Statement of Comparison of Budget and Actual amounts.

The budgeted figures are those approved by Council after a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an annual basis by functional classification linked to performance outcome objectives.

The budget covers the fiscal period from 01 July 2024 to 30 June 2025.

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Notes to the Financial Statements: Accounting Policies

The budget of Greater Tzaneen Municipality for the 2024/2025 financial year has been approved by Council on 16 May 2024 for implementation on 1 July 2024, and the adjusted budgets for the financial year was approved as follows:

- Adjustment Budget: 26 February 2025

The budget for the economic entity includes its Municipal entity's approved budgets.

Variance explanations are provided in Note 51 giving motivations for over or under spending on items where it is found to be material.

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

1.26 Related parties

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

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

Related parties also include entities that are directly or indirectly controlled by the reporting entity.

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

1.27 Principal - Agent Arrangement

The municipality is party to principal - agent arrangements for Mopani District Municipality (MDM) and Department of Transport and eNatis services. In terms of the arrangements, the municipality is the agent and is responsible for provision of water and sewerage and on behalf of MDM, the municipality is also responsible for collections of revenue on behalf of the two entities.

1.28 Events after reporting date

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

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

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

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

1.29 Payables from Exchange Transactions

Payables from Exchange Transactions

Payables from exchange transactions are financial liabilities arising when the Municipality receives goods or services in exchange transactions and has an obligation to settle the amounts owing to suppliers or other parties. These liabilities include trade payables, accrued expenses, VAT Output Accrual, and any other obligations arising from exchange transactions.

Recognition

Payables from exchange transactions are recognised when:

- The Municipality becomes obligated to settle an amount for goods or services received;

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Notes to the Financial Statements: Accounting Policies

- A supplier invoice is received or when the goods/services have been delivered, whichever occurs first; and
- The amount of the liability can be measured reliably.

This includes VAT Output Accruals that arise when the Municipality has supplied taxable goods or services on which output VAT is payable to SARS.

VAT Output Accrual

VAT Output Accrual represents VAT payable to SARS on taxable supplies made by the Municipality that have not yet been declared at reporting date. VAT Output Accrual is recognised when:

- A taxable supply has occurred; or
- An invoice has been issued, whichever occurs first.

VAT Output Accrual is presented as part of Payables from Exchange Transactions in accordance with GRAP 104.

Impairment of VAT Output Accrual

A provision for impairment is recognised when it becomes evident that the full amount of the VAT Output Accrual will not be recoverable from consumers due to impairment of the underlying receivable. The impairment provision:

- Is offset against the VAT Output Accrual to ensure that VAT relating to irrecoverable consumer debt is not overstated;
- Is consistent with GRAP 104, which requires that the VAT component of impaired receivables be reduced accordingly;
- Is recognised in surplus or deficit as part of the impairment of receivables.

Initial Measurement

Payables from exchange transactions are initially measured at fair value, which is generally the transaction price for the goods and services received.

VAT Output Accruals are initially measured at the amount of VAT payable to SARS, calculated in terms of the Value-Added Tax Act.

Subsequent Measurement

After initial recognition, payables from exchange transactions are measured at amortised cost, using the effective interest method where applicable.

Liabilities are reduced when settled or when they expire.

Derecognition

A payable is derecognised when:

- The obligation is discharged (settled in cash or another form of settlement);
- The obligation is cancelled; or
- The obligation expires.

Any difference between the carrying amount of the payable and the consideration paid is recognised in surplus or deficit.

Presentation and Disclosure

Payables from exchange transactions are presented as current liabilities unless the Municipality has an unconditional right to defer settlement for at least 12 months after reporting date.

VAT Output Accruals and any related impairment provisions are disclosed separately where material.

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Notes to the Financial Statements: Accounting Policies

1.30 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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Notes to the Audited Annual Financial Statements

2. Changes in accounting policies, estimates and errors

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Changes in accounting policies are applied retrospectively except to the extent that it is impractical to determine the specific effects of the change in policy in such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively. Details of changes in estimates are disclosed in the notes to the financial statements.

Correction of errors are applied retrospectively in the period in which the errors has occurred except to the extent that is impractical to determine the period specific effects. In such cases the municipality shall restate the opening balances for the earliest period for which retrospective restatement is practicable.

The aggregate effect of the changes in accounting policy on the audited annual financial statements for the year ended 30 June 2025 is as follows:

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

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 01 July 2025 or later periods:

GRAP 107 Mergers

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

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Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Definitions

IPSAS 40 separates the definitions in the Standard between “general definitions relating to all public sector combinations”, “definitions relating to amalgamations” and “definitions relating to acquisitions”. The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as “an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity’s objectives, either by providing economic benefits or service potential.” The definition of a function in the GRAP Standards is similar, except that it excludes “and related assets and/or liabilities”.

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to “a function” whereas IPSAS 40 refers to “an operation”), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not “label” the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

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Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Mergers issued in 2010.

The effective date of these revisions have not yet been set.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

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Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an acquisition versus a transfer of functions not under common control

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 106 does not have an application guidance section as all the principles are included in the Standard itself.

Assessing control - GRAP 106 is not explicit that the principles in GRAP 35 should be applied in assessing control.

Identifying acquisition date, assets, and liabilities - GRAP 106 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer and the acquisition date. GRAP 106 also includes guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement. IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity. GRAP 106 require that the terms and conditions in the binding arrangement should be considered to determine the acquisition date, and the assets and liabilities to be transferred. IPSAS 40 is not as specific that a binding arrangement needs to be in place to determine the acquisition date. To identify the assets and liabilities to be transferred or assumed, IPSAS 40 merely refers to "must be what the acquirer and acquiree has exchanged".

Non-controlling interests - Additional guidance is included in GRAP 106 on the measurement of a noncontrolling interest in an acquiree.

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Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Subsequent measurement - For the subsequent measurement of a reacquired right, IPSAS 40 distinguishes between a right with a finite and indefinite period. A similar distinction is not made in GRAP 106.

Calculation of the excess in the acquisition - GRAP 106 requires that the excess in transfer of functions be recognised in surplus and deficit. IPSAS 40 requires that the excess be recognised as goodwill. As a result, IPSAS 40 includes additional guidance on the recognition and measurement of goodwill, which is not included in GRAP 106.

Acquisition achieved in stages - Both Standards include similar guidance on the accounting for an acquisition achieved in stages, except for the treatment of the resulting gain or loss. IPSAS 40 requires that the gain or loss be recognised in surplus or deficit or in net assets/equity, whereas GRAP 106 requires it to be recognised in surplus or deficit only.

Measurement period - Both IPSAS 40 and GRAP 106 allow for a measurement period if the initial accounting for the acquisition is incomplete by the end of the reporting period, in which the acquisition occurs. In IPSAS 40 the measurement period should not exceed one year from the acquisition date. GRAP 106 allows two years. The increase or decrease in the provisional amount is recognised in goodwill in IPSAS 40, while the provisional amount is adjusted against surplus or deficit in GRAP 106.

Pre-existing relationship - Both Standards include similar guidance on determining what is part of the acquisition transaction if there was a pre-existing relationship between the acquirer and the acquiree. However, IPSAS 40 includes an additional principle to explain that a transaction entered into before the acquisition, by or on behalf of the acquirer or primarily for the benefit of the acquirer, is likely to be a separate transaction. IPSAS 40 also includes additional guidance of factors to be considered to determine if a transaction is part of the exchange of the acquired operation.

There are certain guidance included in IPSAS40 but not in GRAP106, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

GRAP 105 Transfer of Functions Between Entities Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

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Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not "label" the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The entity expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

3. New standards and interpretations (continued)

The proposed definition focuses on assets that have “cultural significance” and defines a heritage asset as “an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations”. “Cultural significance” has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The effective date of the standard is for years beginning on or after 01 April 2023.

The entity expects to adopt the standard for the first time in the 2098/2099 audited annual financial statements.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
4. Inventories		
Stands	3 785 000	3 785 000
Consumables	40 002 122	16 330 036
Total Inventories	43 787 122	20 115 036

The carrying value of inventories is disclosed at lower of cost or net realisable value.

No stands were sold during the year.

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Other financial assets

At amortised cost

Fixed deposit- listed	52 163 968	48 092 035
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Non-current assets

At amortised cost	22 794 721	48 092 035
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Current assets

At amortised cost	29 369 247	-
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Council's valuation of listed investments

Standard Bank	29 369 247	26 766 012
ABSA	22 794 721	21 326 023

Total Financial Assets	52 163 968	48 092 035
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Fair value of investments are at book value as at 30 June 2025.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

A fixed deposit with a balance of R 29 369 247 has been made with Standard Bank of South Africa to repay a loan of R 30 000 000 on maturity date. The maturity date of this investment is 16 October 2025. The Investment will mature within 12 months after reporting date. This investment has therefore been reclassified as current assets.

A fixed deposit was made with ABSA to secure a loan of R 90 million taken up with DBSA. The Municipality established a debt service account with a balance of R 22 794 721 to cover the debt service repayment obligation.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from non-exchange transactions		
Fines	1 535 560	898 360
VAT - Statutory Receivables	11 516 226	4 915 811
Consumer debtors - Rates	255 011 323	256 720 085
Total Receivables from non-exchange transactions	268 063 109	262 534 256

6,1) Fines

Reconciliation of traffic fines

Opening Balance	73 797 711	73 250 017
New fines issued	2 939 500	1 818 100
Less: Fines Reversed	(593 650)	(392 100)
Less: Fines Paid	(686 442)	(878 306)
	<u>75 457 119</u>	<u>73 797 711</u>
Less: Provision for Impairment	(73 921 559)	(72 899 351)
Net outstanding fines receivable	1 535 560	898 360

Reconciliation of provision for Impairment of traffic fines

Opening Balance	72 899 351	71 431 417
Additionally Provided	1 022 208	1 467 934
Total provision for impairment of traffic fines	73 921 559	72 899 351

Pledged as security

No receivables from non-exchanged transactions has been pledged as security for any financial liability.

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non- exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non- payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all traffic fines issued during the current year amounted to R 2 345 850 (2024: R1 426 000).The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables from non-exchange transactions.

6.2) Reconciliation of consumer debtors - rates

Gross Balances - rates	445 205 815	399 837 560
Less: Allowance for impairment	(190 194 492)	(143 117 474)
Net balance	255 011 323	256 720 086

Interest is calculated at prime rate on 01 July plus 1%, levied on outstanding rates. The prime rate of ABSA applies.

Consumer debtors - rates pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

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Credit quality of consumer debtors - rates

The credit quality of consumer debtors - rates that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors - rates are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors - rates are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Consumer debtors- rates impairment

As of 30 June 2025, Consumer debtors rates of R 190 194 492 (2024: R 143 117 474) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R 21 131 210 (2024: R9 145 385) which was previously impaired was written off during the year as irrecoverable. An additional amount of R7 932 068 for interest on property rates was written off which was not previously impaired.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors- rates

Opening Balance	143 117 474	204 588 942
Allowance for Impairment	68 208 228	(52 326 083)
Amount written off as irrecoverable	(21 131 210)	(9 145 385)
Total	190 194 492	143 117 474

6.3) VAT - Statutory Receivables

VAT Input	17 936 467	14 916 065
VAT Output	(6 420 241)	(10 000 254)
Net balance	11 516 226	4 915 811

VAT arises from legislation, specifically the Value-Added Tax Act, 1991 (Act 89 of 1991), and is classified as a statutory receivable in accordance with GRAP 108. VAT statutory receivables represent amounts recoverable from SARS relating to input VAT on qualifying transactions, net of output VAT payable at reporting date.

The VAT statutory receivable is calculated as the net amount of input VAT claimable from SARS less output VAT due, based on the Municipality's VAT returns up to 30 June 2025. The receivable is recognised when the Municipality has a legal entitlement to recover the amount from SARS and the amount is measurable and probable.

Assessment of Recoverability

VAT statutory receivables are assessed for recoverability in accordance with GRAP 108 paragraphs 28–31. Management has assessed the balance and determined that the full amount is recoverable from SARS, as it relates to valid VAT inputs and outputs supported by underlying transactions. No impairment was considered necessary.

Pledged as Security

No portion of the VAT statutory receivable has been pledged as security for any financial liabilities.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
7. Operating lease asset		
Current assets	1 476 901	1 172 268
Municipality as lessor: Future minimum lease Payments receivable		
Less than one year	1 476 901	1 150 032
Between one year and five years	3 080 450	1 979 904
More than five years	1 674	4 962
Total Future minimum lease payments receivable	4 559 025	3 134 898

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and ninety - nine (99) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight-line basis over the lease term. The effect of accounting for operating leases on the straight-line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

8. Receivables from exchange transactions

Bursary loans	1 713 215	1 227 307
Consumer debtors - Electricity	537 595 378	495 598 922
Consumer debtors - Refuse	174 356 083	153 991 052
VAT Input Accrual	46 251 764	22 954 248
Trade debtors	465 989 473	446 681 019
Gross Balance	1 225 905 913	1 120 452 548
Less: Provision for impairment of receivables	(366 933 536)	(401 933 233)
Net Balance	858 972 377	718 519 315

Reconciliation of provision for impairment of trade and other receivables

Opening Balance	401 933 233	326 312 643
Provision for impairment- other debtors	(6 008 759)	7 717 076
Provision for Impairment - MDM Debtor	905 989	19 583 298
Amounts written off as irrecoverable	(28 726 268)	(27 225 657)
Provision for impairment- consumer debtors	(1 170 659)	75 545 873
Total Provision for impairment of trade and other receivables	366 933 536	401 933 233

Impairment Allowance

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent, consumables, rental hawker stalls, private dumping, etc.

Greater Tzaneen Municipality

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Credit quality of receivables from exchange transactions for trade and other debtors

Trade and other debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivable on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to other receivables are limited due to the Municipality's large number of customers. the Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	445 205 815	399 837 560
Consumer debtors - Electricity	537 595 378	495 598 922
Consumer debtors - Refuse	174 356 083	153 991 052
Total	1 157 157 276	1 049 427 534

Less: Allowance for impairment

Consumer debtors - Rates	(190 194 492)	(143 117 474)
Consumer debtors - Electricity	(195 919 359)	(218 049 645)
Consumer debtors - Refuse	(116 489 026)	(123 696 580)
Total	(502 602 877)	(484 863 699)

Net balance

Consumer debtors - Rates	255 011 323	256 720 085
Consumer debtors - Electricity	341 676 017	277 549 277
Consumer debtors - Refuse	57 867 057	30 294 472
Total	654 554 397	564 563 834

Included in above is receivables from exchange transactions

Electricity	341 676 017	277 549 277
Refuse	57 867 057	30 294 472
Total	399 543 074	307 843 749

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates (Note 6)	255 011 323	256 720 085
Net balance	654 554 397	564 563 834

Rates

Current (0 -30 days)	32 920 442	24 992 488
31 - 60 days	10 456 627	6 947 314
61 - 90 days	9 851 360	6 636 892
91 - 120 days	9 589 164	6 544 856
121 days and older	382 388 222	354 716 010
Total Rates	445 205 815	399 837 560

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Electricity		
Current (0 -30 days)	105 935 807	96 080 239
31 - 60 days	17 593 861	14 392 169
61 - 90 days	91 979 997	12 180 329
91 - 120 days	11 482 073	13 917 957
121 days and older	310 603 640	359 028 228
Total Electricity	537 595 378	495 598 922
Refuse		
Current (0 -30 days)	7 186 145	6 920 742
31 - 60 days	2 731 784	2 560 590
61 - 90 days	2 659 925	2 485 794
91 - 120 days	2 643 385	2 409 146
121 days and older	159 134 844	139 614 780
Total Refuse	174 356 083	153 991 052
Total	1 157 157 276	1 049 427 534
Summary of Debtors by customer classification		
Residential Property		
Current (0 -30 days)	30 307 841	23 007 841
31 - 60 days	16 892 005	12 892 005
61 - 90 days	47 292 019	11 692 019
91 - 120 days	23 032 015	18 632 015
121 days and older	426 526 735	376 626 735
Total Residential Property	544 050 615	442 850 615
Industrial/Commercial		
Current (0 -30 days)	30 334 678	29 134 678
31 - 60 days	27 790 432	26 890 432
61 - 90 days	28 187 025	26 187 025
91 - 120 days	41 945 872	36 945 872
121 days and older	321 969 477	301 469 477
Total Industrial/Commercial	450 227 484	420 627 484
National and Provincial Government		
Current (0 -30 days)	14 976 677	5 012 589
31 - 60 days	13 432 396	1 109 821
61 - 90 days	14 939 067	2 014 389
91 - 120 days	4 684 968	2 104 575
121 days and older	24 968 676	104 371 936
Total National and Provincial Government	73 001 784	114 613 310
Other		
Current (0-30 days)	11 102 548	9 102 548
31 - 60 days	4 845 894	2 845 892
61 - 90 days	4 589 214	2 589 214
91 - 120 days	4 998 812	2 998 812
121 days and older	64 340 925	53 799 659
Total Other	89 877 393	71 336 125
Total	1 157 157 276	1 049 427 534

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Notes to the Audited Annual Financial Statements

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Consumer debtors pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors impaired

As of 30 June 2025, debtors including rates of R 502 602 877 (2024: R 484 863 699) were impaired and provided for. An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. An amount of R49 298 390 (2024: R 19 769 653) which was previously impaired was written off during the year as irrecoverable. An additional amount of R7 932 068 for interest on property rates was written off which was not previously impaired.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors (excluding rates)

Opening balance	341 746 225	276 824 619
Allowance for impairment	(1 170 659)	75 545 874
Amounts written off as irrecoverable	(28 167 180)	(10 624 268)
Total Consumer Debtors	312 408 386	341 746 225

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9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3 000	3 000
Bank balances	271 692 976	231 356 050
Total Cash and Cash Equivalents	271 695 976	231 359 050

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note 19 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

The Municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Bank - Cheque Account number 404 896 4222	16 572 521	44 357 994	30 234 950	16 572 521	44 357 994	30 234 950
ABSA Bank - Cheque Account number 908 1974990	1 283 804	2 399 836	1 453 487	1 283 804	2 399 836	1 453 487
ABSA Bank - Liquidity plus account 9312433930	168 158	6 828 762	36 733 007	168 158	6 828 762	36 733 007
ABSA Bank - Liquidity plus account 9312434237	253 668 493	177 769 458	108 890 016	253 668 493	177 769 458	108 890 016
Total	271 692 976	231 356 050	177 311 460	271 692 976	231 356 050	177 311 460

An amount of R 7 062 317 (2024: R6 166 838) of the unspent conditional grants is included in cash and cash equivalents.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

Greater Tzaneen Municipality

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10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	757 336 901	-	757 336 901	762 042 900	-	762 042 900

Reconciliation of investment property - 2025

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	762 042 900	(3 846 000)	(859 999)	757 336 901

Reconciliation of investment property - 2024

	Opening balance	Transfers	Total
Investment property	760 932 900	1 110 000	762 042 900

Pledged as security

No investment properties was pledged as security for liabilities.

The Municipality generated income from rental of investment properties of R195 927 monthly on average (2024: R154 875).

The disposal of Investment Property relates to Investment Property donated to a Developer (see note 35).

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

Greater Tzaneen Municipality

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Details of valuation

Valuations on land and buildings are performed every five years. The new general valuation roll came into effect on 1 July 2024. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate 1 July plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	274 902 920	(107 058 719)	167 844 201	246 386 722	(97 670 009)	148 716 713
Computer equipment	15 340 397	(12 021 281)	3 319 116	13 372 343	(11 804 054)	1 568 289
Construction work in progress	159 260 558	(304 764)	158 955 794	170 942 407	(304 764)	170 637 643
Furniture and office equipment	15 570 712	(8 209 628)	7 361 084	13 682 265	(6 547 398)	7 134 867
Infrastructure	2 987 946 530	(1 690 782 297)	1 297 164 233	2 813 987 321	(1 596 959 388)	1 217 027 933
Land	102 262 939	(136 998)	102 125 941	102 262 939	(114 999)	102 147 940
Leased assets	3 175 734	(189 681)	2 986 053	4 600 236	(3 689 226)	911 010
Other assets	45 585 884	(22 466 341)	23 119 543	45 183 660	(21 103 551)	24 080 109
Plant and machinery	26 519 140	(15 598 633)	10 920 507	24 876 404	(14 650 867)	10 225 537
Transport assets	55 467 412	(42 443 120)	13 024 292	55 210 629	(40 105 178)	15 105 451
Total	3 686 032 226	(1 899 211 462)	1 786 820 764	3 490 504 926	(1 792 949 434)	1 697 555 492

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Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Community	148 716 713	28 516 198	-	-	(8 888 460)	(500 250)	167 844 201
Computer equipment	1 568 289	2 626 265	(91 812)	-	(783 626)	-	3 319 116
Construction work in progress	170 637 643	189 487 202	-	(201 169 051)	-	-	158 955 794
Furniture and office equipment	7 134 867	2 009 503	(14 860)	-	(1 768 426)	-	7 361 084
Infrastructure	1 217 027 933	191 420 810	(4 273 902)	-	(101 693 610)	(5 316 998)	1 297 164 233
Land	102 147 940	-	-	-	-	(21 999)	102 125 941
Leased assets	911 010	3 165 568	(1 003)	-	(1 089 522)	-	2 986 053
Other assets	24 080 109	1 356 142	(178 135)	-	(2 138 573)	-	23 119 543
Plant and machinery	10 225 537	2 224 595	(36 146)	-	(1 493 479)	-	10 920 507
Transport assets	15 105 451	1 125 125	(118 145)	-	(3 088 139)	-	13 024 292
Total	1 697 555 492	421 931 408	(4 714 003)	(201 169 051)	(120 943 835)	(5 839 247)	1 786 820 764

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Community	155 800 965	1 119 003	-	-	(8 203 255)	-	148 716 713
Computer equipment	1 576 489	589 869	(55 685)	-	(542 384)	-	1 568 289
Construction work in progress	188 303 336	152 859 209	-	(170 524 902)	-	-	170 637 643
Furniture and office equipment	6 525 827	2 246 014	(705)	-	(1 636 269)	-	7 134 867
Infrastructure	1 148 457 594	174 495 467	(996 160)	-	(98 878 231)	(6 050 737)	1 217 027 933
Land	102 262 939	-	-	-	-	(114 999)	102 147 940
Leased assets	2 701 998	11 861	-	(65 463)	(1 737 386)	-	911 010
Other assets	19 189 613	6 950 143	(4 188)	-	(2 055 459)	-	24 080 109
Plant and machinery	5 399 264	6 278 442	(133 476)	-	(1 318 693)	-	10 225 537
Transport assets	10 468 993	7 518 215	-	-	(2 881 757)	-	15 105 451
Total	1 640 687 018	352 068 223	(1 190 214)	(170 590 365)	(117 253 434)	(6 165 736)	1 697 555 492

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Included in the Infrastructure is an amount for Landfill site with the carrying amount of R 3 368 106 (2024: R 3 475 909).

The assessment of impairment of assets resulted in an impairment loss of R 5 839 247 (2024: R6 165 736) (see note 30).

Repairs and Maintenance to the value of R 72 571 648 (2024: R 57 831 352) was spent on maintenance of assets. (see note 34)

Summary of Repairs and Maintenance

	2025	2024
Building Maintenance	4 200 572	1 532 255
Computer Equipment Maintenance	590 498	149 455
Infrastructure: Electricity	17 652 894	17 104 567
Infrastructure: Roads	39 562 653	28 561 410
Other	104 616	946 183
Transport, Plant and Machinery	10 460 415	9 537 482
	72 571 648	57 831 352

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

Reconciliation of Construction Work-in-Progress 2025

	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	8 896 862	65 427 856	-	(54 218 066)	-	20 106 652
Infrastructure: Roads	114 069 056	122 791 943	-	(146 950 985)	-	89 910 014
Community Assets	44 532 647	-	-	-	-	44 532 647
Other assets & Buildings	3 139 078	651 403	-	-	-	3 790 481
Planning & Development	-	616 000	-	-	-	616 000
Total	170 637 643	189 487 202	-	(201 169 051)	-	158 955 794

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Figures in Rand			2025	2024		
Reconciliation of Construction Work-in-Progress 2024						
	Opening balance	Additions	Write-Offs	Transfers from WIP Capitalised	Impairment Loss	Total
Infrastructure: Electricity	6 985 259	42 475 053	-	(40 563 450)	-	8 896 862
Infrastructure: Roads	167 598 404	76 432 104	-	(129 961 452)	-	114 069 056
Community assets	11 311 241	33 221 406	-	-	-	44 532 647
Other assets & Buildings	2 408 432	730 646	-	-	-	3 139 078
Total	188 303 336	152 859 209	-	(170 524 902)	-	170 637 643

Slow moving projects:

Other assets and buildings

- Installation of Dash Cameras - Installation of cameras was stalled due to contention by labour union that the dash cameras will invade privacy of drivers.

Roads

- Construction of Ext 13 Street - Turnkey Projects - the road is a multiyear project, and designs are completed. The project was not budgeted for implementation in the current year.

Community

The projects are executed in phases and are at the advanced stage of completion (80%), the last phases were not budgeted for implementation in the current year.

- Nkowankowa Cemetery Ablution Blocks and Fencing
- Lenyenye Cemetery Ablution Blocks and Fencing
- Nkowankowa Cemetery Fencing Phase 2
- Lenyenye Cemetery Fencing Phase 2

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12. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software, License & Website	5 934 965	(4 581 511)	1 353 454	5 896 816	(4 407 364)	1 489 452

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Software, License & Website	1 489 452	38 150	(174 148)	1 353 454

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Software, License & Website	328 460	1 514 559	(353 567)	1 489 452

Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

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13. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and Council gowns	200 958	-	200 958	200 958	-	200 958

Reconciliation of heritage assets 2025

Mayoral Chain and Council Gowns	Opening balance	Total
	200 958	200 958

Reconciliation of heritage assets 2024

Mayoral Chain and Council Gowns	Opening balance	Total
	200 958	200 958

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Figures in Rand	2025	2024
14. Other financial liabilities		
Designated at fair value		
Loan stock - Standard Bank	30 000 000	30 000 000
At amortised cost		
Accrued interest	589 276	704 938
Annuity loan 1 - DBSA	9 696 000	12 091 096
Annuity loan 2 - ABSA	3 297 414	6 241 536
Annuity loan 3 - DBSA	19 748 451	24 533 263
Annuity loan 4 - DBSA	17 137 880	19 713 894
Annuity loan 5 - DBSA	15 814 961	19 721 728
	66 283 982	83 006 455
Total other financial liabilities	96 283 982	113 006 455
Non-current liabilities		
Loan stock	-	30 000 000
Annuity loans	47 307 851	65 694 710
Total	47 307 851	95 694 710
Current liabilities		
Loan Stock	30 000 000	-
At amortised cost	18 976 131	17 311 745
	48 976 131	17 311 745
Total	96 283 982	113 006 455

Loans to staff and the public

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

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2025

2024

Annuity loan 1: DBSA

A loan of R 20 000 000, with a current balance of R 9 696 000 (2024: R 12 091 096) was taken up on 15 August 2019. The loan bears interest at a fixed rate of 10.15% and will be fully redeemed on 30 September 2028.

Annuity loan 2: ABSA

This loan of R25 140 000, with a current balance of R 3 297 414 (2024: R 6 241 536), was taken up on 15 August 2010. The loan bears interest at a fixed rate of 11.66% and will be fully redeemed on 02 June 2026.

Annuity loan 3 : DBSA

A loan of R 40 000 000, with a current balance of R 19 748 451 (2024: R 24 533 263) has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

Annuity loan 4: DBSA

A loan of R41 000 000, with a current balance of R 17 137 880 (2024: R 19 713 894) was taken up to finance capital projects. This loan bears interest at a fixed rate of 6.75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan 5: DBSA

A loan of R 30 000 000, with a current balance of R 15 814 961 (2024: R 19 721 728) was taken up on 21 December 2020. The loan bears interest on a fixed rate of 10.27% and will be fully redeemed on 30 September 2028.

Loan stock: Standard Bank

A loan of R 30 000 000 was taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09% per annum and will be redeemed on 16 October 2025. The loan will be redeemed within 12 months after reporting date. The loan will therefore be reclassified to current liabilities.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2025.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

Greater Tzaneen Municipality

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15. Finance lease obligation		
Minimum lease payments due		
- within one year	1 256 545	1 046 332
- in second to fifth year inclusive	2 258 224	4 455
	<u>3 514 769</u>	<u>1 050 787</u>
less: future finance charges	(503 766)	(34 525)
Present value of minimum lease payments	<u>3 011 003</u>	<u>1 016 262</u>
Present value of minimum lease payments due		
- within one year	973 418	1 011 996
- in second to fifth year inclusive	2 037 585	4 266
	<u>3 011 003</u>	<u>1 016 262</u>
Disclosed as follows:		
Non-current liabilities	2 037 585	4 266
Current liabilities	973 418	1 011 996
	<u>3 011 003</u>	<u>1 016 262</u>

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

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

The Municipality did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

16. Payables from exchange transactions

13th Cheque	10 002 233	8 792 129
VAT Payable	78 047 367	66 003 605
Unknown direct deposits	8 014 112	9 118 353
Retention	30 657 134	31 414 550
Trade Payables	144 309 081	141 566 362
Total payables from exchange transactions	<u>271 029 927</u>	<u>256 894 999</u>

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 65 of 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.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits

This relates to payments or deposit made towards municipal accounts for rates and services where the payment source was unclear and/or use of incorrect reference. The deposits have not been allocated to the relevant accounts and the investigation is underway to determine the origin of the deposits. Common deposits relate to consumer accounts for municipal services.

Greater Tzaneen Municipality

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13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of its conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated

16.1 VAT Payable

Opening Balance	66 003 605	87 523 091
Movement for the year - VAT Statutory Receivables	(11 516 226)	(4 915 811)
Movement for the year - VAT Output Accrual	48 057 880	11 266 880
Provision for doubtful debt impairment	(24 497 892)	(27 870 555)
Closing Balance	78 047 367	66 003 605

VAT Output Accrual represents VAT payable to SARS on taxable supplies made by the Municipality for which the VAT has accrued at year-end but has not yet been declared in a VAT201 return. The liability arises when a taxable supply has occurred or when a tax invoice has been issued, in accordance with the Value-Added Tax Act, 1991 (Act 89 of 1991). The amount disclosed as VAT Output Accrual reflects the VAT portion of revenue that is due to SARS as at 30 June 2025 and is classified as a payable from exchange transactions.

Impairment Adjustment on VAT Payable

Where consumer receivables have been impaired, the related output VAT component is also adjusted. The impairment related to VAT Output Accrual is offset against the VAT Payable balance to present the net VAT obligation in accordance with GRAP 104.

17. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	858 972 377	858 972 377
Cash and cash equivalents	271 695 976	271 695 976
Other Financial Assets	52 163 368	52 163 368
Total	1 182 831 721	1 182 831 721

Financial liabilities

	At amortised cost	Total
Other Financial Liabilities	96 283 982	96 283 982
Finance lease obligation	3 011 003	3 011 003
Payables from exchange transactions	254 799 774	254 799 774
Total	354 094 759	354 094 759

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Figures in Rand	2025	2024
2024		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	718 519 315	718 519 315
Cash and cash equivalents	231 359 050	231 359 050
Other Financial Assets	48 092 035	48 092 035
Total	997 970 400	997 970 400
Financial liabilities		
	At amortised cost	Total
Other Financial Liabilities	113 006 455	113 006 455
Finance lease obligation	1 016 261	1 016 261
Payables from exchange transactions	240 421 813	240 421 813
Total	354 444 529	354 444 529
18. Consumer deposits		
Opening Balance	25 316 368	25 889 607
Movement for the year	(534 337)	(573 239)
Closing Balance	24 782 031	25 316 368
Guarantees held in lieu of electricity deposits	<u>3 025 550</u>	<u>3 025 550</u>

No guarantees have been accepted after 1 July 2021 resulting in no change to Guarantees held in lieu of electricity deposits.

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Business consumers are allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

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19. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Grants	7 062 317	6 166 838
Total unspent conditional grants and receipts	7 062 317	6 166 838
Movement during the year		
Balance at the beginning of the year	6 166 838	5 333 835
Additions during the year	158 240 329	148 900 966
Income recognition during the year	(133 700 064)	(126 314 514)
Administration fee recognised during the year	(5 553 100)	(5 646 100)
VAT	(18 091 686)	(16 107 349)
Unspent conditional grant	7 062 317	6 166 838

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized.

The total grants recognised in the statement of financial performance are disclosed in note 25 .

20. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Movement	Total
Provision for litigations	6 000 000	-	6 000 000
Provision for staff leave	23 042 587	7 129 120	30 171 707
Provision for rehabilitation of landfill site	8 196 159	819 615	9 015 774
Provision for performance bonuses	977 867	483 951	1 461 818
Total	38 216 613	8 432 686	46 649 299

Reconciliation of provisions - 2024

	Opening Balance	Movement	Total
Provision for litigations	-	6 000 000	6 000 000
Provision for staff leave	26 912 837	(3 870 250)	23 042 587
Provision for rehabilitation of landfill site	7 451 053	745 106	8 196 159
Provision for performance bonuses	349 781	628 086	977 867
Total	34 713 671	3 502 942	38 216 613

Non-current liabilities	9 015 774	8 196 159
Current liabilities	37 633 525	30 020 454
Total	46 649 299	38 216 613

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. At its inception the provision had been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. A landfill site audit was performed by consultants, the estimated remaining life is estimated at 2 - 3 years and the provision will end in June 2027.

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2024

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

Provision for Litigations

The provision for litigations relates to the finalisation of Bravospan 252 CC/GTM case, where it was ordered that the municipality must pay the plaintiff. The exact amount of the claim is still being determined. An amount of R6 000 000 outflow of future economic benefits was estimated by the municipal attorneys.

Provision for staff leave

The provision for staff leave represents the Municipality's obligation to employees in respect of estimated leave entitlements at year end, calculated in accordance with the terms of employment and collective agreements. This is also based on the value of Statutory and non-statutory leave.

21. Employee benefit obligation

Defined benefit plan

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

Carrying value

Defined benefit obligation - long service award	31 679 000	29 199 000
Defined benefit obligation - post retirement medical aid plan	92 998 000	79 664 000
Total	124 677 000	108 863 000

Non-current employee benefit obligations

Long service awards	26 397 000	24 817 000
Post retirement medical aid	88 681 000	75 852 000
Total	115 078 000	100 669 000

Current employee benefit obligations

Long service awards	5 282 000	4 382 000
Post retirement medical aid	4 317 000	3 812 000
Total	9 599 000	8 194 000

Post retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependents who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2025.

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Plan assets		
Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.		
The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.		
Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:		
In service members	503	438
In service non-members	177	193
Continuation members	74	72
Total	754	703
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	92 998 000	79 664 000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	79 664 000	73 583 000
Benefits paid	(3 812 000)	(3 307 000)
Net expense recognised in the statement of financial performance	17 146 000	9 388 000
Total	92 998 000	79 664 000
Net expense recognised in the statement of financial performance		
Current service cost	3 253 000	2 770 000
Interest cost	9 532 000	8 976 000
Actuarial (gains) losses	4 361 000	(2 358 000)
Total	17 146 000	9 388 000
Calculation of actuarial gains and losses		
Actuarial (gains) losses	4 361 000	(2 358 000)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11,20 %	12,25 %
Expected increase in Salaries	5,20 %	7,72 %
Medical aid contribution inflation rate	7,00 %	4,21 %
Average retirement rate	62	62
Best estimate of contribution expected to be paid		
Expected benefit to be paid	4 317 000	3 812 000

Greater Tzaneen Municipality

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Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase			
Effect of aggregate service cost and interest cost	15 804 000	14 488 000	
Effect on the defined benefit obligation	113 023 000	96 502 000	
Decrease	-	-	
Effect of aggregate service cost and interest cost	11 699 000	10 754 000	
Effect on defined benefit obligation	86 310 000	74 113 000	

Historical analysis

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
	R	R	R	R	R
Defined benefit obligation	92 998 000	79 664 000	73 583 000	74 966 000	70 019 000
Surplus/Deficit	(92 998 000)	(79 664 000)	(73 583 000)	(74 966 000)	(70 019 000)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 681 (2024: 632) employees that are entitled to long service leave awards on 30 June 2025. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	31 679 000	29 199 000
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	29 199 000	23 628 000
Past Service Cost	-	4 914 000
Benefits paid	(4 382 000)	(4 355 000)
Net expense recognised in the statement of financial performance	6 862 000	5 012 000
Total	31 679 000	29 199 000

Net expense recognised in the statement of financial performance

Current service cost	2 512 000	1 858 000
Interest cost	2 948 000	2 397 000
Actuarial (gains) losses	1 402 000	757 000
Total	6 862 000	5 012 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	1 402 000	757 000
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Greater Tzaneen Municipality

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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,70 %	10,89 %
Expected increase in salaries	3,70 %	5,00 %
General earnings inflation rate	4,70 %	6,00 %
Average retirement age	62	62

Other assumptions

Sensitivity analysis

The sensitivity analysis is based on the total liability which includes water and sewerage.

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

Increase		
Effect of aggregate service cost and interest cost	6 368 000	5 024 000
Effect on the defined contribution obligation	36 450 000	34 171 000
Decrease	-	-
Effect of aggregate service cost and interest cost	5 668 000	4 448 000
Effect on defined benefit obligation	33 019 000	30 944 000

Historical analysis

Amounts for the current and previous four years are as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	31 679 000	29 199 000	23 628 000	22 764 000	21 900 000
Surplus/Deficit	(31 679 000)	(29 199 000)	(23 628 000)	(22 764 000)	(21 900 000)

Defined contribution plan

The entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is 71 073 813 64 941 646

The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 71.07 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 71 073 813 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R296 164 (2024: R 253 904) which represents the contributions for councillors.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
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Municipal Employees Pension Fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

	3 062 672	2 706 153
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2025 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

	7 593 798	7 440 290
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IMATU Retirement Fund

The above-mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

	60 121 180	54 541 299
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Municipal Councillors Pension Fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

22. Service charges

Sale of electricity	874 954 099	782 679 133
Solid waste	43 811 237	40 848 571
Total service charges	918 765 336	823 527 704

The amounts disclosed above for sale of electricity and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services.

Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
23. Other income		
Grant admin fees	5 553 100	5 646 100
Cemetery and burial fees	213 759	250 193
Motor vehicle and drivers licence	5 911 144	6 570 537
Sundry Income	24 392 229	11 682 700
Impairment Reversal	31 677 311	53 667 795
Inspection Fees Facilities	804 199	637 997
Total other income	68 551 742	78 455 322
Sundry income is summarized as follows:		
Clearances	414 786	194 621
Electricity Connection/Reconnection Fees	15 705 136	5 216 819
Electricity Prepaid Meter Fee	676 434	692 569
Illegal Connection	1 074 739	629 970
Indigent Charge	2 811 327	2 636 050
Other	3 709 807	2 312 671
	24 392 229	11 682 700

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 22 , which are billed to or paid for by the users of services as required according to councils approved tariffs.

24. Property rates

Rates levied

Residential	88 357 426	74 698 408
Commercial	57 101 696	50 109 230
State	32 678 859	11 000 690
Agriculture	12 895 161	10 456 733
Other	4 446	69 357
Total Property rates	191 037 588	146 334 418

Valuations

	R'000	R'000
Residential	9 590 973	8 935 477
Commercial	3 803 764	3 130 091
State	1 418 547	1 416 512
Municipal	433 133	261 538
Agriculture	4 940 479	5 523 961
Other	954 133	152 284
Total Valuations	21 141 029	19 419 863

Valuations on land and buildings are performed every five years. The significant variance is due to the new general valuation roll which came into effect on 1 July 2024. Interim valuations are processed on an monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate 1 July plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
25. Government grants and subsidies		
Expanded Public Works Programme	5 011 000	5 110 000
Equitable share	551 492 000	521 211 000
Finance Management Grant	2 000 000	2 000 000
Energy Efficiency and Demand Side Management Grant	4 437 538	4 348 848
Municipal Disaster Recovery Grant	7 999 383	3 826 559
Municipal Disaster Response Grant	-	3 434 766
Municipal Infrastructure Grant	92 247 801	87 985 790
National - Electrification Grant	20 853 972	17 545 765
Sector Education and Training Authority	1 150 369	2 062 788
VAT on Grants	18 091 687	16 107 348
Total Government grants and subsidies	703 283 750	663 632 864

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

Unconditional Grants

Equitable share

Current year allocation	551 492 000	521 211 000
Transfer to Revenue	(551 492 000)	(521 211 000)
No conditions to be met - transferred to liabilities	-	-

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the constitution (Act 108 of 1996) to the Municipality by the National Treasury.

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

Conditional Grants

Sector Education and Training Authority (SETA)

Balance unspent at beginning of year	271 004	1 362 931
Current-year receipts	976 329	1 203 968
Conditions met - transferred to revenue	(1 150 369)	(2 062 788)
VAT on grant received (own revenue)	(96 964)	(233 107)
No conditions to be met - transferred to liabilities	-	271 004

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Current-year receipts	111 062 000	105 369 000
Conditions met - transferred to revenue	(92 247 801)	(87 985 790)
VAT on grant received (own revenue)	(13 261 099)	(11 737 110)
Administration fee	(5 553 100)	(5 646 100)
No conditions to be met - transferred to liabilities	-	-

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

Greater Tzaneen Municipality

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Figures in Rand	2025	2024
Integrated National Electrification Programme Grant (INEP)		
Current-year receipts	23 930 000	19 968 000
Conditions met - transferred to revenue	(20 853 972)	(17 545 765)
VAT on grants	(3 076 028)	(2 422 235)
No conditions to be met - transferred to liabilities	-	-
The grant was used for electrification of villages.		
Cleanest Town		
Balance unspent at beginning of year	20 904	20 904
Conditions still to be met - transferred to liabilities	20 904	20 904
Conditions still to be met - remain liabilities (see note 19). Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.		
Finance Management Grant		
Current-year receipts	2 000 000	2 000 000
Conditions met - transferred to revenue	(2 000 000)	(2 000 000)
No conditions to be met - transferred to liabilities	-	-
The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns).		
Expanded Public Works Programme (EPWP)		
Current-year receipts	5 011 000	5 110 000
Conditions met - transferred to revenue	(5 011 000)	(5 110 000)
No conditions to be met - transferred to liabilities	-	-
The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development. The grant is mainly used for rural waste removal.		
Municipal Disaster Recovery Grant		
Balance unspent at beginning of year	5 874 930	-
Current-year receipts	10 261 000	10 250 000
Conditions met - transferred to revenue	(7 999 383)	(3 826 559)
VAT on Grants	(1 095 134)	(548 511)
Conditions still to be met - transferred to liabilities	7 041 413	5 874 930
Conditions still to be met - remain liabilities (see note 19). This grant is utilized for maintenance of roads and storm water.		
Municipal Disaster Response Grant		
Balance unspent at beginning of year	-	3 950 000
Conditions met - transferred to revenue	-	(3 434 766)
VAT on Grants	-	(515 234)
No conditions to be met - transferred to liabilities	-	-

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Energy Efficiency and Demand Side Management Grant		
Current-year receipts	5 000 000	5 000 000
Conditions met - transferred to revenue	(4 437 538)	(4 348 848)
Vat on Grants	(562 462)	(651 152)
No conditions to be met - transferred to liabilities	-	-

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

26. Public contributions and donations

Assets donated by the Public and Public Entities	20 122 049	11 660 085
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Greater Tzaneen Municipality received the following donations in the form of assets in 2024/25 financial year:

- 1) Roads Infrastructure Assets: Road Agency Limpopo SOC LTD rehabilitated the following street in Tzaneen town on behalf of the Municipality to the value of **R19 255 600**:
 - a) Sirkel Drive
 - b) Claude Wheatley Street
 - c) Van Velden Street
 - d) Pusela Street
 - e) Agatha Road
- 2) Electrical Infrastructure Assets: Mini Sub and Clear View Fence from Mahantswami Pty Ltd who are Investors of Premier Vista amounting to **R820 250**.
- 3) Computer Equipment: Desktop and Laptop – Replaced by Insurance service provider IT Sure Insurance Services amounting to **R46 199**.

27. Total Revenue

Service charges	918 765 336	823 527 704
Rental of facilities and equipment	1 861 007	1 858 501
Agency services	12 830 714	12 468 742
Licences and permits	525 306	503 485
Other income	68 551 742	78 455 321
Interest revenue	90 416 800	73 933 205
Property rates	191 037 588	146 334 418
Government grants & subsidies	703 283 750	663 632 864
Public contributions and donations	20 122 049	11 660 085
Fines, penalties and forfeits	37 746 713	33 321 092
Total	2 045 141 005	1 845 695 417

Greater Tzaneen Municipality

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Figures in Rand	2025	2024
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	918 765 336	823 527 704
Rental of facilities and equipment	1 861 007	1 858 501
Agency services	12 830 714	12 468 742
Licences and permits	525 306	503 485
Other income	68 551 742	78 455 321
Interest revenue	90 416 800	73 933 205
Total	1 092 950 905	990 746 958

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	191 037 588	146 334 418
Transfer revenue		
Government grants & subsidies	703 283 750	663 632 864
Public contributions and donations	20 122 049	11 660 085
Fines, penalties and forfeits	37 746 713	33 321 092
Total	952 190 100	854 948 459

28. Employee related costs

Basic	246 602 622	222 241 202
Bonus	21 071 083	19 669 643
Medical aid - company contributions	35 117 696	27 921 715
UIF	1 327 991	1 256 658
Covid and Danger Allowance	2 308 675	4 709 100
Leave pay	19 240 463	11 306 907
Travel allowance	21 146 193	17 990 564
Overtime payments	30 215 836	30 639 916
Housing allowance	1 234 125	1 214 191
Standby allowance	947 222	881 506
Social contributions	55 027 301	48 324 539
Total Employee related costs	434 239 207	386 155 941

Employee Related Costs

Employees are remunerated according to the salary and wage collective agreement dated 06 September 2024 for the period 01 July 2024 to 30 June 2029.

Accounting Officer and Directors

The 3.3% increase in directors' remuneration during 2023/2024 is attributed to a general salary adjustment as per Government Gazette 50737 and the implementation of a waiver granted by Minister of COGTA, allowing salaries to be aligned to the maximum level of the approved salary scale in terms of the upper limits for municipal managers and senior managers.

Remuneration of Accounting Officer

Annual Remuneration	1 405 903	1 426 243
Car Allowance	276 000	276 000
Contributions to UIF, Medical and Pension Funds	154 596	154 596
Telephone Allowance	24 000	24 000
Total Remuneration of Accounting Officer	1 860 499	1 880 839

The Accounting Officer, D Mhangwana was appointed on 01 April 2022.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Remuneration of Chief Financial Officer		
Annual Remuneration - PM Makhubela (until 30 April 2023)	-	8 550
Annual Remuneration - CM Maeta	1 265 826	428 721
Car Allowance - CM Maeta	165 455	55 152
Contributions to UIF, Medical and Pension Funds - CM Maeta	112 429	37 476
Telephone Allowance - CM Maeta	24 000	8 000
Acting Allowance - AN Mathebula (Acting from 2 May 2023 - 31 Oct 2023)	5 783	71 269
Acting Allowance - ME Sono (Acting from 01 Nov 2023 - 29 Feb 2024)	-	57 015
Total Remuneration of Chief Financial Officer	1 573 493	666 183

The Chief Financial Officer, CM Maeta was appointed on 01 March 2024.

Director Community Services

Annual Remuneration - A Nkuna (until 31 March 2023)	-	8 550
Annual Remuneration - C Ntimbani	1 232 885	988 800
Car Allowance - C Ntimbani	224 514	205 286
Contributions to UIF, Medical and Pension Funds - C Ntimbani	86 310	72 064
Telephone Allowance - C Ntimbani	24 000	22 000
Performance Bonus - A Nkuna (until 31 March 2023)	-	88 192
Total Director Community Services	1 567 709	1 384 892

The Director Community Services, C Ntimbani was appointed on 1 August 2023.

Director Engineering Services

Annual Remuneration - CM Molokomme (until 31 January 2023)	-	8 550
Annual Remuneration - HO Munzhelele	1 198 079	1 066 001
Car Allowance - HO Munzhelele	233 583	220 188
Contributions to UIF, Medical and Pension Funds - HO Munzhelele	112 048	102 092
Telephone allowance - HO Munzhelele	24 000	24 000
Acting Allowance - T Maila	5 314	-
Total Director Engineering Services	1 573 024	1 420 831

The Director Engineering Services, HO Munzhelele, was appointed on 01 July 2023.

Director Planning and Economic Development

Annual Remuneration	1 209 529	1 070 183
Car Allowance	194 653	180 794
Contributions to UIF, Medical and Pension Funds	139 527	137 304
Telephone allowance	24 000	24 000
Performance Bonus	-	62 994
Total Director Planning and Economic Development	1 567 709	1 475 275

The Director Planning and Economic Development, BM Mathebula, was appointed on 01 July 2023.

Greater Tzaneen Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Director Corporate Services		
Annual Remuneration - S Sepeng	-	876 073
Annual Remuneration - NMH Maake (From 01 December 2024)	738 400	-
Car allowance - S Sepeng	-	96 000
Car allowance - NMH Maake (From 01 December 2024)	96 515	-
Contributions to UIF, Medical and Pension Funds - S Sepeng	-	215 515
Contributions to UIF, Medical and Pension Funds - NMH Maake (From 01 December 2024)	65 583	-
Telephone allowance - S Sepeng	-	24 000
Telephone allowance - NMH Maake (From 01 December 2024)	14 000	-
Leave Pay - S Sepeng	-	61 147
Acting allowance - MW Baloyi (From 1 July 2024 to 30 November 2024)	63 842	-
Total Director Corporate Services	978 340	1 272 735

MW Baloyi was appointed as the Acting Director Corporate Services from 01 July 2024 until 30 November 2024. The Director Corporate Services, NMH Maake was appointed from 01 December 2024.

Director Electrical Engineering

Annual Remuneration - F Mthethwa	1 152 278	1 138 920
Car allowance - F Mthethwa	116 792	111 594
Contributions to UIF, Medical and Pension Funds - F Mthethwa	274 639	246 510
Telephone allowance - F Mthethwa	24 000	24 000
Director Electrical Engineering	1 567 709	1 521 024

The Director Electrical Engineering on appointed from 08 August 2022.

29. Remuneration of councillors

Mayor	1 031 324	1 031 324
Other councillor's allowances	23 114 255	23 171 266
Executive Committee allowance	3 140 085	3 140 150
Speaker, Chief Whip and full-time councillors' allowances	2 324 345	2 399 746
Total Remuneration of councillors	29 610 009	29 742 486

Councillors

Remuneration for the mayor, speaker and chief whip are disclosed as follows:

Mayor

Annual Remuneration - PG Molapisane	738 240	738 240
Car allowance - PG Molapisane	246 080	246 080
Cellphone allowance - PG Molapisane	47 004	47 004
Total Mayor	1 031 324	1 031 324

Speaker

Annual Remuneration - MS Tiba	590 591	590 591
Car allowance - MS Tiba	196 863	196 863
Cellphone allowance - MS Tiba	47 004	47 004
Total Speaker	834 458	834 458

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Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Chief Whip		
Annual Remuneration - GM Malatji	551 778	549 628
Car allowance - GM Malatji	184 643	184 643
Cellphone allowance - GM Malatji	47 004	46 404
Total Chief Whip	783 425	780 675

In-kind benefits

The Mayor, Speaker, Chief Whip and five Councillors are full-time councillors. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager, one personal assistant and gender, youth and disability officers.

Remuneration of councillors

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 49142.

Councillors

2025

	Emoluments	Travel	Cellphone allowance	Total
Mr GP Molipisane (Mayor)	738 240	246 080	47 004	1 031 324
MR GM Malatji (Chief Whip)	551 778	184 643	47 004	783 425
MS MS Tiba (Speaker)	590 591	196 864	47 004	834 459
MS RE Pohl	307 645	102 960	47 004	457 609
MS MM Makwala	308 881	102 960	47 004	458 845
MS MM Mmola	308 071	102 690	47 004	457 765
MR SS Malatji	303 473	101 158	47 004	451 635
MR R Mabuza	308 881	102 960	47 004	458 845
MS MS Raganya	553 928	184 643	47 004	785 575
MR TT Maunatlala	551 713	184 643	47 004	783 360
MR NG Maunatlala	478 122	181 336	47 004	706 462
MS MC Ramothwala	553 928	184 643	47 004	785 575
MR MR Shingange	553 928	184 643	47 004	785 575
MR MG Mangena	210 398	71 386	43 087	324 871
MS MS Baloyi	233 626	77 875	47 004	358 505
MR GP Makhubele	232 718	77 875	47 004	357 597
MR DG Mkhabela	297 422	99 940	47 004	444 366
MR SN Mohonone	232 718	77 875	47 004	357 597
MR NG Mukansi	228 046	77 875	47 004	352 925
MR SE Ngobeni	232 718	77 875	47 004	357 597
MS SB Ramoshaba	233 626	77 875	47 004	358 505
MS JM Ratopola	231 811	77 875	47 004	356 690
MS C Bredenkamp	233 626	77 875	47 004	358 505
MS C Dreyer	233 626	77 875	47 004	358 505
MS MM Kgamede	233 626	77 875	47 004	358 505
MR NR Lefuphana	233 626	77 875	47 004	358 505
MR TS Lepulane	274 162	91 387	47 004	412 553
MR WM Maake	232 691	77 875	47 004	357 570
MR FC Mabitsele	233 626	77 875	47 004	358 505
MR PC Mabunda	233 626	77 875	47 004	358 505
MS MF Maenetja - Makamu	232 718	77 875	47 004	357 597

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Notes to the Audited Annual Financial Statements

MR SV Mahlawule	233 626	77 875	47 004	358 505
MR PG Mametja	231 784	77 875	47 004	356 663
MR ME Manyama	232 718	77 875	47 004	357 597
MR MB Mashele	231 784	77 875	47 004	356 663
MS J Mashele	233 626	77 875	47 004	358 505
MR NL Masinge	230 822	77 875	47 004	355 701
MR C Mathevula	232 718	77 875	47 004	357 597
MS ES Mathole	178 866	64 896	39 170	282 932
MR ME Mawasha	233 626	77 875	47 004	358 505
MR PM Mayimele	230 849	77 875	47 004	355 728
MR NL Mohale	232 718	77 875	47 004	357 597
MR SJ Mokoena	228 981	77 875	47 004	353 860
MR A Moss	73 150	24 383	15 608	113 141
MR K Ndlovu	228 073	77 875	45 967	351 915
MR T Ngobeni	233 626	77 875	47 004	358 505
MR MR Ngomani	232 691	77 875	47 004	357 570
MR G Nkhwashu	231 811	77 875	47 004	356 690
MR T Nkuna	232 691	77 875	47 004	357 570
MS WT Phiri	233 626	77 875	47 004	358 505
MR ME Ralepelle	233 626	77 875	47 004	358 505
MR ML Ramalepe	231 358	77 875	47 004	356 237
MR CN Ramathoka	226 712	77 875	47 004	351 591
MR NE Ratopola	233 626	77 875	47 004	358 505
MR I Risiva	233 626	77 875	47 004	358 505
MR RR Shaai	231 811	77 875	47 004	356 690
MS MO Shingange	231 784	77 875	47 004	356 663
MS CM Shokane	232 691	77 875	47 004	357 570
MR NS Thobejane	233 626	77 875	47 004	358 505
MR C Stoltz	296 293	99 941	47 004	443 238
MR GE Ntimbane	296 258	99 941	47 004	443 203
MR TM Shihangule	296 258	99 941	47 004	443 203
MS SM Matiane	293 929	99 941	47 004	440 874
MR EN Monyela	292 660	99 941	47 004	439 605
MR HR Malatji	296 293	99 941	47 004	443 238
MS MC Morwatshehla	298 621	99 941	47 004	445 566
MR SM Makgoba	299 821	99 941	47 004	446 766
MS MD Sejaphala	300 631	100 210	47 004	447 845
MR P Ncube	215 872	71 957	43 768	331 597
PT Welthagen	140 917	46 839	28 271	216 027
NA Mondlane	42 013	14 005	8 452	64 470
	19 739 801	6 637 629	3 232 579	29 610 009

2024

	Emoluments	Travel	Cellphone Allowance	Total
MR GP Molapisane (Mayor)	738 240	246 080	47 004	1 031 324
MR GM Malatji (Chief Whip)	549 628	184 643	46 404	780 675
MS MS Tiba (Speaker)	590 591	196 863	47 004	834 458
MS RE Pohl	305 282	102 960	47 004	455 246
MS MM Makwala	308 881	102 960	47 004	458 845
MR TC Letsoalo	2 691	897	638	4 226
MR DG Malemela	286 530	97 121	44 110	427 761
MR R Mabuza	308 881	102 960	47 004	458 845
MS MM Mmola	308 881	102 960	47 004	458 845
MS MS Raganya	553 928	184 643	47 004	785 575
MR TT Maunatlala	551 778	184 643	47 004	783 425
MR NG Maunatlala	553 207	184 402	47 004	784 613
MS MC Ramothwala	553 928	184 643	47 004	785 575
MR MR Shingange	553 928	184 643	47 004	785 575
MR MG Mangena	232 718	77 875	47 004	357 597
MS MS Baloyi	233 626	77 875	47 004	358 505

Greater Tzaneen Municipality

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MR GP Makhubele	233 626	77 875	47 004	358 505
MR DG Mkhabela	297 890	100 267	47 004	445 161
MR SN Mohonone	231 811	77 875	47 004	356 690
MR NG Mukansi	232 718	77 875	47 004	357 597
MR SE Ngobeni	230 904	77 875	47 004	355 783
MS SB Ramoshaba	233 626	77 875	47 004	358 505
MS JM Ratopola	229 089	77 875	47 004	353 968
MS C Bredenkamp	233 626	77 875	47 004	358 505
MS C Dreyer	233 626	77 875	47 004	358 505
MS MM Kgamedi	233 626	77 875	47 004	358 505
MR NR Lefuphana	233 626	77 875	47 004	358 505
MR TS Lepulane	238 239	79 413	47 004	364 656
MR WM Maake	231 811	77 875	47 004	356 690
MR FC Mabitsele	233 626	77 875	47 004	358 505
MR PC Mabunda	231 811	77 875	47 004	356 690
MS MF Maenetja - Makamu	230 904	77 875	47 004	355 783
MR SV Mahlawule	233 626	77 875	47 004	358 505
MR SS Malatji	234 004	78 304	47 004	359 312
MR PG Mametja	233 626	77 875	47 004	358 505
MR ME Manyama	233 626	77 875	47 004	358 505
MR MB Mashele	233 626	77 875	47 004	358 505
MS J Mashele	233 626	77 875	47 004	358 505
MR NL Masinge	232 718	77 875	47 004	357 597
MR C Mathevula	231 811	77 875	47 004	356 690
MS ES Mathole	231 811	77 875	47 004	356 690
MR ME Mawasha	233 626	77 875	47 004	358 505
MR PM Mayimele	231 811	77 875	47 004	356 690
MR NL Mohale	232 718	77 875	47 004	357 597
MR SJ Mokoena	233 626	77 875	47 004	358 505
MR A Moss	233 626	77 875	47 004	358 505
MR K Ndlovu	231 811	77 875	47 004	356 690
MR T Ngobeni	233 626	77 875	47 004	358 505
MR MR Ngomani	233 626	77 875	47 004	358 505
MR G Nkhwashu	232 718	77 875	47 004	357 597
MR T Nkuna	232 718	77 875	47 004	357 597
MS WT Phiri	233 626	77 875	47 004	358 505
MR ME Ralepelle	233 626	77 875	47 004	358 505
MR ML Ramalepe	226 821	77 875	47 004	351 700
MR CN Ramathoka	228 636	77 875	47 004	353 515
MR NE Ratopola	233 626	77 875	47 004	358 505
MR I Risiva	233 626	77 876	47 004	358 506
MR RR Shaai	226 163	85 338	47 004	358 505
MS MO Shingange	231 811	77 876	47 004	356 691
MS CM Shokane	230 904	77 876	47 004	355 784
MR NS Thobejane	230 904	77 876	47 004	355 784
MR C Stoltz	298 656	99 941	47 004	445 601
Mr GE Ntimbane	296 328	99 941	47 004	443 273
MR TM Shihangule	298 656	99 941	47 004	445 601
MS SM Matiane	298 657	99 941	47 004	445 602
MR EN Monyela	298 656	99 941	47 004	445 601
MR HR Malatji	298 656	99 941	47 004	445 601
MS MC Morwatshehla	297 676	99 614	47 004	444 294
MR SM Makgoba	299 821	99 940	47 004	446 765
MS MD Sejaphala	299 821	99 940	47 004	446 765
MR P Ncube	1 673	557	-	2 230
	19 850 000	6 652 066	3 240 420	29 742 486

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand 2025 2024

30. Impairment of assets

Impairments

Property, plant and equipment	5 839 247	6 165 737
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Impairment loss

In terms of GRAP21, "Impairment of non-cash generated assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and assets management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2025. An impairment assessment conducted during the reporting period resulted in the recognition of an impairment loss amounting to R 5 839 247. This impairment was primarily due to physical damage sustained by certain infrastructure assets, leading to a significant loss in their value. The affected asset categories and their respective carrying amounts prior to impairment are as follows:

Roads Infrastructure Assets – R4 886 304

Storm Water Infrastructure Assets – R198 591

Electrical Infrastructure Assets – R5 061 967

The impairment assessment of the illegally occupied land and parks resulted in a total impairment loss of R522 249.

Here is the breakdown of impairment loss:

Land: R 21 999

Parks: R 500 250

The assets were carried at a nominal value of R1.00 prior to the impairment loss being recognized.

31. Finance costs

Finance leases	93 296	199 625
Service concession arrangements: Landfill site	81 962	74 511
Other interest paid	11 974 156	12 654 950
Total Finance costs	12 149 414	12 929 086

32. Inventory consumed

Consumables	18 898 068	17 124 363
Material and supplies	9 225 403	15 418 172
Total Inventory Consumed	28 123 471	32 542 535

33. Bulk purchases

Electricity - Eskom	700 306 703	570 292 315
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Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom and is sold to consumers. The increase is due to new NERSA tariffs.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
34. Contracted services		
Valuation roll	2 697 700	515 659
Cleaning Services	20 201 447	15 889 008
EPWP	9 197 944	1 043 077
Information technology	2 897 370	2 388 316
Meter reading	1 914 714	2 253 307
Personnel and Labour	99 006	-
Refuse Removal	17 586 740	20 501 222
Repairs and maintenance	72 571 648	57 831 352
Traffic and security services	40 990 704	35 832 818
Credit control	8 177 704	9 460 090
Council owned land	5 967 995	2 836 431
Town planning	1 262 740	925 546
Fleet Management	1 876 155	4 890 410
Employee Wellness	1 722 169	-
Total Contracted Services	187 164 036	154 367 236
35. Transfer and subsidies		
Eskom EBSST	4 109 733	4 164 959
GTEDA	13 592 048	12 585 230
Donation - Investment properties to developer	4 001 223	-
Other grants	22 058 015	24 095 675
SETA (Training)	1 150 369	2 062 788
SPCA	200 000	150 000
Solid waste: EPWP	5 011 000	5 110 000
Sport Council	190 000	190 000
Total Transfers and subsidies	50 312 388	48 358 652
Other grants are summarized as follows:		
Finance Management Grant	1 926 532	1 865 512
Integrated National Electrification Programme	14 506 048	16 850 112
Employee Bereavement	60 000	10 000
Mayor Bursary Account	982 797	878 518
Mayor Special Account	145 100	142 685
Energy Efficiency and Demand Side Management Grant (Operational)	4 437 538	4 348 848
Total	22 058 015	24 095 675
36. General expenses		
Advertising	1 690 239	1 482 981
Auditors remuneration	7 882 778	7 323 105
Bank charges	3 773 785	3 641 844
Electricity services and commission paid	3 097 582	2 285 534
Entertainment and Events	1 030 770	751 386
Remuneration of Ward Committees	8 086 650	6 032 050
Insurance	3 689 109	6 967 329
Lease rentals on operating leases	585 302	251 308
Levies and membership fees	8 159 693	7 528 859
Municipal services	57 428 405	53 099 645
Other expenses	16 370 889	15 834 960
Postage and courier	15 247	25 883
Protective clothing	100 405	200 278
Telephone and fax	66 486	112 191
Title deed search fees	1 649 271	1 203 449
Travel - local	4 388 925	4 295 168
Total General Expenses	118 015 536	111 035 970

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Municipal services are summarized as follows		
Performance Management	1 320 000	1 440 000
Asset management consultants	5 620 064	5 546 137
Legal Fees	28 298 259	26 530 993
Audit Committee	788 180	492 012
SEBATA EMS	5 292 381	6 558 498
Financial management support	663 908	2 938 249
Tax Consultants	3 246 973	2 385 071
Other	12 198 640	7 208 685
Total Municipal Services	57 428 405	53 099 645
Other Expenses are summarized as follows		
Conferences and Workshops	4 842 756	4 385 464
Employee Bursaries	1 688 708	969 889
Licence Fees	4 790 893	4 628 438
Motor Vehicle Licence and Registrations	673 164	653 144
Other	3 276 831	3 587 212
Printing and Stationery	795 737	1 345 513
Seating Allowance for Traditional Leaders	302 800	265 300
	16 370 889	15 834 960
37. Cash generated from operations		
Surplus	274 775 740	298 881 937
Adjustments for:		
Depreciation and amortisation	121 117 983	117 607 001
Loss on sale of assets and liabilities	4 558 780	1 172 895
Fair value adjustments	859 999	-
Finance costs - Finance leases	93 296	199 625
Finance Costs - Provision for Landfill site	81 962	-
Impairment deficit	5 839 247	6 165 737
Debt impairment	78 068 492	76 443 626
Debt impairment adjustment allocated to other income	(7 179 418)	(24 455 512)
Irrecoverable debt written off	(7 932 068)	-
Movements in operating lease assets and accruals	(304 633)	(244 692)
Movements in retirement benefit assets and liabilities	15 814 000	11 652 000
Movements in provisions	8 350 724	3 502 942
Donated Assets non cash	(20 122 049)	(11 660 085)
Investment property donated to developer	3 846 000	-
Changes in working capital:		
Inventories	(23 672 086)	8 091 119
Receivables from exchange transactions	(134 179 633)	(178 149 566)
Other receivables from non-exchange transactions	(74 759 288)	(66 048 878)
Payables from exchange transactions	14 134 932	3 694 009
Unspent conditional grants and receipts	895 479	833 003
Consumer deposits	(534 337)	(573 239)
Cash generated from operations	259 753 122	247 111 922
38. Auditors' remuneration		
Fees- Auditor General of South Africa	7 882 778	7 323 105

Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
39. Commitments		
Authorised expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	47 526 050	55 248 358
• Other financial assets	243 684 660	100 391 292
Total	291 210 710	155 639 650
Total capital commitments		
Already contracted for but not provided for	291 210 710	155 639 650
Total commitments		
Total commitments		
Authorised expenditure	291 210 710	155 639 650

The total commitments represent future expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).

The expenditure will be financed by:

Internal funding	244 077 124	105 853 947
MIG grants	44 035 723	41 834 403
MDRG	3 097 863	7 951 300
Total	291 210 710	155 639 650

40. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R111.5 million (2024 : R104.9 million). The merits must still be determined and could result in a lesser or greater amount.

Malunga Tax Consultants vs Greater Tzaneen Municipality

In 2015 Malunga Tax Consultant sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons is R 7 602 106 and estimated legal fees for the matter is R 2 700 000 and was an estimation of how much the claim would cost.

7 602 106	7 602 106
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Greater Tzaneen Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality		
The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability and also the estimated legal fees of R1 100 000 for this matter. The case was finalised at high court in May 2024, however the matter was reinstated by Siphiwe attorneys on 12 August 2024,	10 594 144	10 594 144
C Van Der Merwe vs Greater Tzaneen Municipality		
Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2021 for this matter includes the actual amount claimed and estimated legal fees for the matter	916 511	916 511
Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality		
Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter was an estimation of how much the claim would cost.	31 729 430	31 729 430
Tshepiso Gabriel Maponya / GTM		
The Municipality advertised the position of Manager : Financial Services and Reporting, shortlisting and interviews were conducted were a suitable candidate was appointed. One of the unsuccessful candidates took the Municipality to Labour Court to review the appointment the institution made. The matter is in Labour Court on review after the unsuccessful candidate lost the case at Arbitration at CCMA level. The case is ongoing in Labour Court from January 2021. Relief claimed, appointment or alternative compensation	900 000	900 000
Mpho Kobela / GTM		
In 2019, the Mpho Kobela sued the Municipality for injuries sustained during Hawkers ejection in the CBD of Tzaneen, where circumstances forced Municipal Law Enforcement Officer to use ammunition to disperse the unsatisfied crowd of people who were refusing to leave the demarcated area for none trading purpose. The amount claimed is R 3 000 000.00 and the estimated legal fees is R 600 000.00. The case is still pending in the High Court.	3 000 000	3 000 000
Nkuna Traditional Council / GTM x2		
In 2019, the Municipality received an application and action proceedings wherein the Nkuna Traditional Council is claiming ownership of land belonging to the state as their communal land. The Municipality realised that the result of the claim might lead to Council losing the Townships of Nkowankowa, Lenyenye and Letsitele. Land belonging and registered as Council property is claimed by Nkuna Traditional Council as their land. Both matters are still pending in the High Court and the estimated legal fees for this matter is R 1 100 000.00	1 100 000	1 100 000

Greater Tzaneen Municipality

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GTM / Josephine Maake The Municipality suspended Josephine Maake as testing officer after her arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. She was later dismissed after a fair disciplinary hearing. She then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in her favour of her reinstatement and payment of outstanding salaries due. The employee claim reinstatement to the Municipality as Traffic Officer. Ongoing in the Labour Court from October 2019.	900 000	900 000
Stanley Malatji / GTM The Municipality suspended Stanley Malatji as testing officer after his arrest by the DPCI/ The Hawks for the charges of dereliction of duty, fraud and corruption. He was later dismissed after a fair disciplinary hearing. He then took the Municipality to the Bargaining Council wherein the Arbitrator ruled in the favour of the Municipality. The employee claim reinstatement to the Municipality as Traffic Testing Officer. Ongoing in the Labour court from March 2020. The matter was finalised in the Constitutional Court on 09 December 2024 in favour of GTM.	-	900 000
Manoko & SAMWU / GTM The Municipality dismissed Mr Manoko for the theft of copper wires. The matter went through Arbitration and the arbitrator upheld the dismissal from the disciplinary hearing. Mr Manoko approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of his dismissal from the Municipality. (Ongoing in Labour Court from October 2020). Employees seek reinstatement to work.	800 000	800 000
GTM//GTM Managers On or about 23 December 2008, the Municipal Council passed a resolution to the effect that all managers who were on fixed term contracts should be transmitted to permanent dispensations and that their salaries be adjusted accordingly to accommodate the new changes. The transformation from the fixed term contracts to permanent dispensation has created salary disparities situation within the Municipality between the Managers who were employed before the transmission and managers who were employed after the transmission. The amount of the claim cannot be determined at this stage and the estimated legal fees is R950 000. The matter was finalised on the 15th of August 2022 however the matter was reinstated in the labour court on the 22nd of November 2023.	950 000	470 000
SAMWU OBO: SAMWU Members//GTM The Municipality dismissed Five Samwu members for the theft of copper wire at the electrical workshop belonging to Electrical Department. The matter went through normal disciplinary hearing, Conciliation, Arbitration, and the arbitrator upheld the dismissal from the disciplinary hearing conducted by the Municipality. Samwu approached the Labour Court for the review of the arbitration award with an intention of overturning the decision of the dismissal of their members from the Municipality. The matter is pending in Labour Court.	1 500 000	1 500 000

Greater Tzaneen Municipality

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Mapheto Business Enterprise//GTM The Greater Tzaneen Municipality had a lengthy litigation with the applicant over the termination of its physical security contract from 2014 until May 2017, where the Municipality decided to reinstate the service provider to continue with services after amicable settlement of the issue. At the end of the contract as agreed in line with the settlement agreement, the service provider applied to court on the basis that the municipality did not pay him in line with the PSIRA Rates as applied in the security industry. The Municipality adjusted the PSIRA Rates in line with the court order, however the service provider was not satisfied about the adjustments and decided to contest the dissatisfaction in court where a claim of R12 Million was lodged against the Municipality for not complying with the PSIRA rates as alleged by the service provider. The matter is still at pleading stage. Summons were issued and served to GTM. The matter is ongoing and pending in high court since January 2022. The estimated legal fees for the matter is R1 800 000	12 000 000	12 727 225
Desco green energy vs Greater Tzaneen Municipality The Service Provider submitted an unsolicited bid to the Municipality to construct the Green Energy Solar Plant within the jurisdiction of the Municipality. The Service Provider is suing the Municipality an amount of R7 726 364 for failure of the Accounting Officer to accept their unsolicited bid as they allege on their particulars of claim. The matter is still pending. The estimated legal fees for the matter is R1 200 000.	7 726 364	7 726 364
Glecia Kodi Ngobeni//GTM Glecia is suing the GTM for damage allegedly suffered by her. The matter is pending in the magistrate court of Tzaneen. The actual amount claimed as per summons R85 375 and estimated legal costs for R40 000.	85 375	85 375
Lindor Ondernemings CC//GTM The municipality was served with a letter of demand in terms of section 3 of the Institution of legal proceedings against certain organs of state where Lindor Ondernemings CC demands compensation to the amount of R23 253 664 from the Municipality. The estimated legal fees for the matter is R1 000 000.	23 253 664	23 253 664
Pusela Irrigation Board//GTM Pusela Irrigation is suing GTM for the claim of payment amounting to R788 284 for account as a result of water allocation on the 5th of June 2024. The estimated legal fees for the matter is R300 000.	788 284	788 284
ITEC Finance vs GTM ITEC Finance was liquidated in 2020. A matter of a contractual dispute after procurement of printers for three years by GTM was revived on 01 July 2024. The liquidators.	4 478 400	-
Dennis Mushwana/ MEC for the Department of Public Works, Road and Infrastructure of the Limpopo Provencial Government & Others Summons were issued to GTM on 19 June 2025 due to a claim for an accident which occurred on the Bhindzulani - Tarrentaal Road,D673. The plaintiff claims for damages. The estimated legal fees for the matter is R400 000	2 000 000	-

Greater Tzaneen Municipality

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Liezel Louise Kachelofffer N.o and Others vs GTM		
Liezel Louise Kachelofffer N.O. and others are suing the municipality for damages arising from the electrocution of two elephants (a bull and cow) in the high court. The summons were issued on 14 April 2025. The amount claimed as summons is R1 230 000 and the estimated legal fees for the matter are R350 000.	1 230 000	-
Total	111 554 278	104 993 103

Contingent assets

Outstanding insurance claims

The contingent asset for insurance claims estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the Municipality for inspection.

560 000 26 314

Phadima Group Holding vs Greater Tzaneen Municipality

The Municipality is involved in land dispute of illegal acquisition of Municipal land by a private developer without authorisation by the Municipality. The Municipality entered into land availability agreement between 2007 and 2009 with Phadima Phadima Group Holdings. Three written agreements regarding the development of an immovable property known as Avis Park Extension 53, Tzaneen("The Property") were concluded to implement development for residential area purposes. The process of developing the area did not proceed because of breach of contract by the developer, who did not have the financial means to carry out the project, despite promising the Council based on the concluded agreements that the development will be done within a period of (60) months. The Municipality instituted motion proceedings in court to recover the properties valued at an estimated amount of R50 million to recover the land from the private developer which was transferred illegally without resolution by Council and without any sale amount paid by the developer. The case is still pending in High Court from December 2022.

50 000 000 11 500 000

GTM vs Khomotso Evans Moseamedi

The Municipality obtained a court interdict against a pension fund of Mr Moseamedi due to internal investigations where he was found to have defrauded the municipality for misappropriation of fuel card transactions amounting to R1 596 921. Summons were issued on 25 June 2025. The case is currently pending in the High Court.

1 596 921 -

Total

52 156 921 11 526 314

41. Related parties

Relationships/Management

Accounting Officer

Chief Financial Officer

Director Community Services

Director Engineering Services

Director Corporate Services

Director Corporate Services

Director Electrical Engineering

Director Planning and Economic Development

Councillors

D Mhangwana

CM Maeta

C Ntimbani

HO Munzhelele

MW Baloyi (Acting from 01 July 2024 to 30 November 2024)

NMH Maake (from 01 December 2024)

F Mthethwa

B Mathebula

Refer to Note 29 for list of councillors

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality.

No business transactions took place between the Municipality and key management personnel.

Greater Tzaneen Municipality

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Figures in Rand

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

The value of the grant paid over to GTEDA during the year under review amounts to R 13 592 048 (2024: R 12 585 230), excluding VAT.

Section 57 Managers and Councillors

Refer to note 28 for detail of remuneration paid to Section 57 Managers and to note 29 for remuneration paid to Councillors.

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of employee	Capacity	Successful Tenderer	2025	2024
X Sibisi	Compliance Officer	Rivisi Electrical	5 271 828	20 530 861
NHM Maake	Director Corporate Services	Whitehall Trading	377 342	1 675 204
NMH Maake	Manager Human Resources	Baobab Promotions	-	13 083
Z Ramothwala	SCM Manager	Modjadji & Raphesu Attorney	489 006	429 510
MN Nhlanguwini	General Worker	Khikhi Enterprise	47 034	56 618
E N Monyela	Councillor	Tsatsi & Kgao	323 200	551 448
ME Sono	Machine Operator	Mokgethoa Kagiso	-	26 500
MN Nhlanguwini	General Worker	Glorify 04 Enterprise	-	74 351
MN Nhlanguwini	General Worker	Bongani & Lerato	-	121 475
MC Morwatshehla	Councillor	Ram B Enterprise	-	25 875
M Florina	Librarian	Veniopoint	28 200	-
MF Maenatja	Councillor	Flomod Trading and Supplies	14 000	-
TT Shingwenyani	Machine Operator	Madumelani	536 498	387 367

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VT Ngobeni	Law Enforcement Officer	Byokota Projects	5 000	-
NL/MM Rabothata	Principal Clerk/Senior Accountant	Cleanicor	134 000	-
			7 226 108	23 892 292

42. Risk management

Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks and processes for measuring and managing risks. Quantitative disclosures are included in these financial statements.

Liquidity risk

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

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2025.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	48 976 131	47 307 851	96 283 982
Finance lease obligation	973 418	2 037 585	3 011 003
Payables from exchange transactions	254 799 774	-	254 799 774
Total	304 749 323	49 345 436	354 094 759

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	17 311 745	95 694 710	113 006 455
Finance lease obligation	1 011 996	4 266	1 016 262
Payables from exchange transactions	240 421 813	-	240 421 813
Total	258 745 554	95 698 976	354 444 530

Credit risk

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

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

Potential concentrations of credit rate risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

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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 Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest 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.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

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

Financial instrument	2025	2024
Receivables from exchange transactions	858 972 377	718 519 315
Cash and cash equivalents	271 695 976	231 359 050
Other financial assets	52 163 968	48 092 035
Total	<u>1 182 832 321</u>	<u>997 970 400</u>

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

Interest rate risk

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

The Municipality is exposed to interest rate risk on its investments and long-term borrowings.

A sensitivity analysis is done by the Municipality on a continuous basis to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the Municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest-bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

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Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the Municipality exposure to market risks on the manner which it manages and measures the risk.

43. Going concern

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

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Municipality continue to procure funding for the ongoing operations of the Municipality.

We draw attention to the fact that as at 30 June 2025 the municipality had an accumulated surplus of R 3 468 375 971, and that the municipality's total assets exceed its total liabilities by R 3 468 375 971

The Municipality took a decision to dissolve GTEDA as a municipal entity as part of continuous efforts to streamline its operations and enhance efficiency. GTEDA were merged into the Municipality as at 1 July 2025 and business functions will continue through the Municipality. The Municipality remain committed to ensure smooth and orderly transition and has assessed the impact of the dissolution processes as part of ability to operate as going concern.

44. Unauthorised expenditure

Opening balance as previously reported	-	19 894 903
Add: Expenditure identified - current	-	-
Unauthorised expenditure written off (2022/2023)	-	(19 894 903)
Unauthorised Expenditure awaiting write off/further investigation	-	-

No unauthorised expenditure was incurred during the year under review.

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45. Fruitless and wasteful expenditure		
Opening balance as previously reported	44 503 646	42 974 553
Add: Expenditure identified - current	1 356 991	2 592 249
Fruitless and Wasteful expenditure Recovered(2018/2019)	(97)	-
Fruitless and Wasteful expenditure Written off (2019/2020)	(76 333)	-
Fruitless and Wasteful expenditure Written off (2021/2022)	(8 883 495)	-
Fruitless and Wasteful expenditure Recovered (2021/2022)	(13 800)	-
Fruitless and Wasteful expenditure MI Resolved (2021/2022)	(2 973 799)	-
Fruitless and Wasteful expenditure Written off (2022/2023)	-	(1 063 156)
Fruitless and Wasteful expenditure Recovered (2022/2023)	(372)	-
Fruitless and Wasteful expenditure Written off (2023/2024)	(5 057 877)	-
Fruitless and Wasteful expenditure Recovered (2023/2024)	(274 444)	-
Fruitless and Wasteful expenditure Written off (2024/2025)	(994 266)	-
Fruitless and Wasteful expenditure Recovered (2024/2025)	(19 297)	-
Fruitless and wasteful expenditure awaiting write off / further investigation	27 566 857	44 503 646

The fruitless and wasteful expenditure has been tabled to Council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

The fruitless and wasteful expenditure was mainly due to among others leave encashment due to historic system calculation error, and the error stemmed from an improperly configured calculation within our legacy system, which inadvertently led to fruitless expenditure in the current year and also included in fruitless is an amount of deceased indigents..

The municipality is currently investigating transactions amounting to R6 million suspected to involve fraudulent use and misappropriation of municipal fuel cards by certain vehicle operators. The matter has been formally reported to the South African Police Services and escalated to the Directorate for priority crime investigation (Hawks) for further investigation. As part of disciplinary process: one official has resigned and several implicated officials have been placed on precautionary suspension and the municipality has taken steps to interdict the pension of the resigned official to prevent the dissipation of potential recovery of funds.

46. Irregular expenditure

Opening balance as previously reported	235 933 637	187 044 590
Add: Irregular Expenditure - current	49 116 747	97 167 903
Irregular Expenditure written off (2021/2022)	(43 829 771)	-
Irregular Expenditure written off (2022/2023)	(65 416 377)	(48 278 856)
Irregular Expenditure written off (2023/2024)	(97 167 903)	-
Irregular Expenditure written off (2024/2025)	(36 352 251)	-
Irregular expenditure awaiting write off / further investigation	42 284 082	235 933 637

Analysis of expenditure awaiting write off per age classification

Current Year	12 764 496	98 497 738
Prior years	29 519 586	137 435 899
Total	42 284 082	235 933 637

The irregular expenditure is mainly due to non-compliance with SCM processes on long-term contracts (3 years), which were awarded in prior year(s). Any expenditure incurred on the said contracts are recorded as irregular expenditure. Mostly is as a result of bids not advertised within prescribed number of days. The irregular expenditure is reported to council and referred to MPAC for investigation, the municipality has since terminated some of the long-term contracts to curb irregular expenditure.

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47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Current year subscription / fee	4 233 100	3 921 682
Amount paid - current year	(4 233 100)	(3 921 682)
	-	-
Skills Development Levy		
Current year subscription/fee	4 284 655	3 955 555
Amount paid - current year	(4 284 655)	(3 955 555)
	-	-
Audit fees		
Current year subscription / fee	7 882 778	7 323 105
Amount paid - current year	(7 882 778)	(7 323 105)
	-	-
PAYE and UIF		
Current year subscription / fee	91 693 337	83 985 401
Amount paid - current year	(91 693 337)	(83 985 401)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	112 873 337	101 250 190
Amount paid - current year	(112 873 337)	(101 250 190)
	-	-
Bargaining Council Levy		
Current year subscription/fee	233 930	186 129
Amount paid - current year	(233 930)	(186 129)
	-	-
VAT		
VAT Output Accrual	78 047 366	66 003 605
VAT Input Accrual	(46 251 764)	(22 954 248)
VAT Statutory Receivables	(11 516 226)	(4 915 811)
Total	20 279 376	38 133 546

All VAT returns have been submitted by the due date throughout the year.

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Councillors

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

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor : C Mathebula	5 522	88 775	94 297
Councillor : SM Matiane	3 132	2 451	5 583
Councillor : MS Tiba	1 327	9 380	10 707
Councillor : RR Shai	3 474	76 455	79 929
	13 455	177 061	190 516

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor : C Mathebula	4 486	69 118	73 604
Councillor : I Rsiva	5 394	-	5 394
Councillor : MS Tiba	1 050	4 893	5 943
Councillor : RR Shai	4 097	57 835	61 932
Councillor: SM Makgoba	13	432	445
	15 040	132 278	147 318

48. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

49. Deviation from supply chain management regulations

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

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

The awards listed below have been approved by the Accounting Officer and noted by Council.

The classification of deviations:

Emergencies on service delivery, strip & quote services	3 241 127	7 261 650
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All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process was approved by the Accounting Officer in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

Deviation listing is available.

Greater Tzaneen Municipality

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50. Distribution losses		
Units purchased (kWh)	351 707 851	332 094 792
Units lost during distribution (kWh)	38 984 372	56 627 250
Percentage lost during distribution	11,08 %	17,05 %
Rand Value	77 585 906	99 793 864

Electricity losses:

The electricity distribution losses for the current year are 11.08% (2024: 17.05%). The electricity losses are due to both technical and non- technical losses and the decrease compared to prior year was due to measures to mitigate distribution losses.. Although allowable loss factor as per NERSA cost of supply framework is defined as 10% of total anticipated purchases and tolerable range for energy losses is 5-12%, copper losses is the main cause among other factors which include power losses due to the resistance of the conductors.

The Municipality has engaged in a two-year investigation project to address the distribution losses. The project includes the upgrading of infrastructure and the implementation of a revenue enhancement programme in support of revenue losses/generation pertaining to electricity.

51. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance

Revenue

Service charges (-8,92%)

An adjustment of R44 million to electricity costs led to a corresponding increase in the budget allocation for service charges. Variance is (2025: R (89 997 660)) and (2024: R(59 182 157)).

Rental of Facilities and equipment (7.08%)

The variance is attributable to the increased community interest in hiring council facilities.. Variance (2025:R123 017) and (2024:R758 501)

Interest received - outstanding debtors (9,51%)

The variance is due to higher-than-anticipated interest received on outstanding debtors, resulting from delayed and non-payment of accounts. Variance (2025: R3 032 554) and (2024: R3 319 458)

Income from agency services (-23,00%)

The variance is due to an overprojection of agency fees during the budget preparation process. Variance is (2025:R (3 833 577)) and (2024: R (3 195 549)).

Other income (526,74%)

The high income is mainly attributed to sundry income generated from electricity connection and reconnection fees for residents, farmers, and businesses, whereby the actual revenue exceeded the allocated budget.High Variance is also due to impairment reversal. Variance is (2025: R 57 613 996) and (2024 :R 15 191 494).

Interest Revenue (13,43%)

Council had Invested a lumpsum capital of R250 million on short-term investment which contributed to higher than anticipated.. Variance (2025: R 3 996 755) and (2024: R11 524 273)

Public contributions and donations (100,00%)

Provision was not made in the budget and donation of assets was realised by the Municipality. Variance (2025:R20 122 049) and (2024: R11 660 085)

Fines, penalties and forfeits (7,22%)

Anticipated high revenue received on fines, Penatly and forfeits due to Interest charged on late payments for Property rate.Variance is (2025:R2 540 321) and (2024: R 11 829 011).

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Expenditure

Employee costs (2,97%)

The underspending is due to vacant posts/ late filling of posts and resignation during the year. Variance (2024: R 13 274 302) and (2023: R12 743 766)

Impairment of assets (-100,00%)

Impairment of assets is due to assessment outcome after review of the assets condition, and provision was not allocated for this item. Variance is (2025:R(5 839 247)) and (2024: R(6 165 737)).

Finance Costs (9,60%)

Overspending is due to inclusion of finance costs resulting from fruitless expenditure. Variance (2025: R1 064 528) and (2024: R186 247)

Debt impairment (8,43%)

The variance is due to residence and Business accounts not fully paid for rates and taxes. Variance is (2025: R (6 068 492)) and (2024: R3 028 325).

Contracted services-43,90%

The variance is due to reclassification of inventory consumed item to Contracted services. Variance is 2025 ((57 100 713)) and 2024 ((R57 661 144)).

Transfers and subsidies paid (-1,56%)

The difference is due to unspent operational grants for Cleanest Town, Internal Mayors fund account and Eskom free basic account. Variance (2025: R 799 456) and (2024: R3 842 213)

Inventory consumed ((71,68)%)

The low spending is due to reclassification of repairs and maintenance expenditure to Contracted Services. Variance is (2025: R71 182 422) and (2024: R82 392 408))

General expenses (-12,77%)

Underspending due to the reservation of Consultant and Professional fee for Electrical project designs, which was later reclassified to Transfers and Subsidies expenditure under INEP grant. Variance is (2025: R 17 269 440) (2024: R21 670 340)

(Gain)/Loss on disposal of assets (-100,00%)

The loss is due to demolished property and redundant assets. Variance (2025: R4 558 780) and (2024: R1 172 895)

Fair Value Adjustment

The increase was as a result of investment properties that was demolished and other property was illegally occupied. Variance (2025: R859 999) and (2024: R0)

Statement of Financial Position

Current assets

Inventory (52,79%)

Low stock level in prior year that lead to high purchase in current year. Variance is (2025: R15 127 967) and (2024:(R8 111 117)).

Other financial assets (100%)

The figure is due to long term investment that is expected to mature within the next 12 months after reporting date and the budget was allocated under Non-Current Assets. Variance is (2025: R29 176 284)

Operating lease asset (42,35%)

The increase is a result of new lease contracts acquired during the current financial year. Variance is (2025: R439 390) and (2024: R 1 172 268).

Receivables from non-exchange transactions (122,02%)

The major increase is on consumer debtors accounts due of non payment of rates accounts specially in Nkowankowa and lenyenye townships Variance is (2025: R147 325 438) and (2024: R57 245 299).

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Receivables from exchange transactions (26,06%)

More residents in townships (Nkowankowa and Lenyenye) have fallen behind on payments for electricity and refuse removal, which increased the actual for receivables/debtors. Variance is (2025: R177 557 865) and (2024: R57 635 356).

Non-current assets

Property, plant and equipment (-0,85%)

The decrease is due to the derecognition of property, plant, and equipment (PPE) as part of asset write-offs, as well as the review of useful lives for fully depreciated assets that are still in use and Impairment. Variance is 2025 R(15 340 293) (2024:(R45 931 750)).

Intangible assets (26,10%)

The increase is due to the review of the useful lives of fully amortised intangible assets. Variance is (2025: R 280 121) and (2024: R 186 642).

Other financial assets (-47,60%)

Lower actual due to the transfer of short term portion of investment to current assets. Variance is (2025: R(20 706 721)) and (2024: R6 158 858).

Current Liabilities

Other financial liabilities (current) (175,92%)

Increase is due to redemption of Standard Bank loan which is payable by end of October 2025. Variance is (2025:R31 225 712) and (2024: R (419 152)).

Payables from exchange transactions (-13,50%)

The decrease in actual payables is primarily due to staff leave being reclassified to the leave provision. Variance is (2025: R (42 294 260)) and (2024: (R (27 249 889)).

Unspent conditional grants and receipts (100%)

The unspent conditional grants is mainly due to late receipt of funds for Municipal disaster recovery grant for targeted projects. Variance is (2025: R7 062 317) and (2024: R 6 166 838).

Employee benefit obligations (53,66%)

The increase in employee benefit obligations is mainly due to higher accrued leave (long service awards) balances and actuarial adjustments relating to post-employment benefits. Variance is (2025 R3 352 227) and (2024: R 532 000)

Provisions (369,73%)

High variance is due to reclassification of provision for staff leave from payables which was previously not included in prior years, the finding was raised by Auditor General during 2023/24 Audit. Variance is (2025:R 29 621 744) and (2024: R (71 412 008)).

Non-current liabilities

Other financial liabilities (-62,89%)

Actual portion of the borrowing was transferred to current assets due the redemption within 12 month of the next financial year. Variance is (2025:R(80 188 114)) and (2024: R(16 606 810)).

Provisions (26,77%)

The variance is due to the movement in the provision for landfill site rehabilitation used for waste disposal. Variance is (2025: (R 1 903 739) and (2024: R(18 520 525)).

Employee benefit obligation ((30,57%)

The decrease is attributable to the substantial increase in the Adjustment Budget allocation, which was estimated in line with actuarial valuations. Variance is (2025: R (50 662 018)) and (2024: R 11 120 000)

Statement of Cash Flows

Interest income (-72,94%)

The high variance is attributable to low interest collection from consumer debtor accounts. Variance is (2025: R (90 984 661)) and (2024 : R (25 031 721)).

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Rates and Taxes (-34.65%)

Less income due to low Cash collection on billing of Property rate. Variance is 2025 (R(61 836 579)) and (2024: R (54 812 495))

Sale of Goods and Services (-34.12%)

Enforcement of policy-based credit control processes by management is required to minimize unpaid accounts, especially at Townships and surrounding Satellite Towns. Variance is (2025: R(471 996 838) and (2024: R (129 461 133)

Suppliers (-24.63%)

Delays occurred due to the late appointment of consultants and contractors for technical operational projects. Variance (2025: R353 712 015) and (2024:R 194 103 935)

Finance Cost (-25.56%)

The lower actual outcome is due to timely payment of Eskom monthly invoices and loan accounts. Variance (2025: R4 110 730) and (2024: R84 642)

Additions to property, plant and equipment (-47,63%)

The high variance is due to lower spending on Machinery and equipment, Movable Assets and Electrical assets that should have capitalise the PPE fixed register. Variance (2025: R179 485 447) and (2024:R 76 450 314)

Purchases of other intangible assets(100%)

Additional software were procured during the financial year Variance is 2025 R(38 150) and (2024: R -1 514 560)

Movement in financial asset (16,77%)

The high income is attributable to higher-than-expected interest earned on short term investment at market rates.Variance is (2025: R(584 823)) and (2024: (R 4 590 593).

Repayment of other financial liabilities (-36,67%)

The variance is due to high adjustment budget increase on borrowings repayment. Variance is (2025: R9 683 081) and (2024: R1 516 167).

Finance lease payments (-100,00%)

Provision was not made in the budget.Variance is (2025: R(1 264 123)) and (2024: R(-2 105 503).

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2025

2024

52. Fair value adjustments

Investment property (Fair value model)	(859 999)	-
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GRAP 16 Paragraph 38 states:

"This Standard requires all entities to determine the fair value of investment property, for the purpose of either measurement (if the entity uses the fair value model) or disclosure (if it uses the cost model). An entity is encouraged, but not required, to determine the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued." The Municipality made use of an independent valuer for the revaluation of investment property for the 2023/2024 Financial Year and the value of the investment properties will remain unchanged in the 2023-24 financial year.

The value of R760 690 901 of the Investment properties includes property carried at a value of R1 as a result of illegal occupation.

53. Agency services

Mopani District Municipality and Department of Transport	12 830 714	12 468 742
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54. Licences and permits

Trading	524 963	502 492
Road and Transport	343	993
Total	525 306	503 485

55. Interest revenue

Interest revenue

Interest received - investment and bank	33 761 214	31 906 502
Interest received - trading	56 655 586	42 026 703
Total	90 416 800	73 933 205

The amount of R 16 482 383 (2024: R 14 887 146) is included in investment arising from fixed deposit transactions, while the balance of R 17 278 831 (2024: R17 019 482) arises from interest received on the Municipalities current bank account.

56. Fines, Penalties and Forfeits

Revenue for traffic fines issued	2 345 850	1 426 000
Fines: Library books	535	1 235
Deposits Forfeits	34 162	59 505
Fines, Penalties and Forfeits: Property rates	35 366 166	31 834 352
Total	37 746 713	33 321 092

57. (Loss) / gain on disposal/ write off of assets

Property, plant and equipment	(4 558 780)	(1 190 216)
Investment property	-	17 321
Total	(4 558 780)	(1 172 895)

58. Depreciation and amortisation

Property, plant and equipment	120 943 835	117 253 434
Intangible assets	174 148	353 567
Total	121 117 983	117 607 001

Greater Tzaneen Municipality

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59. Debt impairment movements

Receivables from exchange transactions:

Allowance for impairment 905 989 74 975 691

Receivables from non-exchange transactions:

Allowance for impairment 69 230 434 1 467 935

Irrecoverable Debt written off 7 932 069 -

Total **78 068 492 76 443 626**

60. Change in estimate

During the current financial period, the municipality conducted a reassessment of the remaining useful lives of property, plant and equipment. This reassessment resulted in a change in accounting estimates in accordance with the applicable accounting framework.

The effect of this change in accounting estimate is as follows:

- A decrease in depreciation and amortisation for the current period amounting to R5 370 390.79, and
- An expected increase in depreciation and amortisation of R5 370 390.79 in future periods

The change in estimate affected the following classes of assets:

Asset Class	Dep Before Review of UL	Dep After Review of UL
Moveable Assets: Furniture and Office Equipment	1,871,034.29	1,768,425.53
Moveable Assets: Computer Equipment	986,419.95	783,625.76
Moveable Assets: Transport Assets	3,596,469.54	3,088,140.19
Moveable Assets: Machinery and Equipment	4,305,021.11	1,493,477.50
Moveable Assets: Other Assets	2,188,739.78	2,128,232.62
Intangible Assets	337,166.08	174,147.81
Community Assets	8,914,151.11	8,888,460.06
Infrastructure: Roads	50,599,353.75	49,824,042.19
Infrastructure: Stormwater	9,715,699.07	9,302,782.32
Infrastructure: Electricity	41,107,851.00	40,800,180.92

61. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-period adjustments.

Prior period correction of errors

Statement of Financial Position 2024

Greater Tzaneen Municipality

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61. Prior period errors (continued)

Payables from Exchange Transactions

R 4 419 757

2024/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Basic Salary - Salary Backpay accounted for in incorrect Financial year (R588 670)

2024/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Travel Allowance - Backpay accounted for in incorrect Financial year (R196 234)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director PED Basic Salary accounted for in incorrect financial year. Director PED (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to CFO Basic Salary accounted for in the Prior year. Chief Finance Officer (R138 779)

2024/06/30 - Increase in Payables from Exchange Transactions due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager (R201 703)

2024/06/30 - Increase in Payables from Exchange Transactions due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager (R242 652)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Electrical Basic Salary accounted for in incorrect financial year. Director Electrical (R134 050)

2024/06/30 - Increase in Current Liabilities - Trade Payable Relating to the Long Service Award Accounted for in the Incorrect Financial Year (R273 728)

2024/06/30 - Increase in Payables from Exchange Transactions - Salary Control Employee Cost due to the Payroll Accruals Incorrectly Allocated (R 6 931)

2024/06/30 - Decrease in Payables from Exchange Transactions - Payables and Accruals due to the Payroll Accruals Incorrectly Allocated R6 931

2024/06/30 - Increase in Payables from Exchange Transactions - Payables and Accruals due to Allocation of Leave Pay Reduction in the Correct Financial Year (R10 067)

2024/06/30 - Decrease in Payables from Exchange Transactions - Salary Control Employee Cost due to Allocation of Leave Pay Reduction in the Correct Financial Year R10 067

2024/06/30 - Increase in Payables from Exchange Transactions - Salary Control Employee Cost due to the Accrual of Salary BackPay in the Correct Financial Year (R277 292)

2024/06/30 - Decrease in Payables from Exchange Transactions - Payables and Accruals due to the Accrual of Salary Backpay Incorrectly Allocated R277 292

2024/06/30 - Decrease in Payables from Exchange Transactions due to Director Electrical Salary Backpay accounted for in incorrect financial year. Director Electrical R 173 234

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Electrical Salary Backpay accounted for in incorrect financial year. Director Electrical (R173 234)

2024/06/30 Decrease in Payables due to historic payables written off by council R 6 261 642

VAT Payable

R 18 159 790

2024/06/30 - Increase in payables relating to revenue accounted for in incorrect financial year -R3 218 085

2024/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R 269 956

2024/06/30 - Decrease in Vat Payables relating to revenue that was accounted for in in the incorrect financial year R 14 832

2024/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R41 665

2024/06/30 - Decrease in VAT Output provision relating to impairment on electricity charges accounted for in the incorrect financial year R 18 404 874

2024/06/30 - Decrease in VAT Output provision relating to impairment on waste management accounted for in the incorrect financial year R 8 884 751

2024/06/30 - Decrease in VAT Output provision relating to impairment on service charges accounted for in the incorrect financial year R 580 929

2024/06/30 - Increase in payables relating to revenue accounted for in the incorrect financial year -R5 773 918

2024/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R439 905

2024/06/30 - Decrease in Vat Payables relating to revenue that was accounted for in in the incorrect financial year R21 129

2024/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R3 198

Receivables from Exchange Transactions

R 25 848 670

2024/06/30 - Increase in Bursary loans due to understatement of outstanding bursaries in 2024 Financial year R363

2024/06/30 - Increase in Trade and Other Receivables Exchange due to the transfer of new bursary loans to Mopani in the

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61. Prior period errors (continued)

previous financial year R18 965

2024/06/30 - Decrease in Current Assets - Bursary Obligations due to Bursary Loans Transferred to Mopani in the previous year -R18 965.

2024/06/30 - Increase in receivables due to revenue accounted for in incorrect financial year R24 671 984

2024/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R 2 069 663

2024/06/30 - Decrease in Receivables from exchange as a result of revenue accounted for in the incorrect financial year -R 161 989

2024/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R319 428

2024/06/30 - Decrease in Receivables from Exchange relating to impairment on electricity charges accounted for in the incorrect financial year -R 17 683 015

2024/06/30 - Decrease in Receivables from Exchange relating to impairment on waste management charges accounted for in the incorrect financial year -R 7 501 670

2024/06/30 - Decrease in Receivables from Exchange relating to impairment on service charges accounted for in the incorrect financial year - R 2 165 329

2024/06/30 - Increase in receivables due to revenue accounted for in incorrect financial year R44 266 703

2024/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R3 372 603

2024/06/30 - Decrease in Receivables from exchange as a result of revenue accounted for in the incorrect financial year - R161 989

2024/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R245 195

2024/06/30 - Decrease in Receivables from Exchange relating to revenue from electricity charges accounted for in the incorrect financial year -R265 295

2024/06/30 - Decrease in Receivables from Exchange relating to revenue from service charges accounted for in the incorrect financial year -R595 429

2024/06/30 - Decrease in Receivables from exchange due to MDM Debtor impairment not previously raised -R19 583 298

Receivables from Non-Exchange Transactions

R59 829 850

2024/06/30 - Decrease in Receivables from Non-Exchange relating to revenue from property rates accounted for in the incorrect financial year -R23 488

2024/06/30 - Increase in Receivables from Non-Exchange relating to impairment on property rates accounted for in the incorrect financial year R 59 916 888

2024/06/30 - Decrease in Receivables from Non-Exchange relating to revenue from property rates accounted for in the incorrect financial year -R63 549

PPE

R 6 875 194

2024/06/30 - Increase in Cost of Electrical Infra due to completed lines previously not capitalised R10 113 270

2024/06/30 - Decrease in WIP due to completed lines previously not capitalised (R10 113 270)

2024/06/30 - Increase in Acc Dep of Electrical Infra due to completed lines previously not capitalised (R17 783)

2024/06/30 - Increase in WIP due to Capex previously not recognised R339 886

2024/06/30 - Increase in Cost of Electrical Infra due to completed Auto Reclosure previously not capitalised R2 438 934

2024/06/30 - Decrease in WIP due to completed Auto reclosure previously not capitalised (R2 438 934)

2024/06/30 - Increase in Acc Dep of Electrical Infra due to completed Auto Reclosure previously not capitalised (R72 682)

2024/06/30 - Increase in Cost of Computer Equip due to expired finance lease contracts R671 076.

2024/06/30 - Decrease in Cost of Leased assets due to expired fianance lease contracts (R671 076)

2024/06/30 - Increase in Acc Dep of Computer Equip due to expired finance lease contracts (R605 613)

2024/06/30 - Decrease in Acc Dep of Leased assets due to expired finance lease contracts R605 613

2024/06/30 - Increase in Cost of Machinery and Equip due to write-off erroneously duplicated R10 080

2024/06/30 - Increase in Acc Dep of Machinery and Equip due to write-off erroneously duplicated (R10 080)

2024/06/30 - Increase in Cost of Roads Infra due to Completed Streetlights previously not capitalized R860 000

2024/06/30 - Decrease in WIP due to completed streetlights previously not capitalised (R860 000)

2024/06/30 - Increase in Acc Dep of Roads Infra due to completed project previously not capitalised (R3 106)

2024/06/30 - Increase in Cost of Electrical Infra due to completed projects previously not capitalised R1 355 065

2024/06/30 - Decrease in WIP due to completed Electrical projects previously not capitalised (R1 355 065)

2024/06/30 - Increase in Acc Dep of Electrical Infra due to Repairs & Maintenance previously not capitalised (R22 743)

2024/06/30 - Increase in WIP due to Capex previously not recognised R1 489 540

2024/06/30 - Decrease in WIP due to Opex erroneously capitalised (R4 388)

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61. Prior period errors (continued)

2024/06/30 - Increase in WIP due to Capex previously not recognised R468 769

2024/06/30 - Increase in Cost of Electrical Infra due to Auto Reclosure previously not capitalised R266 829

2024/06/30 - Decrease in the Cost of WIP due to Auto Reclosure previously not capitalised (R266 829)

2024/06/30 - Increase in Acc Dep of Electrical Infra due to completed Auto Reclosure previously not capitalised (R6 300)

2024/06/30 - Increase in Cost of Community Assets due to Park previously omitted R118 000

2024/06/30 - Increase in Cost of Land due to land previously omitted R 4 586 001

2024/06/30 - Decrease in the Cost of Land to Parks previously not reclassified (R2 454 064)

2024/06/30 - Increase in the Cost of Community assets due to Parks previously not reclassified R2 454 064

Investment Property

R 351 999

2024/06/30 - Increase in Cost of Investment Property due to reversal of fair value adjustment R79 999

2024/06/30 - Increase in Cost of Investment Property due to properties previously omitted R272 000

Inventories

R (20 000)

2024/06/30- Decrease in Inventories due to stands previously disposed but not de-recognised (R20 000)

Other Financial Liabilities - Non-Current

R 3 130

2024/06/30 -Decrease in Other Non-Current Financial Liabilities due to Understatement of Short term Portion of the DBSA Loan in the Previous Financial Year R3 130

Other Financial Liabilities - Current

R (3 130)

2024/06/30 - Increase in Other Current Financial Liabilities due to Understatement of Short term Portion of the DBSA Loan in the Previous Financial Year (R3 130)

Provisions Liabilities - Current

R(2 380 874)

2024/06/30 - Increase in Current Liabilities - Trade Payable Relating to the Leave Accrual Accounted for in the Incorrect Financial Year (R2 380 874)

Statement of Financial Performance 2024

Service Charges

R23 432 489

2024/06/30 - Increase in Service Charges due to Recognition of Revenue in 2022 2023 Financial Year R21 453 899

2024/06/30 - Increase in Service Charges relating to revenue accounted for in the incorrect financial year R1 799 707

2024/06/30 - Increase in Service Charges relating to revenue accounted for in the incorrect financial year R277 763

2024/06/30 - Decrease in Service Charges relating to revenue accounted for in the incorrect financial year -R98 880

Property Rates

R41 442

2024/06/30 - Increase in Rates relating to revenue from property rates accounted for in the incorrect financial year R41 442

Other Income

R52 326 082

2024/06/30 - Increase in Other Income relating to reversal of impairment on property rates calculated erroneously in the previous year R 52 326 082

Interest Revenue

R1 027 532

2024/06/30 - Decrease in Interest Revenue relating to revenue from electricity charges calculated erroneously in the previous year R 495 801

2024/06/30 - Decrease in Interest Revenue relating to revenue from waste management calculated erroneously in the previous year R 7 816

2024/06/30 - Decrease in Interest Revenue relating to revenue from service charges calculated erroneously in the previous year

Fines, Penalties and Forfeits

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61. Prior period errors (continued)

-R64 930

2024/06/30 - Decrease in Fines, Penalties and Forfeits due to revenue from property rates interest accounted for in incorrect financial year -R64 930

Employee Related Costs

R 3 021 985

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director PED Basic Salary accounted for in incorrect financial year. Director PED R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to CFO Basic Salary accounted for in incorrect Financial year. Chief Finance Officer R4 728

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager R201 703

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Electrical Basic Salary accounted for in incorrect financial year. Director Electrical R134 050

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director PED Basic Salary accounted for in incorrect financial year. Director PED R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to CFO Basic Salary accounted for in incorrect Financial year. Chief Finance Officer R134 050

2024/06/30 - Increase in Employee Related Costs - Leave Pay due to the Long Service Leave Accrued Accounted for in Incorrect Financial Year R273 752

2024/06/30 - Increase in Employee Related Costs - Leave Pay due to the Staff Leave Accrued for GTM Officials Accounted for in Incorrect Financial Year R2 380 875

2024/06/30 - Decrease in Employee Related Costs due to Director Electrical Salary Backpay accounted for in incorrect financial year. Director Electrical (R173 234)

Remuneration of councillors

R 784 905

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Allowance Backpay accounted for in incorrect Financial year. Executive Mayor R 21 502

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Other Councillors R121 712

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Executive Mayor R7 167

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Chief Whip R16 375

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Other Councillors R365 102

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Chief Whip R5 458

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Speaker R 17 202

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Section 79 Council R34 330

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Speaker R5 734

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Executive Committee R65 499

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Section 79 Council R102 991

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Executive Committee R21 833

Debt Impairment

R11 471 951

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61. Prior period errors (continued)

2024/06/30 Decrease in Debt Impairment relating to impairment on Electricity calculated erroneously in the previous year - R721 860

2024/06/30 - Decrease in Debt Impairment relating to impairment on waste management charges calculated erroneously in the previous year -R1 383 081

2024/06/30 - Increase in Debt Impairment relating to impairment on service charges calculated erroneously in the previous year R1 584 400

2024/06/30 - Decrease in Debt Impairment relating to reversal of impairment on property rates calculated erroneously in the previous year - R7 590 805

2024/06/30 - Increase in Debt Impairment due to MDM Debtor impairment not previously raised R19 583 298

Contracted Services

R (2 293 826)

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R339 887)

2024/06/30 - Increase in Repairs & Maintenance due to Opex erroneously capitalised R4 388

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R1 489 540)

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R468 787)

Fair value adjustments

R 79 999

2024/06/30 - Decrease in fair value adjustments due to reversal of fair value adjustment R79 999

Depreciation

R 116 314

2024/06/30 - Increase in Electricity Infra Dep due to completed lines previously not capitalised R17 783

2024/06/30 - Increase in Electricity Infra Dep due to completed auto reclosure previously not capitalised R72 682

2024/06/30 - Increase in Roads Infra Dep due to completed streetlights previously not capitalised R3 106

2024/06/30 - Increase in Electricity Infra Dep due to Repairs and Maintenance previously not capitalised R22 743

General Expenses

R (363)

2024/06/30 - Decrease in Bursary loan expenditure due to understatement of outstanding bursaries in 2024 Financial year - R363

Cashflow Statement

Sale of goods and services

R1 403 082

2024/06/30 - Increase in Bursary loans due to understatement of outstanding bursaries in 2024 Financial year R363

Transfer Revenue

-R64 930

2024/06/30 -Decrease in Fines, Penalties and Forfeits due to revenue from property rates interest accounted for in incorrect financial year R 64 930

Rates and Taxes

R62 931

2024/06/30 - Decrease in Receivables from Non-Exchange relating to revenue from property rates accounted for in the incorrect financial year -R62 931

Employee Costs

R(3 806 890)

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director PED Basic Salary accounted for in incorrect financial year. Director PED R5 264

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to CFO Basic Salary accounted for in incorrect Financial year. Chief Finance Officer R4 728

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager R201 702

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61. Prior period errors (continued)

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Electrical Basic Salary accounted for in incorrect financial year. Director Electrical R134 050

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director PED Basic Salary accounted for in incorrect financial year. Director PED R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services R16 756

2024/06/30 - Increase in Employee Related Costs - Basic Salary due to CFO Basic Salary accounted for in incorrect Financial year. Chief Finance Officer R134 050

2024/06/30 - Increase in Employee Related Costs - Leave Pay due to the Long Service Leave Accrued Accounted for in Incorrect Financial Year R273 752

2024/06/30 - Increase in Employee Related Costs - Leave Pay due to the Staff Leave Accrued for GTM Officials Accounted for in Incorrect Financial Year R2 380 874

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Allowance Backpay accounted for in incorrect Financial year. Executive Mayor R 21 502

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Other Councillors R121 712

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Executive Mayor R7 167

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Chief Whip R16 375

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Other Councillors R365 104

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Chief Whip R5 458

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Speaker R 17 202.

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Section 79 Council R34 330.

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Speaker R5 734.

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Executive Committee R65 499

2024/06/30 - Increase in Remuneration of Councillors - Basic Salary due to Salary Backpay accounted for in incorrect Financial year. Section 79 Council R102 991

2024/06/30 - Increase in Remuneration of Councillors - Travel Allowance due to Allowance Backpay accounted for in incorrect Financial year. Executive Committee R21 833

2024/06/30 - Decrease in Employee Related Costs due to Director Electrical Salary Backpay accounted for in incorrect financial year. Director Electrical (R173 234)

Suppliers

R4 699 632

2024/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Basic Salary - Salary Backpay accounted for in incorrect Financial year (R588 670)

2024/06/30 - Increase in Trade Payable relating to Remuneration of Councillors - Travel Allowance - Backpay accounted for in incorrect Financial year (R196 235)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Engineering Basic Salary accounted for in incorrect financial year. Director Engineering Services (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Community Services Basic Salary accounted for in incorrect financial year. Director Community Services (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director PED Basic Salary accounted for in incorrect financial year. Director PED (R22 020)

2024/06/30 - Increase in Payables from Exchange Transactions due to CFO Basic Salary accounted for in the Prior year. Chief Finance Officer (R138 779)

2024/06/30 - Increase in Payables from Exchange Transactions due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager (R202 428)

2024/06/30 - Increase in Payables from Exchange Transactions due to Director Electrical Basic Salary accounted for in incorrect financial year. Director Electrical (R134 050.)

2024/06/30 - Increase in Current Liabilities - Trade Payable Relating to the Long Service Award Accounted for in the Incorrect

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61. Prior period errors (continued)

Financial Year (R273 752.)

2024/06/30 - Increase in Current Liabilities - Trade Payable Relating to the Leave Accrual Accounted for in the Incorrect Financial Year (R2 380 874)

2024/06/30 - Increase in Payables from Exchange Transactions - Salary Control Employee Cost due to the Payroll Accruals Incorrectly Allocated (R 6 931)

2024/06/30 - Decrease in Payables from Exchange Transactions - Payables and Accruals due to the Payroll Accruals Incorrectly Allocated R6 931

2024/06/30 - Increase in Payables from Exchange Transactions - Payables and Accruals due to Allocation of Leave Pay Reduction in the Correct Financial Year (R10 067)

2024/06/30 - Decrease in Payables from Exchange Transactions - Salary Control Employee Cost due to Allocation of Leave Pay Reduction in the Correct Financial Year R10 067

2024/06/30 - Increase in Payables from Exchange Transactions - Salary Control Employee Cost due to the Accrual of Salary Back Pay in the Correct Financial Year (R277 292)

2024/06/30 - Decrease in Payables from Exchange Transactions - Payables and Accruals due to the Accrual of Salary Backpay Incorrectly Allocated R277 292

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R339 886)

2024/06/30 - Increase in Repairs & Maintenance due to Opex erroneously capitalised R4 388

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R1 489 540)

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R468 787)

2024/06/30 - Decrease in Bursary loan expenditure due to understatement of outstanding bursaries in 2024 Financial year - R363

2024/06/30 - Decrease in Payables from Exchange Transactions due to Director Electrical Salary Backpay accounted for in incorrect financial year. Director Electrical R 173 234

2024/06/30 Decrease in Payables due to historic payables written off by council R 6 261 642

Purchase of PPE

R(2 293 825)

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R339 886)

2024/06/30 - Increase in Repairs & Maintenance due to Opex erroneously capitalised R4 388

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R1 489 540)

2024/06/30 - Decrease in Repairs & Maintenance due to Capex not recognised (R468 787)

Reclassifications

The following line items have been reclassified in the prior year

Payables from Exchange Transactions

R(45 341 892)

2024/06/30 - Decrease in Payables due to reclassification of staff leave R20 661 713

2024/06/30 - Increase in Payables with VAT payable -R43 049 357

2024/06/30 - Increase in Payables due to VAT reclassification to Receivables -R22 954 248

Receivables from Exchange Transactions

R22 954 248

2024/06/30 - Increase in Receivables due to VAT input accrual R22 954 248

VAT Payable

R43 049 357

2024/06/30 - Decrease due to reclassification to Payables and Receivables R 43 049 357

Provisions Current - Liabilities

R(20 661 713)

2024/06/30 - Increase in Provisions due to reclassification of staff leave (R20 661 713)

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61. Prior period errors (continued)

Statement of Financial Position	2024 Previously reported	Reclassification	Adjustment of errors	2024 Restated
Assets				
Current Assets				
Inventories	20 135 036	-	(20 000)	20 115 036
Operating lease asset	1 172 268	-	-	1 172 268
Receivables from exchange transactions	669 716 397	22 954 248	25 848 670	718 519 315
Receivables from non-exchange transactions	202 704 406	-	59 829 850	262 534 256
Cash and cash equivalents	231 359 050	-	-	231 359 050
Non - Current Assets				
Investment property	761 690 901	-	351 999	762 042 900
Property, plant and equipment	1 690 680 298	-	6 875 194	1 697 555 492
Intangible assets	1 489 452	-	-	1 489 452
Heritage assets	200 958	-	-	200 958
Other Financial assets	48 092 035	-	-	48 092 035
Liabilities				
Current Liabilities				
Other financial liabilities	(17 308 615)	-	(3 130)	(17 311 745)
Finance lease obligation	(1 011 996)	-	-	(1 011 996)
Payables from exchange transactions	(215 972 864)	(45 341 892)	4 419 757	(256 894 999)
VAT Payable	(61 209 147)	43 049 357	18 159 790	-
Consumer deposits	(25 316 368)	-	-	(25 316 368)
Employee benefit obligation	(8 194 000)	-	-	(8 194 000)
Unspent conditional grants and receipts	(6 166 838)	-	-	(6 166 838)
Provisions	(6 977 867)	(20 661 713)	(2 380 874)	(30 020 454)
Non-Current Liabilities				
Other financial liabilities	(95 697 840)	-	3 130	(95 694 710)
Finance lease obligation	(4 266)	-	-	(4 266)
Employee benefit obligation	(100 669 000)	-	-	(100 669 000)
Provisions	(8 196 159)	-	-	(8 196 159)
Accumulated surplus	(3 080 515 841)	-	(113 084 386)	(3 193 600 227)
Total	-	-	-	-

Greater Tzaneen Municipality

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61. Prior period errors (continued)

Statement of Financial Performance

	2024 Previously reported	Adjustment of errors	2024 Restated
Revenue			
Revenue from exchange transactions			
Service charges	800 095 216	23 432 488	823 527 704
Rental of facilities and equipment	1 858 501	-	1 858 501
Interest Revenue	74 960 737	(1 027 532)	73 933 205
Agency services	12 468 742	-	12 468 742
Licenses and permits	503 485	-	503 485
Other income	26 129 240	52 326 081	78 455 321
Taxation revenue			
Property rates	146 292 976	41 442	146 334 418
Transfer revenue			
Government grants & subsidies	663 632 864	-	663 632 864
Public contributions and donations	11 660 085	-	11 660 085
Fines, Penalties and Forfeits	33 386 022	(64 930)	33 321 092
Expenditure			
Employee related cost	(383 133 956)	(3 021 985)	(386 155 941)
Remuneration of councillors	(28 957 581)	(784 905)	(29 742 486)
Depreciation and amortisation	(117 490 687)	(116 314)	(117 607 001)
Impairment of assets	(6 165 737)	-	(6 165 737)
Finance costs	(12 929 086)	-	(12 929 086)
Debt impairment	(64 971 675)	(11 471 951)	(76 443 626)
Bulk purchases	(570 292 315)	-	(570 292 315)
Contracted services	(156 661 062)	2 293 826	(154 367 236)
Transfers and subsidies	(48 358 652)	-	(48 358 652)
General expenses	(111 036 333)	363	(111 035 970)
(Loss)/Gain on disposal/Write off of assets	(1 172 895)	-	(1 172 895)
Inventory consumed	(32 542 535)	-	(32 542 535)
Fair value adjustments	(79 999)	79 999	-
Surplus/(loss) for the year	237 195 355	61 686 582	298 881 937

Irregular expenditure

	2024 Previously reported	Adjustment of errors	2024 Restated
Opening balance	187 044 590	-	187 044 590
Irregular expenditure current year	98 497 738	(1 329 835)	97 167 903
Irregular Expenditure written off (2022/2023)	(49 097 809)	818 953	(48 278 856)
Irregular expenditure awaiting further investigation/write off	<u>236 444 519</u>	<u>(510 882)</u>	<u>235 933 637</u>

Contingent Liabilities

In 2019, the Mpho Kobela sued the Municipality for injuries sustained during Hawkers ejection in the CBD of Tzaneen, where circumstances forced Municipal Law Enforcement Officer to use ammunition to disperse the unsatisfied crowd of people who were refusing to leave the demarcated area for none trading purpose. The amount claimed is R 3 000 000.00 and the estimated legal fees is R 600 000.00. The case is still pending in the High Court.

Total

	2024 Previously Reported	Adjustment of errors	2024 Restated
	4 600 000	(1 000 000)	3 600 000
Total	4 600 000	(1 000 000)	3 600 000

Greater Tzaneen Municipality

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Figures in Rand	2025	2024	
61. Prior period errors (continued)			
Municipality Acting as an Agent (Prior Period Corrections)			
	2024 Previously Reported	Adjustments of errors	2024 Restated
Receivables			
Mopani District Municipality	391 821 581	(19 738 927)	372 082 654
	391 821 581	(19 738 927)	372 082 654
Cash flow statement	2024 Previously reported	Adjustment of errors	2024 Restated
Cash flows from operating activities			
Receipts			
Rates and Taxes	83 604 496	62 931	83 667 427
Sale of goods and services	751 998 099	1 403 082	753 401 181
Transfer Revenue	697 304 195	(64 930)	697 239 265
Interest income	31 906 502	-	31 906 502
Payments			
Employee costs	(400 439 537)	(3 806 890)	(404 246 427)
Suppliers	(906 826 197)	4 699 632	(902 126 565)
Finance cost	(12 729 461)	-	(12 729 461)
Cash flows from investing activities			
Purchase of property, plant and equipment	(167 523 947)	(2 293 825)	(169 817 772)
Proceeds from sale of Investment Property	17 321	-	17 321
Purchase of other intangible assets	(1 514 560)	-	(1 514 560)
Movement in Financial Assets	(4 590 593)	-	(4 590 593)
Cash flow from financing activities			
Repayment of other financial liabilities	(15 053 225)	-	(15 053 225)
Finance lease payments	(2 105 503)	-	(2 105 503)
Net increase/(decrease) in cash and cash equivalents	54 047 590	-	54 047 590

Greater Tzaneen Municipality

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61. Prior period errors (continued)

Segment surplus or deficit, assets and liabilities

2024

	2024 Previously Reported	Prior year Adjustment	2024 Restated
Revenue			
Revenue from exchange transactions	(850 032 039)	(22 404 957)	(872 436 996)
Revenue from non- exchange transactions	(34 463 536)	-	(34 463 536)
Total segment revenue	(884 495 575)	(22 404 957)	(906 900 532)
Entity's revenue	1 770 987 86	74 707 541	845 695 417
Expenditure			
Salaries and wages	153 782 598	166 598	153 949 196
Other expenses	151 739 812	2 490 239	154 230 051
Bulk purchases	570 292 315	-	570 292 315
Depreciation and amortisation	94 889 788	138 444	95 028 232
Total segment expenditure	970 704 513	2 795 281	973 499 794
Total segmental surplus/(deficit)	(86 208 93)	19 609 67	(66 599 261)
Assets			
Non-current assets	346 434 621	2 185 005	348 619 626
Total assets as per Statement of financial Position	3 627 240 80	115 839 963	3 743 080 762
Liabilities			
Current liabilities	53 322 378	-	53 322 378
Total liabilities as per Statement of financial Position	540 724 96	8 755 57	549 480 535

Financial Instruments

	2024 previously reported	Adjustment of errors	2024 Restated
Receivables from exchange transactions	-	718 519 315	718 519 315
Cash and cash equivalents	-	231 359 050	231 359 050
Other Financial Assets	-	48 092 035	48 092 035
Other Financial Liabilities	-	(113 006 455)	(113 006 455)
Finance lease obligation	-	(1 016 262)	(1 016 262)
Payables from exchange transactions	-	(240 421 813)	(240 421 813)
Total		- 643 525 870	643 525 870

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61. Prior period errors (continued)

Risk Management

	2024 previously reported	Adjustment of errors	2024 Restated
Other financial liabilities	(113 006 455)	-	(113 006 455)
Finance Lease obligation	(1 016 262)	-	(1 016 262)
Payables from exchange transactions	(215 972 864)	(24 448 949)	(240 421 813)
Receivables from exchange transactions	669 716 397	48 802 918	718 519 315
Receivables from non-exchange transactions	197 788 595	(197 788 595)	-
Cash and cash equivalents	271 695 976	-	271 695 976
Other financial assets	52 163 968	-	52 163 968
Inventories	20 135 036	(20 135 036)	-
Total	881 504 391	(193 569 662)	687 934 729

Statement of Financial Position 2023

Receivables from Exchange Transactions

R46 861 788

2023/06/30 - Increase in receivables due to revenue accounted for in incorrect financial year R44 266 703

2023/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R3 372 603

2023/06/30 - Decrease in Receivables from exchange as a result of revenue accounted for in the incorrect financial year - R161 989

2023/06/30 - Increase in Receivables from exchange as a result of revenue accounted for in the incorrect financial year R245 195

2023/06/30 - Decrease in Receivables from Exchange relating to revenue from electricity charges accounted for in the incorrect financial year -R265 295

2023/06/30 - Decrease in Receivables from Exchange relating to revenue from service charges accounted for in the incorrect financial year -R595 429

Receivables from Non-Exchange Transactions

-R63 549

2023/06/30 - Decrease in Receivables from Non-Exchange relating to revenue from property rates accounted for in the incorrect financial year -R63 549

PPE

R4 697 701

2023/06/30 - Increase in Cost of Electrical Infra due to Auto Reclosure previously not capitalised R266 829

2023/06/30 - Decrease in the Cost of WIP due to Auto Reclosure previously not capitalised (R266 829)

2023/06/30 - Increase in Acc Dep of Electrical Infra due to completed Auto Reclosure previously not capitalised (R6 300)

2023/06/30 - Increase in Cost of Community Assets due to Park previously omitted R118 000

2023/06/30 - Increase in Cost of Land due to land previously omitted R 4 586 001

2023/06/30 - Decrease in the Cost of Land to Parks previously not reclassified (R2 454 064)

2023/06/30 - Increase in the Cost of Community assets due to Parks previously not reclassified R2 454 064

Investment Property

R 272 000

2023/06/30 - Increase in Cost of Investment prop due to properties previously omitted R272 000

Inventories

R(20 000)

2023/06/30- Decrease in Inventories due to stands previously disposed but not de-recognised (R20 000)

Payables from exchange transactions

R 5 845 756

2023/06/30 - Increase in Employee Related Costs - Basic Salary due to MM Basic Salary accounted for in incorrect Financial year. Municipal Manager (R242 652)

2023/06/30 - Increase in Payables from Exchange Transactions due to Director Electrical Salary Backpay accounted for in

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61. Prior period errors (continued)

incorrect financial year. Director Electrical (R173 234)

2023/06/30 Decrease in Payables due to historic payables written off by council R 6 261 642

VAT Payable

-R6 195 892

2023/06/30 - Increase in payables relating to revenue accounted for in incorrect financial year -R5 773 918

2023/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R439 905

2023/06/30 - Decrease in Vat Payables relating to revenue that was accounted for in in the incorrect financial year R21 129

2023/06/30 - Increase in Vat Payables relating to revenue that was accounted for in in the incorrect financial year -R3 198

Reclassifications

The following line items has been reclassified in the prior year

Payables from Exchange Transactions

R(31 096 365)

2023/06/30 - Decrease in Payables from exchange transactions due to reclassification of staff leave R26 912 837

Provisions Current Liabilities

R(26 912 837)

2023/06/30 - Increase in Provisions due to reclassification of staff leave (R26 912 837)

Statement of Financial Position	2023 Previously reported	Reclassification on	Adjustment of errors	2023 Restated
Assets				
Current Assets				
Inventories	28 226 155	-	(20 000)	28 206 155
Operating lease asset	927 576	-	-	927 576
Receivables from exchange transactions	597 464 208	-	46 861 787	644 325 995
Receivables from non-exchange transactions	145 690 777	-	(63 548)	145 627 229
Cash and cash equivalents	177 311 460	-	-	177 311 460
Non - Current Assets				
Investment property	760 660 900	-	272 000	760 932 900
Property, plant and equipment	1 635 989 336	-	4 697 701	1 640 687 037
Intangible assets	328 460	-	-	328 460
Heritage assets	200 958	-	-	200 958
Other Financial assets	43 501 442	-	-	43 501 442
Liabilities				
Current Liabilities				
Other financial liabilities	(15 758 160)	-	-	(15 758 160)
Finance lease obligation	(1 915 951)	-	-	(1 915 951)
Payables from exchange transactions	(227 950 379)	(31 096 365)	5 845 756	(253 200 988)
VAT Payable	(51 813 315)	58 009 202	(6 195 887)	-
Consumer deposits	(25 889 607)	-	-	(25 889 607)
Employee benefit obligation	(7 662 000)	-	-	(7 662 000)
Unspent conditional grants and receipts	(5 333 835)	-	-	(5 333 835)
Provisions	(349 781)	(26 912 837)	-	(27 262 618)
Non-Current Liabilities				
Other financial liabilities	(112 301 520)	-	-	(112 301 520)
Finance lease obligation	(1 006 190)	-	-	(1 006 190)
Employee benefit obligation	(89 549 000)	-	-	(89 549 000)
Provisions	(7 451 053)	-	-	(7 451 053)
Accumulated surplus	(2 843 320 481)	-	(51 397 809)	(2 894 718 290)
Total	-	-	-	-

Greater Tzaneen Municipality

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Figures in Rand	2025	2024
62. Municipality acting as an agent		
Agency fees received		
Mopani District Municipality	2 368 466	1 741 899
Department of Transport	10 462 248	10 726 843
Total	12 830 714	12 468 742
Mopani District Municipality		
Receivables held on behalf of the principal	-	-
Opening Balance	391 665 952	351 245 973
Consumer Debtors	15 409 509	35 753 249
Amounts Written Off	(8 997 704)	(10 039 108)
Agency Fees Accrued	2 368 466	1 741 899
Other Receivables	37 362	-
Other Movements	9 302 147	12 963 939
Provision for Impairment	(905 989)	(19 583 298)
Closing Balance	408 879 743	372 082 654
Department of Transport		
Payables held on behalf of the principal	-	-
Opening Balance	3 860 353	3 540 822
Revenue Collected	60 157 924	61 679 345
Agency Fees Received	(12 031 585)	(12 335 869)
Cash paid	(47 951 704)	(49 023 945)
Closing balance	4 034 988	3 860 353

Mopani District Municipality

Mopani District Municipality as the Water Services Authority (WSA), appointed the Municipality as its Water Services Provider (WSP) through a Service Level Agreement effective 1 July 2022 for a period of three years, ending 30 June 2025. The agreement expired at year-end and a new arrangement is currently under review.

In terms of the agreement, the Municipality is responsible for providing water services within the designated area and for collecting water services revenue on behalf of MDM. The Municipality also manages the accounting and financial administration relating to water services revenue and applies credit control and debt collection measures in line with applicable by-laws. MDM retains ownership of the water services infrastructure.

The Municipality is entitled to an agency fee of 5% of the water services revenue collected on behalf of MDM.

The terms of the arrangement also require the Municipality to safeguard any infrastructure, equipment or inventory provided by MDM and to return such items upon termination or expiry of the SLA. Upon termination, the SLA prescribes a three-month "hand-back procedure" during which both parties must ensure the orderly transfer of responsibilities and continuity of service delivery, recognising that uninterrupted water service provision is essential.

Operational & Performance Risk: Full liability for service delivery failures, damages, or penalties arising from its acts or omissions.

Revenue Collection Risk: Responsibility for collection shortfalls and the costs of credit control and debt collection activities.

Financial Exposure: Risk of loss if the principal fails to pay the approved monthly management fee.

Custodial Risk: Responsibility for all maintenance, repair costs, and any loss or damage to the water services assets under its custody.

Greater Tzaneen Municipality

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These risks are mitigated through a defined management fee and operational cost reimbursement model, the authority to enforce the Principal's credit control bylaws (including disconnection and legal action), and contractual rights to suspend services or terminate for non-payment. The Principal retains the risks for major capital expenditure and maintains insurance over the assets.

Department of Transport

The Municipality acts as an agent of the Department of Transport in terms of a formal agreement that governs the provision of registration, licensing and testing services in accordance with applicable national and provincial road traffic legislation, and in alignment with the Batho Pele Principles. There were no amendments to the agreement during the year under review.

In terms of the agreement, the Municipality must return all equipment and stock belonging to the Department within three (3) working days upon termination of the agreement.

The Municipality is entitled to a fixed agency fee equal to 20% of all monthly revenue collected on behalf of the Department for motor vehicle licensing and registration services.

Under the SLA, the Municipality assumes operational, fraud, cash-handling, equipment and reputational risks, mitigated through staff training, supervision and adherence to approved procedures. The Municipality is required to safeguard all cash, face-value documents and Department-owned equipment, supported by daily banking, secure storage, restricted access and surveillance controls.

Compliance with NaTIS, the Road Traffic Act and applicable testing standards is maintained through policy alignment, internal reviews and periodic compliance monitoring.

Risks of non-compliance—including potential legal action, adverse audit outcomes or withdrawal of delegated functions—are reduced through timely reporting, monitoring mechanisms and corrective action plans. Data integrity and confidentiality risks are managed through password controls, user-access management, secure information handling and compliance with POPIA requirements.

63. Rental of Facilities

Aerodrom Hanger	143 333	184 615
Council Property Rental	1 220 141	1 201 654
Electrified Advertising Board	128 435	104 521
Hall Rental	37 530	39 779
Hawkers Stall	30 929	25 944
Housing Rental	243 433	287 058
Other	57 206	14 930
	1 861 007	1 858 501

64. Events after the reporting date

There are no subsequent events that occurred subsequent to 30 June 2025.

Greater Tzaneen Municipality

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65. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: trading services, community and public safety services and economic environmental services. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

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

Types of goods and/or services by segment

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

Reportable segment	Services
Segment 1	Trading Services
Segment 2	Community and public safety services
Segment 3	Economic environmental services

Segment surplus or deficit, assets and liabilities

2025

	Trading services	Community and public safety	Economic environmental services	Total
Revenue				
Revenue from exchange transactions	(971 120 753)	(143 457)	(318 224)	(971 582 434)
Revenue from non- exchange transactions	(63 244 604)	(2 770)	(28 463)	(63 275 837)
Total segment revenue	(1 034 365 357)	(146 227)	(346 687)	(1 034 858 271)
Entity's revenue				2 045 141 005
Expenditure				
Salaries and wages	130 136 984	15 831 020	27 814 989	173 782 993
Other expenses	138 114 027	1 646 816	21 422 695	161 183 538
Bulk purchases	700 306 703	-	-	700 306 703
Depreciation and amortisation	95 699 554	1 633 079	175 866	97 508 499
Total segment expenditure	1 064 257 268	19 110 915	49 413 550	1 132 781 733
Total segmental surplus/(deficit)				(97 923 462)
Assets				
Current assets	391 818 966	(18 335 326)	5 349 548	378 833 188
Non-current assets	390 919 703	297 569	(1 413 373)	389 803 899
Total segment assets	782 738 669	(18 037 757)	3 936 175	768 637 087
Total assets as per Statement of financial Position				4 041 871 530
Liabilities				
Current liabilities	14 617 284	280 406 838	(3 982 948)	291 041 174
Total liabilities as per Statement of financial Position				573 495 560

Greater Tzaneen Municipality

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	Trading services	Community and public safety	Economic environmental services	Total
Revenue				
Revenue from exchange transactions	(872 185 567)	(18 427)	(233 002)	(872 436 996)
Revenue from non - exchange transactions	(34 453 069)	(1 235)	(9 231)	(34 463 535)
Total segment revenue	(906 638 636)	(19 662)	(242 233)	(906 900 531)
Entity's revenue				1 845 695 417
Expenditure				
Salaries and wages	113 352 070	13 362 650	27 234 476	153 949 196
Other expenses	131 956 894	1 494 893	20 778 264	154 230 051
Bulk purchases	570 292 315	-	-	570 292 315
Depreciation and amortisation	94 471 342	438 112	118 777	95 028 231
Total segment expenditure	910 072 621	15 295 655	48 131 517	973 499 793
Total segmental surplus/(deficit)				(66 599 261)
Assets				
Non Current assets	347 509 626	-	1 110 000	348 619 626
Total assets as per Statement of financial Position				3 743 080 762
Liabilities				
Current liabilities	(8 449 687)	428 444 357	(366 672 292)	53 322 378
Total liabilities as per Statement of financial Position				549 480 535

**Greater Tzaneen Municipality
Appendix A**

Schedule of external loans for the year ended 30 June 2025

	Balance at 30 June 2024	Received during the period	Redeemed written off during the period	Balance at 30 June 2025
	Rand	Rand	Rand	Rand
Loan Stock				
STANDARD BANK	30 000 000	-	-	30 000 000
	30 000 000	-	-	30 000 000
Annuity loans				
DBSA	19 721 728	-	3 906 767	15 814 961
DBSA	19 713 894	-	2 576 014	17 137 880
ABSA	6 241 536	-	2 944 122	3 297 414
DBSA	24 533 263	-	4 784 812	19 748 451
DBSA	12 091 096	-	2 395 096	9 696 000
ACCRUED INTEREST	704 938	-	115 662	589 276
Total	83 006 455	-	16 722 473	66 283 982
Total external loans				
Loan Stock	30 000 000	-	-	30 000 000
Annuity loans	83 006 455	-	16 722 473	66 283 982
Total	113 006 455	-	16 722 473	96 283 982

Greater Tzaneen Municipality
Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2025
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/ Write offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/ Write offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land														
Land	102 262 939	-	-	-	-	-	102 262 939	(114 999)	-	-	-	(21 999)	(136 998)	102 125 941
	102 262 939	-	-	-	-	-	102 262 939	(114 999)	-	-	-	(21 999)	(136 998)	102 125 941
Infrastructure														
Roads	1 469 334 883	105 729 999	(741 522)	1 085 541	-	-	1 575 408 901	(896 956 143)	438 820	(47 154)	(49 824 042)	(2 928 792)	(949 317 311)	626 091 590
Storm water	253 022 655	30 489 191	(1 566 739)	(1 085 541)	-	-	280 859 566	(84 056 787)	113 879	47 154	(9 302 782)	(118 350)	(93 316 886)	187 542 680
Electricity	1 037 573 879	55 201 626	(15 153 346)	-	-	-	1 077 622 159	(589 886 841)	12 635 006	-	(40 800 181)	(2 269 856)	(620 321 872)	457 300 287
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(26 059 617)	-	-	(1 766 609)	-	(27 826 226)	26 229 678
	2 813 987 321	191 420 816	(17 461 607)	-	-	-	2 987 946 530	(1 596 959 388)	13 187 705	-	(101 693 614)	(5 316 998)	(1 690 782 295)	1 297 164 235
Community Assets														
Airports	18 685 376	-	-	-	-	-	18 685 376	(11 940 523)	-	-	(505 092)	-	(12 445 615)	6 239 761
Parks & Gardens	16 518 949	-	-	-	-	-	16 518 949	(2 319 241)	-	-	(7 199)	(500 250)	(2 826 690)	13 692 259
Community halls	24 656 671	28 468 820	-	-	-	-	53 125 491	(10 088 852)	-	-	(1 532 161)	-	(11 621 013)	41 504 478
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(880 842)	-	-	(156 464)	-	(1 037 306)	1 631 679
Municipal offices	22 261 138	-	-	-	-	-	22 261 138	(12 041 012)	-	-	(330 620)	-	(12 371 632)	9 889 506
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 152 625)	-	-	(20 173)	-	(1 172 798)	6 370 090
Museums	1 307 643	-	-	-	-	-	1 307 643	(303 944)	-	-	(2 752)	-	(306 696)	1 000 947
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(50 673 380)	-	-	(5 262 664)	-	(55 936 044)	70 775 889
Taxi ranks	22 709 138	47 379	-	-	-	-	22 756 517	(8 269 591)	-	-	(1 071 334)	-	(9 340 925)	13 415 592
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	246 386 721	28 516 199	-	-	-	-	274 902 920	(97 670 010)	-	-	(8 888 459)	(500 250)	(107 058 719)	167 844 201

Greater Tzaneen Municipality
Appendix B

Analysis of property, plant and equipment for the year ended 30 June 2024
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Prior year Adjustments Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	102 262 939	-	-	-	-	-	102 262 939	-	-	-	-	(114 999)	(114 999)	102 147 940
	102 262 939	-	-	-	-	-	102 262 939	-	-	-	-	(114 999)	(114 999)	102 147 940
Infrastructure														
Roads	1 376 989 312	96 339 234	(3 993 663)	-	-	-	1 469 334 883	(850 671 492)	3 579 930	-	(48 597 908)	(1 266 673)	(896 956 143)	572 378 740
Storm water	217 396 379	35 626 276	-	-	-	-	253 022 655	(75 181 178)	-	-	(8 875 609)	-	(84 056 787)	168 965 868
Electricity	996 721 018	42 529 957	(1 677 096)	-	-	-	1 037 573 879	(546 559 342)	1 094 669	-	(39 638 104)	(4 784 065)	(589 886 842)	447 687 037
Solid waste	54 055 904	-	-	-	-	-	54 055 904	(24 293 008)	-	-	(1 766 609)	-	(26 059 617)	27 996 287
	2 645 162 613	174 495 467	(5 670 759)	-	-	-	2 813 987 321	(1 496 705 020)	4 674 599	-	(98 878 230)	(6 050 738)	(1 596 959 389)	1 217 027 932
Community Assets														
Airports	18 685 376	-	-	-	-	-	18 685 376	(11 434 753)	-	-	(505 769)	-	(11 940 522)	6 744 854
Parks & Gardens	16 518 949	-	-	-	-	-	16 518 949	(2 311 995)	-	-	(7 246)	-	(2 319 241)	14 199 708
Community halls	24 656 671	-	-	-	-	-	24 656 671	(9 266 495)	-	-	(822 357)	-	(10 088 852)	14 567 819
Market stalls	2 668 985	-	-	-	-	-	2 668 985	(724 377)	-	-	(156 464)	-	(880 841)	1 788 144
Municipal offices	21 142 138	1 119 000	-	-	-	-	22 261 138	(11 705 538)	-	-	(335 475)	-	(12 041 013)	10 220 125
Libraries	7 542 888	-	-	-	-	-	7 542 888	(1 132 453)	-	-	(20 173)	-	(1 152 626)	6 390 262
Museums	1 307 643	-	-	-	-	-	1 307 643	(300 229)	-	-	(3 715)	-	(303 944)	1 003 699
Recreational facilities	126 711 933	-	-	-	-	-	126 711 933	(45 409 528)	-	-	(5 263 852)	-	(50 673 380)	76 038 553
Taxi Ranks	22 709 138	-	-	-	-	-	22 709 138	(7 181 388)	-	-	(1 088 203)	-	(8 269 591)	14 439 547
Cemeteries	3 324 000	-	-	-	-	-	3 324 000	-	-	-	-	-	-	3 324 000
	245 267 721	1 119 000	-	-	-	-	246 386 721	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	148 716 711

**Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment for the year ended 30 June 2024
Cost/Revaluation**

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Wri te Offs Rand	Transfers Rand	Revaluations Rand	Prior period errors Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Wri te Offs Rand	Prior year Adjustments Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	102 262 939	-	-	-	-	-	102 262 939	-	-	-	-	(114 999)	(114 999)	102 147 940
Infrastructure	2 645 162 613	174 495 467	(5 670 759)	-	-	-	2 813 987 321	(1 496 705 020)	4 674 599	-	(98 878 230)	(6 050 738)	(1 596 959 389)	1 217 027 932
Community Assets	245 267 721	1 119 000	-	-	-	-	246 386 721	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	148 716 711
Construction Work in Progress	188 608 099	152 859 210	-	(170 524 902)	-	-	170 942 407	(304 764)	-	-	-	(304 764)	(304 764)	170 637 643
Computer Equipment	13 981 945	524 406	(1 805 083)	671 076	-	-	13 372 344	(12 405 455)	1 749 398	(605 613)	(542 384)	-	(11 804 054)	1 568 290
Furniture and Office Equipment	11 789 222	2 246 015	(353 061)	-	-	-	13 682 176	(5 263 483)	352 356	-	(1 636 269)	-	(6 547 396)	7 134 780
Machinery and Plant	20 533 090	6 278 445	(1 935 127)	-	-	-	24 876 408	(15 133 827)	1 801 651	-	(1 318 693)	-	(14 650 869)	10 225 539
Transport Assets	47 692 414	7 518 216	-	-	-	-	55 210 630	(37 223 421)	-	-	(2 881 757)	-	(40 105 178)	15 105 452
Leased Assets	5 361 853	11 861	(102 402)	(671 076)	-	-	4 600 236	(2 659 855)	102 402	605 613	(1 737 386)	-	(3 689 226)	911 010
Other Assets	38 334 352	6 950 142	(100 835)	-	-	-	45 183 659	(19 144 735)	96 647	-	(2 055 463)	-	(21 103 551)	24 080 108
	3 318 994 248	352 002 762	(9 967 267)	(170 524 902)	-	-	3 490 504 841	(1 678 002 552)	8 472 289	-	(117 253 436)	(6 470 501)	(1 792 949 436)	1 697 555 405
Intangible assets														
Computer- Software	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
Heritage assets														
Mayors chain & Council gowns	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
Investment properties														
Investment property	760 932 900	-	-	1 110 000	-	-	762 042 900	-	-	-	-	-	-	762 042 900
	760 932 900	-	-	1 110 000	-	-	762 042 900	-	-	-	-	-	-	762 042 900
Total														
Land and buildings	102 262 939	-	-	-	-	-	102 262 939	-	-	-	-	(114 999)	(114 999)	102 147 940
Infrastructure	2 645 162 613	174 495 467	(5 670 759)	-	-	-	2 813 987 321	(1 496 705 020)	4 674 599	-	(98 878 230)	(6 050 738)	(1 596 959 389)	1 217 027 932
Community Assets	245 267 721	1 119 000	-	-	-	-	246 386 721	(89 466 756)	-	-	(8 203 254)	-	(97 670 010)	148 716 711
Construction Work in Progress	188 608 099	152 859 210	-	(170 524 902)	-	-	170 942 407	(304 764)	-	-	-	-	(304 764)	170 637 643
Computer equipment	13 981 945	524 406	(1 805 083)	671 076	-	-	13 372 344	(12 405 455)	1 749 398	(605 613)	(542 384)	-	(11 804 054)	1 568 290
Furniture and office equipment	11 789 222	2 246 015	(353 061)	-	-	-	13 682 176	(5 263 483)	352 356	-	(1 636 269)	-	(6 547 396)	7 134 780
Machinery and plant	20 533 090	6 278 445	(1 935 127)	-	-	-	24 876 408	(15 133 827)	1 801 651	-	(1 318 693)	-	(14 650 869)	10 225 539
Transport assets	47 692 414	7 518 216	-	-	-	-	55 210 630	(37 223 421)	-	-	(2 881 757)	-	(40 105 178)	15 105 452
Leased assets	5 361 853	11 861	(102 402)	(671 076)	-	-	4 600 236	(2 659 855)	102 402	605 613	(1 737 386)	-	(3 689 226)	911 010
Other assets	38 334 352	6 950 142	(100 835)	-	-	-	45 183 659	(19 144 735)	96 647	-	(2 055 463)	-	(21 103 551)	24 080 108
Intangible assets	5 448 386	1 514 559	-	-	-	-	6 962 945	(5 119 927)	-	-	(353 567)	-	(5 473 494)	1 489 451
Investment property	760 932 900	-	-	1 110 000	-	-	762 042 900	-	-	-	-	-	-	762 042 900
Heritage assets	200 958	-	-	-	-	-	200 958	-	-	-	-	-	-	200 958
	4 085 576 492	353 517 321	(9 967 267)	(169 414 902)	-	-	4 259 711 644	(1 683 427 243)	8 777 053	-	(117 607 003)	(6 165 737)	(1 798 422 930)	2 461 288 714

Greater Tzaneen Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2025
Prior Year **Current year**

Actual Income	Actual Expenditure	Surplus /(Deficit)		Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
Municipality						
-	48 394 800	(48 394 800)	Executive & Council/Mayor and Council	-	50 161 059	(50 161 059)
1 191 059 777	319 072 214	871 987 563	Finance & Admin/Finance	1 275 701 274	278 393 961	997 307 313
242 233	37 220 347	(36 978 114)	Planning and Development/Economic Development/Plan	346 687	41 605 331	(41 258 644)
-	220 944	(220 944)	Health/Clinics	-	2 015 989	(2 015 989)
119 662	11 225 495	(11 105 833)	Comm. & Social/Libraries and archives	146 226	14 563 997	(14 417 771)
2 658 239	49 038 084	(46 379 845)	Housing	2 668 918	53 927 959	(51 259 041)
24 428 039	46 046 898	(21 618 859)	Public Safety/Police	15 189 843	86 209 664	(71 019 821)
336 894	72 249 947	(71 913 053)	Sport and Recreation	272 822	90 110 009	(89 837 187)
46 645 093	112 994 899	(66 349 806)	Waste Water Management/Sewerage	52 317 418	124 693 434	(72 376 016)
112 209 831	108 668 267	3 541 564	Road Transport/Roads	134 740 093	77 597 207	57 142 886
467 995 648	741 681 584	(273 685 936)	Electricity /Electricity Distribution	532 080 413	919 409 342	(387 328 929)
1 845 695 416	1 546 813 479	298 881 937		2 013 463 694	1 738 687 952	274 775 742

Greater Tzaneen Municipality
Appendix E1
Budget Summary (Appropriation statement)
for the year ended 30 June 2025

2024/2025

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Financial Performance							
Property rates	190 271 814	-	190 271 814		190 271 814	191 037 588	765 774
Service charges	964 762 996	44 000 000	1 008 762 996		1 008 762 996	918 765 336	(89 997 660)
Investment Revenue	22 764 459	7 000 000	29 764 459		29 764 459	33 761 214	3 996 755
Transfers recognised operational	587 003 200	(194 802)	586 808 398		586 808 398	601 502 268	14 693 870
Other own Revenue	93 510 196	23 300 000	116 810 196		116 810 196	178 171 068	61 360 872
Total Revenue (excluding capital transfers and contributions)	1 858 312 665	74 105 198	1 932 417 863		1 932 417 863	1 923 237 474	(9 180 389)
Expenditure By Type							
Employee cost	447 513 509	-	447 513 509	-	447 513 509	434 239 207	(13 274 302)
Remuneration of councillors	30 557 659	-	30 557 659	-	30 557 659	29 610 009	(947 650)
Debt impairment	106 277 000	(34 277 000)	72 000 000	-	72 000 000	78 068 492	6 068 492
Depreciation & asset impairment	118 167 597	-	118 167 597	-	118 167 597	126 957 230	8 789 633
Finance charges	16 084 886	(10 000 000)	6 084 886	5 000 000	11 084 886	12 149 414	1 064 528
Materials and bulk purchases	647 757 707	228 667 350	876 425 057	(76 835 372)	799 589 685	728 430 174	(71 159 511)
Transfers and grants	49 029 048	1 984 796	51 013 844	98 000	51 111 844	50 312 388	(799 456)
Other Expenses	302 258 536	(108 647 609)	193 610 927	71 737 372	265 348 299	310 598 351	45 250 052
Total Expenditure	1 717 645 942	77 727 537	1 795 373 479	-	1 795 373 479	1 770 365 265	(25 008 214)
Surplus/(Deficit)	140 666 723	(3 622 339)	137 044 384		137 044 384	152 872 209	15 827 825
Transfers recognised- capital	122 952 800	6 511 642	129 464 442		129 464 442	121 903 531	(7 560 911)
Surplus/(Deficit) after capital transfers & contributions	263 619 523	2 889 303	266 508 826		266 508 826	274 775 740	8 266 914
Transfers recognised - capital	124 808 900	6 511 642	131 320 542		131 320 542	124 279 130	(7 041 412)
Internally generated funds	100 500 000	18 328 934	118 828 934		118 828 934	96 482 349	(22 346 585)
Total sources of capital funds	225 308 900	24 840 576	250 149 476		250 149 476	220 761 479	(29 387 997)
Financial Position							
Total current assets	1 121 709 833	(15 970 676)	1 105 739 157		1 105 739 157	1 473 364 732	367 625 575
Total non current assets	2 561 414 727	49 312 963	2 610 727 690		2 610 727 690	2 568 506 798	(42 220 892)
Total current liabilities	364 274 820	7 959 944	372 234 764		372 234 764	400 056 350	27 821 586
Total non-current liabilities	203 196 018	97 152 000	300 348 018		300 348 018	173 439 210	(126 908 808)
Community wealth/equity	3 115 653 722	(71 769 657)	3 043 884 065		3 043 884 065	3 468 375 970	424 491 905
Cash Flows							
Net cash from (used) operating	382 026 575	121 249 902	503 276 477		503 276 477	259 753 122	(243 523 355)
Net cash from (used) investing	220 442 804	159 849 270	380 292 074		380 292 074	201 429 600	(178 862 474)
Net cash from (used) financing	5 105 554	21 300 000	26 405 554		26 405 554	17 986 596	(8 418 958)
Cash/Cash equivalents at the year end	333 789 676	(59 899 368)	273 890 308		273 890 308	271 695 976	(2 194 333)

Greater Tzaneen Municipality
Appendix E(2)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2025

	Current year 2025 Act. Bal.	Current year 2025 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Property rates	191 037 588	190 271 814	765 774	0,4	
Service charges	918 765 336	1 008 762 996	(89 997 660)	(8,9)	An adjustment of R44 million to electricity costs led to a corresponding increase in the budget allocation for service charges. Variance (2025: R25 844 576) and (2024:R59 182 157)
Fines, penalties and forfeits	37 746 713	35 206 392	2 540 321	7,2	Anticipated high revenue received on fines, Penalty and forfeits due to Interest charged on late payments for Property rate. Variance (2025: R2 432 858) and (2024: R3 8396 943)
Rental of facilities and equipment	1 861 007	1 737 990	123 017	7,1	The variance is attributable to the increase of community interest in hiring Council facilities. Variance (2025: R123 017) and (2024: R758 501)
Income from agency services	12 830 714	16 664 291	(3 833 577)	(23,0)	The variance is due to an overprojection of agency fees during the budget preparation process. Variance (2025: R3 833 577) and (2024: R3 195 549)
Licences and permits	525 306	529 000	(3 694)	(0,7)	
Other income	68 551 742	10 937 746	57 613 996	526,7	The high income mainly is attributed to sundry income generated from electricity connection and reconnection fees for residents, farmers, and businesses, whereby the actual revenue exceeded the allocated budget. Variance (2025: R28 244 055) and (2024: R15 191 494)
Government grants and subsidies	703 283 750	716 272 840	(12 989 090)	(1,8)	
Interest revenue - external investments	33 761 214	29 764 459	3 996 755	13,4	Council had Invested a lumpsum capital of R250 million on short-term investment which contributed to high interest than anticipated. Variance (2025: R3 996 755) and (2024: R11 524 273)
Interest received - outstanding receivables	56 655 586	51 734 777	4 920 809	9,5	The variance is due to higher-than-anticipated interest received on outstanding debtors, resulting from delayed and non-payment of accounts. Variance (2025: R3 032 554) and (2024: R3 319 458)
Public Contributions and donation	20 122 049	-	20 122 049	-	Provision wasn't made in the budget and donation of assets was realised by the Municipality
	2 045 141 005	2 061 882 305	(16 741 300)	(0,8)	
Expenses					
Employee costs	(434 239 207)	(447 513 509)	13 274 302	(3,0)	The underspending is due to vacant posts/ late filling of posts and resignation during the year. Variance (2025: R13 274 302) and (2024: R12 743 766)
Remuneration of councillors	(29 610 009)	(30 557 659)	947 650	(3,1)	
Depreciation and amortisation	(121 117 983)	(118 167 597)	(2 950 386)	2,5	
Inventory consumed	(28 123 471)	(99 305 893)	71 182 422	(71,7)	The low spending is due to reclassification of repairs and maintenance expenditure to Contracted Services. Variance (2025: R 71 246 130) and (2024: R82 392 408)
Impairment of assets	(5 839 247)	-	(5 839 247)	-	Impairment of assets is due to assessment outcome after review of the assets condition, and provision was not allocated for this item. .
Finance costs	(12 149 413)	(11 084 886)	(1 064 527)	9,6	Overspending is due to inclusion of finance costs resulting from fruitless expenditure. Variance (2025: R1 064 528) and (2024: R186 247)
Debt Impairment	(78 068 492)	(72 000 000)	(6 068 492)	8,4	The Increase is due to residence and Business accounts not fully paid for rates and taxes and implementation of methodology for debt impairment. Variance (2025: R9 442 163) and (2024: R6 147 893)
Bulk purchases	(700 306 703)	(700 283 792)	(22 911)	-	
Contracted Services	(187 164 036)	(130 063 323)	(57 100 713)	43,9	The variance is due to reclassification of repairs and maintenance to Contracted services. Variance(2025: R55 485 826) and (2024: R53 954 969)
Transfers and subsidies	(50 312 389)	(51 111 844)	799 455	(1,6)	

Greater Tzaneen Municipality
Appendix E(2)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2025

	Current year 2024 Act. Bal.	Current year 2024 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
General Expenses	(118 015 536)	(135 284 976)	17 269 440	(12,8) Underspending due to the reservation of Consultant and Professional fee for Electrical project designs, which was later reclassified to Transfers and Subsidies expenditure under INEP grant. Variance (2025: R17 406 615) and (2024: R21 670 340)
Other revenue and costs	(1 764 946 486)	(1 795 373 479)	30 426 993	(1,7)
Gain or loss on disposal of assets	(4 558 780)-	- -	(4 558 780)-	- - - - -
Fair value adjustments	(859 999)-	- -	(859 999)-	100,0 - - - - -
Net surplus/ (deficit) for the year	274 775 740	266 508 826	8 266 914	3,1

Greater Tzaneen Municipality
Appendix E(3)

**Budget Analysis of Capital Expenditure for the year
ended 30 June 2025**

	Additions	Revised	Variance	Variance	Explanation of significant
	Rand	Budget	Rand	%	variances from budget
		Rand			
Municipality					
Finance & Admin/Finance	9 708 463	11 499 223	1 790 760		16 The main result of underspending is due to late appointment Service provider for delivery of IT equipment, the second batch.
Planning and Development/Economic Development/Plan Comm. & Social/Libraries and archives	1 390 746	4 290 777	2 900 031		68 The project for G.I.S was roll over to next year due to delay in appointment
Public Safety/Police	3 245 643	3 650 000	404 357		11 Underspending is due to project for Biometric access control and Law enforcement trailer procured at a lesser value than the anticipated allocation.
Waste management	-	-	-		-
Road transport	149 801 759	160 144 831	10 343 072		6 Runnymede Phase 2 was daley due to land negotiations between the Municipality and Tribal authorities, as the ownership belongs to Tribal
Electricity /Electricity Distribution	56 614 869	70 564 644	13 949 775		20 low spending is due to delay in appointment of projects above R10 million that requires open tender and not pool of contractors, and also in delivery of long lead materials for Bulk meters.
	220 761 480	250 149 475	29 387 995		12

Greater Tzaneen Municipality
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2025

2025/2024

2024/2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % Outcome of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote														
Vote 1 - Municipal Manager	7 000	-	7 000		7 000	-		(7 000)	- %	- %				-
Vote 2 - Planning & Economic Development	305 000	(50 000)	255 000		255 000	346 687		91 687	36 %	14 %				242 233
Vote 3 - Financial Services	1 258 511 764	44 950 000	1 303 461 764		1 303 461 764	1 274 453 941		(29 007 823)	(2)%	1 %				1 220 407 717
Vote 4 - Corporate Services	1 200 000	271 000	1 471 000		1 471 000	1 247 332		(223 668)	(15)%	4 %				2 295 895
Vote 5 - Community Services	70 621 711	(229 096)	70 392 615		70 392 615	67 926 309		(2 466 306)	(4)%	(4)%				71 429 688
Vote 6 - Electrical Engineering Services	526 259 000	30 000 000	556 259 000		556 259 000	532 080 413		(24 178 587)	(4)%	1 %				444 563 160
Vote 7 - Engineering Services	124 360 990	5 674 937	130 035 927		130 035 927	137 409 011		7 373 084	6 %	10 %				106 756 723
Total Revenue by Vote	1 981 265 465	80 616 841	2 061 882 306		2 061 882 306	2 013 463 693		(48 418 613)	(2)%	2 %				1 845 695 416
Expenditure by Vote to be appropriated														
Vote 1 - Municipal Manager	107 847 385	50 000	107 897 385	3 216 824	111 114 209	102 872 837	-	(8 241 372)	(7)%	(5)%	-	-	-	94 574 623
Vote 2 - Planning & Economic Development	55 989 700	1 000 000	56 989 700	(2 748 971)	54 240 729	49 413 550	-	(4 827 179)	(9)%	(12)%	-	-	-	48 131 519
Vote 3 - Financial Services	189 718 605	19 018 887	208 737 492	(56 627 239)	152 110 253	140 244 048	-	(11 866 205)	(8)%	(26)%	-	-	-	186 470 948
Vote 4 - Corporate Services	97 173 680	521 004	97 694 684	824 375	98 519 059	78 978 725	-	(19 540 334)	(20)%	(19)%	-	-	-	71 603 790
Vote 5 - Community Services	303 969 387	1 133 908	305 103 295	(17 202 367)	287 900 928	312 481 179	-	24 580 251	9 %	3 %	-	-	-	238 474 364
Vote 6 - Electrical Engineering Services	782 424 706	55 798 626	838 223 332	75 834 003	914 057 335	919 409 342	-	5 352 007	1 %	18 %	-	-	-	741 681 583
Vote 7 - Engineering Services	180 522 479	205 115	180 727 594	(3 296 625)	177 430 969	135 288 272	-	(42 142 697)	(24)%	(25)%	-	-	-	165 876 652
Total Expenditure by Vote	1 717 645 942	77 727 540	1 795 373 482	-	1 795 373 482	1 738 687 953	-	(56 685 529)	(3)%	1 %	-	-	-	1 546 813 479
Surplus/(Deficit) for the year	263 619 523	2 889 301	266 508 824		266 508 824	274 775 740		8 266 916	3 %	4 %				298 881 937

Greater Tzaneen Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2025

2025/2024

2024/2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source														
Property rates	190 271 814	-	190 271 814		190 271 814	191 037 588		765 774	- %	- %				(146 334 418)
Service charges - electricity revenue	920 783 599	44 000 000	964 783 599		964 783 599	874 954 099		(89 829 500)	(9)%	(5)%				(782 679 133)
Service charges - refuse revenue	43 979 397	-	43 979 397		43 979 397	43 811 237		(168 160)	- %	- %				(40 848 571)
Rental of facilities and equipment	1 737 990	-	1 737 990		1 737 990	1 861 007		123 017	7 %	7 %				(1 858 501)
Interest revenue	22 764 459	7 000 000	29 764 459		29 764 459	33 761 214		3 996 755	13 %	48 %				(31 906 502)
Interest earned - outstanding debtors	35 734 777	16 000 000	51 734 777		51 734 777	56 655 586		4 920 809	10 %	59 %				(42 026 703)
Fines, penalties and forfeits	27 206 392	8 000 000	35 206 392		35 206 392	37 746 713		2 540 321	7 %	39 %				(33 321 092)
Licences and permits	1 229 000	(700 000)	529 000		529 000	525 306		(3 694)	(1)%	(57)%				(503 485)
Agency services	16 664 291	-	16 664 291		16 664 291	12 830 714		(3 833 577)	(23)%	(23)%				(12 468 742)
Transfers recognised- operational	587 003 200	(194 802)	586 808 398		586 808 398	601 502 268		14 693 870	3 %	2 %				(566 444 980)
Other revenue	10 937 746	-	10 937 746		10 937 746	68 551 742		57 613 996	527 %	527 %				(78 455 321)
	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	1 858 312 665	74 105 198	1 932 417 863		1 932 417 863	1 923 237 474		(9 180 389)	- %	3 %				1 736 847 448

Greater Tzaneen Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2025

2025/2024

2024/2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type														
Employee related costs	447 513 509	-	447 513 509	-	447 513 509	434 239 207	-	(13 274 302)	(3)%	(3)%	-	-	-	(386 155 941)
Remuneration of councillors	30 557 659	-	30 557 659	-	30 557 659	29 610 009	-	(947 650)	(3)%	(3)%	-	-	-	(29 742 486)
Debt impairment	106 277 000	(34 277 000)	72 000 000	-	72 000 000	78 068 492	-	6 068 492	8 %	(27)%	-	-	-	(76 443 626)
Depreciation & asset impairment	118 167 597	-	118 167 597	-	118 167 597	126 957 230	-	8 789 633	7 %	7 %	-	-	-	(123 772 737)
Finance charges	16 084 888	(10 000 000)	6 084 888	5 000 000	11 084 888	12 149 414	-	1 064 526	10 %	(24)%	-	-	-	(12 929 085)
Bulk purchases	560 012 325	213 283 196	773 295 521	(73 011 729)	700 283 792	700 306 703	-	22 911	- %	25 %	-	-	-	(570 292 315)
Inventory Consumed	87 745 382	15 384 154	103 129 536	(3 823 643)	99 305 893	28 123 471	-	(71 182 422)	(72)%	(68)%	-	-	-	(32 542 535)
Contracted services	99 732 861	46 620 479	146 353 340	(16 290 017)	130 063 323	187 164 036	-	57 100 713	44 %	88 %	-	-	-	(154 367 237)
Transfers and subsidies	49 029 048	1 984 796	51 013 844	98 000	51 111 844	50 312 388	-	(799 456)	(2)%	3 %	-	-	-	(48 358 652)
Other expenditure	202 525 675	(155 268 088)	47 257 587	88 027 389	135 284 976	118 015 536	-	(17 269 440)	(13)%	(42)%	-	-	-	(111 035 970)
Fair Value adjustment	-	-	-	-	-	859 999	-	859 999	DIV/0 %	DIV/0 %	-	-	-	-
Loss on sale off assets	-	-	-	-	-	4 558 780	-	4 558 780	DIV/0 %	DIV/0 %	-	-	-	(1 172 895)
Total Expenditure	1 717 645 944	77 727 537	1 795 373 481	-	1 795 373 481	1 770 365 265	-	(25 008 216)	(1)%	3 %	-	-	-	1 546 813 479
Surplus/(Deficit)	140 666 721	(3 622 339)	137 044 382		137 044 382	152 872 209		15 827 827	12 %	9 %				(190 033 969)
Transfers recognised- capital	122 952 800	6 511 642	129 464 442		129 464 442	121 903 531		(7 560 911)	(6)%	(1)%				(108 847 968)
Surplus/(Deficit) after capital transfers & contributions	263 619 521	2 889 303	266 508 824		266 508 824	274 775 740		8 266 916	3 %	4 %				(298 881 937)
Surplus/(Deficit) after taxation	263 619 521	2 889 303	266 508 824		266 508 824	274 775 740		8 266 916	3 %	4 %				(298 881 937)
Surplus/(Deficit) attributable to municipality	263 619 521	2 889 303	266 508 824		266 508 824	274 775 740		8 266 916	3 %	4 %				(298 881 937)
Surplus/(Deficit) for the year	263 619 521	2 889 303	266 508 824		266 508 824	274 775 740		8 266 916	3 %	4 %				(298 881 937)

Greater Tzaneen Municipality
Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2025

	2025/2024								2024/2023					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote														
Multi-year expenditure														
Single-year expenditure														
Vote 2- Planning & Economic Development	4 290 777	-	4 290 777	-	4 290 777	1 063 319	-	(3 227 458)	25 %	(75)%	-	-	-	-
Vote 3- Financial Services	810 223	-	810 223	-	810 223	733 168	-	(77 055)	(10)%	(10)%	-	-	-	2 229 326
Vote 4 - Corporate Services	4 199 000	-	4 199 000	-	4 199 000	3 655 154	-	(543 846)	(13)%	(13)%	-	-	-	1 500 966
Vote 5 - Community Services	3 600 000	-	3 600 000	-	3 600 000	3 573 064	-	(26 936)	(1)%	(1)%	-	-	-	-
Vote 7 - Electrical Engineering Services	47 219 000	4 136 711	51 355 711	-	51 355 711	46 614 869	-	(4 740 842)	(9)%	(1)%	-	-	-	27 504 949
Vote 8 - Engineering Services	165 189 900	20 703 865	185 893 765	-	185 893 765	165 121 905	-	(20 771 860)	(11)%	- %	-	-	-	147 947 793
Capital single-year expenditure sub-total	225 308 900	24 840 576	250 149 476	-	250 149 476	220 761 479	-	(29 387 997)	(12)%	(2)%	-	-	-	173 183 034
Total Capital Expenditure - Vote	225 308 900	24 840 576	250 149 476	-	250 149 476	220 761 479	-	(29 387 997)	(12)%	(2)%	-	-	-	173 183 034

Greater Tzaneen Municipality
Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2025

2025/2024

2024/2023

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Functional														
Governance and administration	11 499 223	-	11 499 223	-	11 499 223	4 715 743	-	(6 783 480)	(59)%	(59)%	-	-	-	11 128 387
Budget and treasury office	810 223	-	810 223	-	810 223	733 168	-	(77 055)	(10)%	(10)%	-	-	-	9 627 421
Corporate services	10 689 000	-	10 689 000	-	10 689 000	3 982 575	-	(6 706 425)	37 %	37 %	-	-	-	1 500 966
Community and public safety	3 300 000	300 000	3 600 000	-	3 600 000	3 245 643	-	(354 357)	(10)%	(2)%	-	-	-	730 646
Community and social services	600 000	-	600 000	-	600 000	586 479	-	(13 521)	(2)%	(2)%	-	-	-	-
Public safety	2 700 000	-	2 700 000	-	2 700 000	2 659 164	-	(40 836)	98 %	98 %	-	-	-	-
Housing	-	300 000	300 000	-	300 000	-	-	(300 000)	(100)%	DIV/0 %	-	-	-	730 646
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	156 870 677	20 040 576	176 911 253	-	176 911 253	166 185 224	-	(10 726 029)	(6)%	6 %	-	-	-	139 819 052
Planning and development	4 290 777	-	4 290 777	-	4 290 777	1 063 319	-	(3 227 458)	(75)%	(75)%	-	-	-	-
Road transport	152 579 900	20 040 576	172 620 476	-	172 620 476	165 121 905	-	(7 498 571)	(4)%	8 %	-	-	-	139 819 052
Trading services	53 639 000	4 500 000	58 139 000	-	58 139 000	46 614 869	-	(11 524 131)	(20)%	(13)%	-	-	-	27 504 949
Electricity	53 639 000	3 500 000	57 139 000	-	57 139 000	46 614 869	-	(10 524 131)	(18)%	(13)%	-	-	-	27 504 949
Waste water management	-	1 000 000	1 000 000	-	1 000 000	-	-	(1 000 000)	- %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Functional	225 308 900	24 840 576	250 149 476	-	250 149 476	220 761 479	-	(29 387 997)	(12)%	(2)%	-	-	-	179 183 034
Funded by:														
National Government	124 808 900	6 511 642	131 320 542		131 320 542	124 279 130		(7 041 412)	(5)%	- %				114 722 150
Provincial Government	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	124 808 900	6 511 642	131 320 542		131 320 542	124 279 130		(7 041 412)	(5)%	- %				114 722 150
Public contributions & donations	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	100 500 000	18 328 934	118 828 934		118 828 934	94 028 285		(24 800 649)	(21)%	(6)%				64 460 884
Total Capital Funding	225 308 900	24 840 576	250 149 476		250 149 476	218 307 415		(31 842 061)	(13)%	(3)%				179 183 034

Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2025

2024/2025

2024

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities								
Rates and Taxes	196 594 027	(18 149 392)	178 444 635	116 608 056	(61 836 579)	65 %	59 %	83 667 427
Sale of goods and services	1 283 953 933	99 273 130	1 383 227 063	911 230 225	(471 996 838)	66 %	71 %	753 401 182
Transfer Revenue	709 956 003	6 316 846	716 272 849	740 266 534	23 993 685	103 %	104 %	697 239 265
Interest income	59 713 575	65 032 300	124 745 875	33 761 214	(90 984 661)	27 %	57 %	31 906 502
Employee costs	(447 513 509)	-	(447 513 509)	(448 035 216)	(521 707)	100 %	100 %	(404 246 427)
Suppliers	1 404 592 568	(30 536 072)	1 435 128 640	1 082 103 535	353 025 105	75 %	77 %	(902 126 566)
Donated Assets Non Cash	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Finance costs	(16 084 886)	-	(16 084 886)	(11 974 156)	4 110 730	74 %	74 %	(12 729 461)
Net cash flow from/used operating activities	382 026 575	121 936 812	503 963 387	259 753 122	(244 210 265)	52 %	68 %	247 111 922
Cash flow from investing activities								
Additions to property, plant and equipment	(216 955 694)	(159 849 270)	(376 804 964)	(197 319 517)	179 485 447	52 %	91 %	(169 817 772)
Proceeds from sale of investment property	-	-	-	-	-	DIV/0 %	DIV/0 %	17 321
Movement in financial assets	(3 487 110)	-	(3 487 110)	(4 071 933)	(584 823)	117 %	117 %	(4 590 593)
Purchase of Intangible assets	-	-	-	(38 150)	(38 150)	DIV/0 %	DIV/0 %	(1 514 560)
Net cash flow from/used investing activities	(220 442 804)	(159 849 270)	(380 292 074)	(201 429 600)	178 862 474	53 %	91 %	(175 905 604)
Cash flow from financing activities								
Repayment of other financial liabilities	(5 105 554)	(21 300 000)	(26 405 554)	(16 722 473)	9 683 081	63 %	328 %	(15 053 225)
Finance lease payments	-	-	-	(1 264 123)	(1 264 123)	DIV/0 %	DIV/0 %	(2 105 503)
Net cash flow from/used financing activities	(5 105 554)	(21 300 000)	(26 405 554)	(17 986 596)	8 418 958	68 %	352 %	(17 158 728)
Net increase/(decrease) in cash held	156 478 217	(59 212 458)	97 265 759	40 336 926	(56 928 833)	41 %	26 %	54 047 590
Cash/cash equivalents at the year begin:	177 311 459		177 311 459	231 359 050	54 047 591			177 311 460
Cash/cash equivalents at the year end:	333 789 676	(59 899 458)	273 890 308	271 695 976	375 429 190	99 %	81 %	231 359 050

Greater Tzaneen Municipality
 Appendix G6
**Stands not yet transferred
 for the year ended 30 June 2025**

Stands not yet transferred

Stands to the value of R 590 000 have been sold and are in the progress of being transferred.

Details of stands not yet transferred as at 30 June 2025.

NO	NAME AND SURNAME	ERF NUMBER	LOCATIO N	PURCHASE PRICE	ACCOUNT	2022/2023 MARKET VALUE
1	Nkasha Zenobia Tsakani	738/27	Nkowa-C	6 854		590 000
						<u>590 000</u>