

NAMA KHOI LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2025

NAMA KHOI LOCAL MUNICIPALITY

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NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Nama Khoi Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

JURISDICTION

The Nama Khoi Local Municipality includes the following areas:

Springbok	Concordia	Violdrift	Buffelsrivier
Okiep	Goodhouse	Nababeep	Bulletrap
Steinkopf	Kleinzee	Komaggas	Carolusberg

Kotzehoop/Rooiwal

MEMBERS OF THE COUNCIL

Kritzinger R (Mayor)
Bock GMS (Speaker)
Visser C
Jordaan WS
Coetzee CG
De Jongh ZP
Van Den Heever JE
Cloete S
Baadjies MR (Resigned on 17 February 2025)
Kleinbooi S (Inaugurated on 26 May 2025)
Adams RF
Cloete SJ
Julie AM
Otto JFM
Claasen RSJ
Losper JC (Resigned on 10 March 2025)
De Jongh L (Inaugurated on 26 June 2025)
Polori KA
Britz WC

MEMBERS OF THE MAYORAL COMMITTEE

Kritzinger R
Jordaan WS
Visser C
Bock GMS (Ex-officio)

MUNICIPAL MANAGER

Sebela R (Acting)

CHIEF FINANCIAL OFFICER

Cloete HE

AUDIT COMMITTEE

Rootman FJ (Chairperson)
J Stone
T Fortuin (Terminated January 2025)

REGISTERED OFFICE

4 Namakwa St
Springbok
8240

NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

POSTAL ADDRESS

Private Bag X17
Springbok
8240

AUDITORS

Auditor General of South Africa

PRINCIPAL BANKERS

Nedbank Limited

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
Collective Agreements
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
Division of Revenue Act
Electricity Act, 1987 (Act 41 of 1987)
Employment Equity Act, 1998 (Act 55 of 1998)
Employment Services, 2014 (Act 4 of 2014)
Housing Act, 1997 (Act 107 of 1997)
Labour Relations Act, 1995 (Act 66 of 1995)
Municipal Budget and Reporting Regulations
Municipal Finance Management Act, 2003 (Act 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act, 2004 (Act 6 of 2004)
Municipal Regulations on a Standard Chart of Accounts, 2014
Municipal Structures Act, 1998 (Act 117 of 1998) as amended
Municipal Systems Act, 2000 (Act 32 of 2000) as amended
National Environmental Management Act, 2008 (Act 62 of 2008)
National Minimum Wage Act 9 of 2018
Occupational Health and Safety Act, 1993 (Act 85 of 1993)
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
SALGBC Leave Regulations
Skills Development Levies Act, 1999 (Act 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act, 1966 (Act 30 of 1966)
Unemployment Insurance Contributions Act 4 of 2002
Value Added Tax Act
Water Services Act, 1997 (Act 108 of 1997)

NAMA KHOI LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2025, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2026 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Sebela R (Acting)
Municipal Manager

30 August 2025

Date

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
ASSETS			
Current Assets		483,506,714	150,192,597
Cash and Cash Equivalents	2	323,917,331	44,220,285
Receivables from Exchange Transactions	3	82,156,943	53,278,240
Receivables from Non-Exchange Transactions	4	42,679,369	23,229,378
Taxes	5	27,129,779	25,739,085
Inventory	7	7,623,293	3,725,609
Non-Current Assets		986,677,610	809,285,635
Long-term Receivables	6	-	-
Investment Property	8	124,023,809	124,227,508
Property, Plant and Equipment	9	861,092,757	683,462,839
Intangible Assets	10	76,775	111,019
Heritage Assets	11	1,484,269	1,484,269
Total Assets		1,470,184,324	959,478,232
Current Liabilities			
		185,987,108	407,739,702
Current Portion of Long-term Liabilities	12	5,059,859	4,781,775
Consumer Deposits	13	4,410,335	4,325,922
Payables from Exchange Transactions	14	132,185,927	369,684,099
Unspent Conditional Government Grants	15	33,538,764	18,970,141
Current Employee Benefits	16	10,792,223	9,977,765
Provisions	18	-	-
Non-Current Liabilities		265,610,395	283,545,888
Long-term Liabilities	12	112,367,121	148,271,639
Employee Benefits	17	31,943,000	27,407,000
Non-Current Provisions	18	121,300,274	107,867,249
Total Liabilities		451,597,502	691,285,590
NET ASSETS		1,018,586,822	268,192,642
COMMUNITY WEALTH			
Accumulated Surplus		1,018,586,822	268,192,642
		1,018,586,822	268,192,642

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

			2025 R (Actual)	2024 R (Restated)
REVENUE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS			976,052,735	190,738,557
Taxation Revenue				
			55,906,675	50,991,845
Property Rates	19		55,906,675	50,991,845
Transfer Revenue				
			569,504,094	81,395,644
Government Grants and Subsidies - Operating	20		73,883,948	68,852,204
Government Grants and Subsidies - Capital	20		17,371,923	12,543,440
Transfer and Subsidies - Private Enterprise	21		266,042,535	-
Contributed Assets	22		212,205,688	-
Other Revenue				
			350,641,966	58,351,068
Availability Charges	23		1,750,624	1,301,429
Fines, penalties and forfeits			330,296	586,821
Interest Earned - outstanding debtors (non-exchange)			6,401,675	5,712,243
Licences and Permits	24		3,015,130	1,830,599
Actuarial Gains	25		-	4,444,000
Debt Waived	26		339,144,240	44,475,975
REVENUE FROM EXCHANGE TRANSACTIONS			308,840,793	234,160,308
Operating Activities				
			308,840,793	234,160,308
Service Charges	27		261,975,897	200,520,254
Rental of Facilities and Equipment	28		1,926,206	3,276,313
Interest Earned - external investments	29		11,826,402	4,321,711
Interest Earned - outstanding debtors (exchange)			32,011,471	21,739,140
Agency Services	30		-	100,021
Other Income	31		1,100,817	4,202,869
TOTAL REVENUE			<u>1,284,893,528</u>	<u>424,898,865</u>
EXPENDITURE				
Employee Related Costs	32		101,704,630	95,247,662
Remuneration of Councillors	33		7,307,217	7,340,041
Debt Impairment	34		10,645,646	39,222,085
Debts Written Off	35		52,068,126	-
Depreciation, Amortisation and Impairment	36		57,828,537	37,155,577
Finance Charges	37		59,238,770	43,000,767
Bulk Purchases	38		140,719,370	109,867,151
Other Expenditure	39		57,219,726	45,504,712
Loss on disposal of Non-Monetary Assets	40		1,303,267	127,234
Inventory Consumed	41		42,584,752	36,429,467
Inventory Write Off	42		2,016,304	9,725,969
Actuarial Losses	25		1,863,000	-
TOTAL EXPENDITURE			<u>534,499,347</u>	<u>423,620,664</u>
NET SURPLUS FOR THE YEAR			<u>750,394,182</u>	<u>1,278,200</u>

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2023 - Previously Reported	260,809,826	260,809,826
Correction of error restatement - note 41.3	6,104,617	6,104,617
Balance on 30 June 2023 - Restated	266,914,443	266,914,443
Net Surplus for the year	1,278,200	1,278,200
Balance on 30 June 2024 - Restated	268,192,644	268,192,644
Net Surplus for the year	750,394,182	750,394,182
Balance on 30 June 2025	1,018,586,825	1,018,586,825

NAMA KHOI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		39,822,000	41,806,098
Service Charges and Interest on outstanding Debtors		264,382,416	176,097,850
Other Revenue and receipts		606,983,532	46,822,239
Government Grants		105,824,494	84,887,137
Investment Income		11,826,402	4,321,711
Payments			
Suppliers and employees		(646,781,525)	(440,401,239)
Finance charges		(45,676,291)	(30,266,125)
NET CASH FROM/(USED) OPERATING ACTIVITIES	44	336,381,027	(116,732,329)
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		-	-
Payments			
Purchase of Capital Assets		(21,057,546)	(13,631,764)
NET CASH USED INVESTING ACTIVITIES		(21,057,546)	(13,631,764)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	132,319,332
Payments			
Loans repaid		(35,626,434)	(4,505,298)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(35,626,434)	127,814,035
NET INCREASE/(DECREASE) IN CASH HELD		279,697,048	(2,550,058)
Cash and Cash Equivalents at the beginning of the year		44,220,285	46,770,344
Cash and Cash Equivalents at the end of the year		323,917,331	44,220,285

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash and cash equivalents	2,591,911	251,285,020	253,876,931	323,917,331	70,040,400
Receivables from exchange transactions	104,116,543	(21,080,545)	83,035,998	82,156,943	(879,055)
Receivables from non-exchange transactions	20,018,420	(6,509,031)	13,509,389	42,679,369	29,169,980
Inventory	3,363,080	(6,587,172)	(3,224,092)	7,623,293	10,847,385
Taxes	69,416,780	(43,677,695)	25,739,085	27,129,779	1,390,694
Other current assets	373,849	8,379,561	8,753,410	-	(8,753,410)
Total current assets	199,880,583	181,810,138	381,690,721	483,506,714	101,815,993
Non current assets					
Investment property	124,391,402	(368,931)	124,022,471	124,023,809	1,338
Property, plant and equipment	579,797,661	57,403,996	637,201,657	861,092,757	223,891,100
Heritage assets	1,484,269	-	1,484,269	1,484,269	-
Intangible assets	152,401	(41,383)	111,018	76,775	(34,243)
Non-current receivables	1,489,513	220,153	1,709,666	-	(1,709,666)
Total non current assets	707,315,246	57,213,835	764,529,081	986,677,610	222,148,529
TOTAL ASSETS	907,195,829	239,023,973	1,146,219,802	1,470,184,324	323,964,522
LIABILITIES					
Current liabilities					
Current portion of long-term liabilities	3,615,182	1,166,593	4,781,775	5,059,859	278,084
Consumer deposits	3,734,465	774,744	4,509,209	4,410,335	(98,874)
Trade and other payables from exchange transactions	34,371,002	197,252,688	231,623,690	132,185,927	(99,437,763)
Trade and other payables from non-exchange transactions	15,679,256	(6,705,474)	8,973,782	33,538,764	24,564,982
Employee Benefits	17,139,826	(8,640,200)	8,499,626	10,792,223	2,292,597
VAT	53,032,276	(53,032,276)	-	-	-
Total current liabilities	127,572,007	130,816,075	258,388,082	185,987,108	(72,400,974)
Non current liabilities					
Long-term Liabilities	21,624,197	(5,671,890)	15,952,307	112,367,121	96,414,814
Provisions	95,494,755	17,935,494	113,430,249	121,300,274	7,870,025
Long term portion of trade payables	354,181,152	(170,449,820)	183,731,332	-	(183,731,332)
Employee Benefits	23,456,200	(1,059,900)	22,396,300	31,943,000	9,546,700
Total non current liabilities	494,756,304	(159,246,116)	335,510,188	265,610,395	(69,899,793)
TOTAL LIABILITIES	622,328,311	(28,430,041)	593,898,270	451,597,502	(142,300,768)
NET ASSETS	284,867,518	267,454,014	552,321,532	1,018,586,822	466,265,289
COMMUNITY WEALTH					
Accumulated Surplus	284,637,441	267,454,005	552,091,446	1,018,586,822	466,495,376
Reserves	230,077	-	230,077	-	(230,077)
TOTAL COMMUNITY WEALTH/EQUITY	284,867,518	267,454,005	552,321,523	1,018,586,822	466,265,299

Refer to note 45.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	57,426,530	-	57,426,530	55,906,675	(1,519,855)
Service charges - Electricity	120,610,505	20,610,457	141,220,962	180,336,866	39,115,904
Service Charges - Water Revenue	57,879,354	796,310	58,675,664	48,190,128	(10,485,536)
Service Charges - Sanitation Revenue	21,428,961	218,710	21,647,671	16,299,168	(5,348,503)
Service Charges - Refuse Revenue	25,847,033	-	25,847,033	18,900,360	(6,946,673)
Sale of Goods and Rendering of Services	3,922,066	282,145	4,204,211	-	(4,204,211)
Agency Services	93,786	-	93,786	-	(93,786)
Rent on Land	1,252,978	-	1,252,978	693,446	(559,532)
Rental of Facilities and Equipment	3,399,035	-	3,399,035	1,232,760	(2,166,275)
Interest Earned - External Investments	22,299,427	-	22,299,427	11,826,402	(10,473,025)
Interest Earned - Outstanding Debtors	8,817,280	11,793,589	20,610,869	38,413,146	17,802,277
Fines, Penalties and Forfeits	603,022	4,787	607,809	330,296	(277,513)
Licences and Permits	1,664,099	2,189,945	3,854,044	3,015,130	(838,914)
Transfers Recognised - Operational	73,321,000	266,042,535	339,363,535	339,926,483	562,948
Other Revenue	60,996,205	144,709	61,140,914	340,245,057	279,104,143
Gains	-	-	-	-	-
Total Revenue (excluding capital transfers)	459,561,281	302,083,187	761,644,468	1,055,315,917	293,671,449
EXPENDITURE					
Employee Related Costs	105,612,784	8,896,321	114,509,105	105,094,630	(9,414,475)
Remuneration of Councillors	7,282,094	379,335	7,661,429	7,307,218	(354,211)
Debt Impairment	22,200,000	16,800,000	39,000,000	10,645,646	(28,354,354)
Debts Written Off	1,000,000	-	1,000,000	52,068,126	51,068,126
Depreciation and Asset Impairment	72,391,567	-	72,391,567	57,828,537	(14,563,030)
Finance Charges	17,225,338	2,557,438	19,782,776	55,848,770	36,065,994
Bulk purchases - electricity	125,880,000	9,120,000	135,000,000	140,719,370	5,719,370
Inventory consumed	50,096,000	125,000	50,221,000	42,584,752	(7,636,248)
Contracted Services	22,215,720	19,143,795	41,359,515	30,173,676	(11,185,839)
Transfers and Grants	-	-	-	-	-
Other Expenditure	27,434,094	8,111,035	35,545,129	27,046,050	(8,499,079)
Losses	3,420,552	6,303,644	9,724,196	5,182,571	(4,541,625)
Total Expenditure	454,758,149	71,436,568	526,194,717	534,499,348	8,304,631
Surplus/(Deficit)	4,803,132	230,646,619	235,449,751	520,816,569	285,366,818
Transfers and subsidies - capital (monetary) - Government	26,322,000	34,443,000	60,765,000	17,371,923	(43,393,077)
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	212,205,688	212,205,688
Surplus/(Deficit) for the year	31,125,132	265,089,619	296,214,751	750,394,180	454,179,429

Refer to note 45.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	55,018,426	618,184	55,636,610	39,822,000	(15,814,610)
Service charges	205,263,509	(246,175)	205,017,334	264,382,416	59,365,082
Other revenue	4,095,843	61,600,548	65,696,391	606,899,119	541,202,728
Transfers and Subsidies	105,637,372	299,120,198	404,757,570	105,824,494	(298,933,076)
Interest	4,425,355	7,500,000	11,925,355	11,826,402	(98,953)
Payments					
Suppliers and Employees	(330,743,599)	(111,729,323)	(442,472,922)	(646,781,525)	(204,308,603)
Finance Charges	(17,225,338)	(2,557,438)	(19,782,776)	(45,676,291)	(25,893,515)
Net Cash from/(used) Operating Activities	26,471,568	254,305,994	280,777,562	336,296,614	55,519,052
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-
Payments					
Capital Assets	(28,122,000)	(42,998,918)	(71,120,918)	(21,057,546)	50,063,372
Net Cash from/(used) Investing Activities	(28,122,000)	(42,998,918)	(71,120,918)	(21,057,546)	50,063,372
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	-	-	-	-	-
Increase/(Decrease) in Consumer Deposits	-	-	-	84,413	84,413
Payments					
Repayment of Borrowing	-	-	-	(35,626,434)	(35,626,434)
Net Cash from/(used) Financing Activities	-	-	-	(35,542,021)	(35,542,021)
NET INCREASE/(DECREASE) IN CASH HELD	(1,650,432)	211,307,076	209,656,644	279,697,048	70,040,403
Cash and Cash Equivalents at the year begin	4,242,343	39,977,944	44,220,287	44,220,285	(2)
Cash and Cash Equivalents at the year end	2,591,911	251,285,020	253,876,931	323,917,331	70,040,400

Refer to note 45.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.03 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.04 COMPARATIVE INFORMATION

1.04.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

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

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

1.04.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

NAMA KHOI LOCAL MUNICIPALITY

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

1.05 MATERIALITY

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

Standards of GRAP set out how material items should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.06 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.07 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.07.1 Effective dates determined

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date.

For financial periods commencing on or after 1 April 2023, the following pronouncements will be effective:

Pronouncement	Expected impact of the pronouncement
GRAP 25 - Employee Benefits (replacement of 2009 version)	The impact is considered insignificant
IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (replacement of 2010 version)	The impact is considered insignificant
IGRAP 21 - The Effect of Past Decisions on Materiality	The impact is considered insignificant
GRAP 1 amendments as a result of the changes agreed as part of the developing of the Guideline on The Application of Materiality to Financial Statements.	The impact is considered insignificant
Guideline - Accounting for Landfill Sites	The impact is considered insignificant

The Municipality further resolved not to early adopt the following Standards of GRAP which was issued but is not yet effective:

1.07.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

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The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
- (d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.07.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.07.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

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

1.08 INVESTMENT PROPERTY

1.08.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for operation as intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for operation as intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.08.2 Subsequent Measurement – Cost Model

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

1.08.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land	N/A
Buildings	10 - 50

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

1.08.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.08.5 Derecognition

An 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 determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.09 PROPERTY, PLANT AND EQUIPMENT

1.090.1 Initial Recognition

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

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

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

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, its 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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.090.2 Subsequent Measurement - Cost Model

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

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

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

1.090.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		Leased Assets	
Land	N/A	Furniture and Office Equipment	3 - 5
Buildings	5 - 60		
Work in progress	N/A	Community Assets	
		Community Facilities	10 - 60
Infrastructure		Sport and Recreational Facilities	10 - 60
Electrical	10 - 60	Work in progress	N/A
Roads	5 - 80		
Sanitation	10 - 60	Other Assets	
Solid Waste	5 - 80	Computer Equipment	3 - 10
Storm Water	5 - 80	Furniture and Office Equipment	5 - 15
Water Supply	5 - 80	Machinery and Equipment	2 - 15
Work in progress	N/A	Transport Assets	5 - 15

1.090.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.090.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 INTANGIBLE ASSETS

1.1.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only 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.

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

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

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

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.1.2 Subsequent Measurement - Cost Model

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

1.1.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for operation as intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	2 - 5

1.1.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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

1.1.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11 HERITAGE ASSETS

1.11.1 Initial Recognition

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

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

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for operation as intended by the Municipality.

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

1.11.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.11.3 Depreciation

Heritage assets are not depreciated.

1.11.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

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

Cash-generating assets are assets used with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.12.1 Recoverable amount of Cash-generating assets

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

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

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.

1.12.2 Recoverable amount of Non-cash-generating assets

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

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

1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.12.4 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 assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

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1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

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

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

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

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.14.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Short-term 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:

- (a) Wages, salaries and social security contributions;
- (b) 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; and
- (c) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

1.14.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. 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 resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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.

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 it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.16 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.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

NAMA KHOI LOCAL MUNICIPALITY

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 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 is not be reversed.

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NAMA KHOI LOCAL MUNICIPALITY

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

1.17.4.2 *Financial liabilities*

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

The Municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

1.17.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 **Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 **Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 **Derecognition**

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

NAMA KHOI LOCAL MUNICIPALITY

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

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

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

NAMA KHOI LOCAL MUNICIPALITY

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

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.25.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.25.1.1 Taxation Revenue

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

1.25.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.25.1.3 Availability Charges

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.25.1.4 Insurance Refund

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.25.1.5 Debt forgiveness and Unclaimed deposits

All debt owed arising from delict or contract, or any other liability and unclaimed amounts, deposited into the Municipality's bank account, are initially recognised as a liability until 36 months expire, whereafter it will be recognised as revenue. This policy is in line with the prescribed debt principle as enforced by the Prescription Act 68 of 1969.

Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

NAMA KHOI LOCAL MUNICIPALITY

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

1.25.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.25.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.25.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.25.2 **Revenue from Exchange Transactions**

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

1.25.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

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.

1.25.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

NAMA KHOI LOCAL MUNICIPALITY

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

1.25.2.3 *Rental income*

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

1.25.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

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

1.25.2.5 *Other Tariffs*

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

1.25.2.6 *Sale of goods*

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

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.25.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.26 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.27 **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, 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 a 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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

NAMA KHOI LOCAL MUNICIPALITY

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

1.29 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.31 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32 EVENTS AFTER REPORTING DATE

Events after the 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:

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.33 RELATED PARTIES

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

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

NAMA KHOI LOCAL MUNICIPALITY

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

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

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

1.34 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

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

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

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

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

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

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

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

NAMA KHOI LOCAL MUNICIPALITY

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

1.35 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises of 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.36.2 Impairment of Receivables

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

1.36.3 Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

NAMA KHOI LOCAL MUNICIPALITY

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

1.36.4 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.36.5 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.6 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.36.7 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to government bond rates for the applicable periods.

1.36.8 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.36.9 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.10 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

NAMA KHOI LOCAL MUNICIPALITY

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

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.36.11 Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.36.12 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

1.36.13 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.36.14 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.36.15 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.36.16 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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2 CASH AND CASH EQUIVALENTS		
Bank Accounts	10,377,422	4,989,164
Investment Deposits	313,519,716	39,210,929
Cash Floats	20,193	20,193
Total	323,917,331	44,220,285

Due to the short-term nature of cash deposits, all above balances align with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Borrowings	14,995,106	14,995,106
Unspent Conditional Grants	33,538,764	18,970,141
Cash available for working capital requirements	275,383,461	10,255,038
Total Cash and Cash Equivalents	323,917,331	44,220,285

Bank Accounts

Nedbank Limited - Account number 11-9237-1690 (Primary Bank Account)	363,282	4,989,164
Cash book balance at beginning of year	4,989,164	4,883,312
Cash book balance at end of year	363,282	4,989,164
Bank statement balance at beginning of year	4,869,444	4,869,444
Bank statement balance at end of year	363,282	4,869,444
Nedbank Limited - Account number 13-1169-9546	10,014,140	-
Cash book balance at beginning of year	-	-
Cash book balance at end of year	10,014,140	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	10,014,140	-

Investment Deposits

Call investment deposits consist out of the following accounts:

Nedbank Limited - Call Deposit - Account Number 03/7881154713 (Library)	1,027,680	799,127
Nedbank Limited - Call Deposit - Account Number 03/7881154683 (FMG)	229,826	(0)
Nedbank Limited - Call Deposit - Account Number 03/7881154675 (Interest Earned) Account Number 03/7881154675 (Interest Earned) -	2,171,003	508,377
Nedbank Limited - Call Deposit - Security	5,000,000	5,000,000
Nedbank Limited - Call Deposit - Account Number 03/7881154780 (MIG)	4,054,490	11,856
Nedbank Limited - Call Deposit - Account Number 03/7881154667 (Housing)	1,466,222	1,466,222
Nedbank Limited - Call Deposit - Account Number 03/7881154659 (DME)	1,000	1,000
Nedbank Limited - Call Deposit - Account Number 03/7881154705 (NDM)	550,000	550,000
Nedbank Limited - Call Deposit - Account Number 03/7881154691 (MSIG)	975	975
Nedbank Limited - Call Deposit - Account Number 03/7881154721 (EPWP)	1,000	2,971
Nedbank Limited - Call Deposit - Account Number 03/7881154748 (ACIP)	1,153,495	15,162,400
Nedbank Limited - Call Deposit - Account Number 03/7881154756 (LGSETA)	228,580	228,580
Nedbank Limited - Call Deposit - Account Number 03/7881154764 (Drought relief)	1,000	514,297
Nedbank Limited - Call Deposit - Account Number 03/7881183101 (Car Allowance)	2,001	2,001
Nedbank Limited - Call Deposit - Account Number 03/7881183098 (Loan Allowance)	10,763,124	14,963,124
Nedbank Limited - Call Deposit - Account Number 03/7881188499 (Disaster)	22,947,080	-
Nedbank Limited - Call Deposit - Account Number 03/7881154586 (Kleinzee)	263,922,241	-
Total	313,519,717	39,210,929

The Nedbank call deposit account 03/7881154675 (Interest Earned) serve as security for the annuity loan as per note 12.1.

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

Figures in Rand

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS	2025	2024
Service Receivables	374,410,052	337,424,245
Electricity	89,699,907	107,623,425
Water	156,036,481	122,757,373
Refuse	71,674,114	58,463,507
Sewerage	37,168,264	28,427,996
Property Rentals	14,901,780	16,731,560
Other	4,929,506	3,420,383
Total Gross Balance	374,410,052	337,424,245
Less: Allowance for Debt Impairment	(292,253,110)	(284,146,005)
Total Net Receivable	82,156,943	53,278,240

Consumer 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 receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	284,146,005	254,325,009
Movement in the contribution to the provision	8,107,105	29,820,997
Balance at the end of the year	292,253,110	284,146,005

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

30 June 2025	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
Service Receivables			
Electricity	89,699,907	(39,125,866)	50,574,042
Water	156,036,481	(136,504,933)	19,531,549
Refuse	71,674,114	(64,692,015)	6,982,099
Sewerage	37,168,264	(33,073,650)	4,094,614
Property Rentals	14,901,780	(14,255,057)	646,722
Other	4,929,506	(4,601,590)	327,916
Total	374,410,052	(292,253,111)	82,156,942

30 June 2024			
Service Receivables			
Electricity	107,623,425	(84,912,352)	22,711,073
Water	122,757,373	(107,028,704)	15,728,670
Refuse	58,463,507	(52,603,648)	5,859,860
Sewerage	28,427,996	(24,375,341)	4,052,655
Property Rentals	16,731,560	(5,410,651)	11,320,910
Other	3,420,383	(9,815,310)	(6,394,927)
Total	337,424,245	(284,146,005)	53,278,240

Ageing of Receivables from Exchange Transactions

Electricity		
Current (0 - 30 days)	32,464,026	9,187,603
Past Due (31 - 60 Days)	7,275,144	5,183,828
Past Due (61 - 90 Days)	9,290,052	2,330,078
Past Due (90 Days +)	40,670,686	90,921,916
Total	89,699,907	107,623,425

NAMA KHOI LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2025	2024
Water		
Current (0 - 30 days)	16,504,473	5,613,253
Past Due (31 - 60 Days)	5,048,403	4,026,918
Past Due (61 - 90 Days)	7,565,340	2,772,473
Past Due (90 Days +)	126,918,266	110,344,730
Total	156,036,481	122,757,373
Refuse		
Current (0 - 30 days)	6,517,256	2,000,890
Past Due (31 - 60 Days)	1,955,229	1,392,623
Past Due (61 - 90 Days)	2,600,510	1,088,420
Past Due (90 Days +)	60,601,118	53,981,574
Total	71,674,114	58,463,507
Sewerage		
Current (0 - 30 days)	4,385,482	1,484,593
Past Due (31 - 60 Days)	1,152,051	890,252
Past Due (61 - 90 Days)	1,578,153	663,470
Past Due (90 Days +)	30,052,578	25,389,681
Total	37,168,264	28,427,996
Property Rentals		
Current (0 - 30 days)	238,338	297,756
Past Due (31 - 60 Days)	121,116	273,877
Past Due (61 - 90 Days)	303,817	173,338
Past Due (90 Days +)	14,238,508	15,986,589
Total	14,901,780	16,731,560
Other		
Current (0 - 30 days)	421,488	41,822
Past Due (31 - 60 Days)	86,525	17,862
Past Due (61 - 90 Days)	101,268	26,022
Past Due (90 Days +)	4,320,226	3,334,678
Total	4,929,506	3,420,383
Summary Ageing of all Receivables from Exchange Transactions		
Current (0 - 30 days)	60,531,062	18,625,918
Past Due (31 - 60 Days)	15,638,468	11,785,360
Past Due (61 - 90 Days)	21,439,139	7,053,801
Past Due (90 Days +)	276,801,383	299,959,166
Total	374,410,052	337,424,245

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

2025

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2025	2024
Service Receivables	106,863,812	89,127,652
Property Rates	99,608,147	83,523,471
Availability Charges	7,255,666	5,604,181
Other Receivables	18,702,302	15,058,559
Unpaid Traffic Fines	5,105,388	4,780,228
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	607,687	475,608
Sundry Receivables	1,839,813	1,986,643
Deposits	11,149,413	7,816,080
Total Gross Balance	125,566,114	104,186,211
Less: Allowance for Debt Impairment	(82,886,745)	(80,956,832)
Total Net Receivable	42,679,369	23,229,378

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. 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 receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	80,956,832	71,975,281
Movement in the contribution to the provision	1,929,913	8,981,551
Balance at the end of the year	82,886,745	80,956,832

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2025			
Service Receivables			
Property Rates	99,608,147	(70,890,188)	28,717,959
Availability Charges	7,255,666	(6,914,066)	341,599
Other Receivables			
Unpaid Traffic Fines	5,105,388	(5,082,491)	22,897
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	607,687	-	607,687
Sundry Receivables	1,839,813	-	1,839,813
Deposits	11,149,413	-	11,149,413
Total	125,566,114	(82,886,746)	42,679,368

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

		2025	2024
30 June 2024			
Service Receivables			
Property Rates	83,523,471	(71,161,594)	12,361,877
Availability Charges	5,604,181	(5,096,705)	507,475
Other Receivables			
Unpaid Traffic Fines	4,780,228	(4,698,533)	81,695
Unauthorised, Irregular and Fruitless and Wasteful Expenditure	475,608	-	475,608
Sundry Receivables	1,986,643	-	1,986,643
Deposits	7,816,080	-	7,816,080
Total	104,186,211	(80,956,832)	23,229,378
Ageing of Property Rates			
Current (0 - 30 days)		12,052,003	4,205,362
Past Due (31 - 60 Days)		3,331,509	2,432,548
Past Due (61 - 90 Days)		4,042,888	1,655,352
Past Due (90 Days +)		80,181,746	75,230,209
Total		99,608,147	83,523,471
Ageing of Availability Charges			
Current (0 - 30 days)		656,356	226,629
Past Due (31 - 60 Days)		308,865	147,195
Past Due (61 - 90 Days)		311,404	132,878
Past Due (90 Days +)		5,979,040	5,097,478
Total		7,255,665	5,604,181
5 TAXES			
VAT Claimable/(Payable)		166,901	(1,449,083)
VAT Input in Suspense		63,837,127	65,102,892
VAT Output in Suspense		(36,874,250)	(37,914,724)
Total		27,129,779	25,739,085
6 LONG-TERM RECEIVABLES			
Receivables with repayment arrangements		3,973,255	4,853,296
Less: Allowance for Debt Impairment		(3,973,255)	(4,853,296)
Total Net Receivable		-	-
Total		-	-
Reconciliation of Allowance for Debt Impairment			
Balance at the beginning of the year		4,853,296	6,172,550
Movement in the contribution to the provision		(880,041)	(1,319,254)
Balance at the end of the year		3,973,255	4,853,296

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

7 INVENTORY	2025	2024
Consumables	6,851,649	3,305,133
Materials and Supplies	378,191	210,040
Water	393,454	210,436
Total	<u>7,623,293</u>	<u>3,725,609</u>

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified:

Materials and Consumables	-	1,773
Water	2,016,304	9,724,196
Total	<u>2,016,304</u>	<u>9,725,969</u>

Refer to note 39 for inventory recognised as an expense during the year.

8 INVESTMENT PROPERTY

Investment Property - Carrying Value	<u>124,023,809</u>	<u>124,227,508</u>
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The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value	124,227,508	124,584,386
Cost	133,637,176	132,651,552
Accumulated Depreciation	(8,528,736)	(7,600,091)
Accumulated Impairment	(880,933)	(880,933)
Correction of Error - Cost First Time Recognitions - Note 41.1	-	985,624
Correction of Error - Accumulated Depreciation First Time Recognition - Note 41.1	-	(571,767)
Additions	204,943	-
Disposals	-	-
Cost	-	-
Accumulated Depreciation	-	-
Depreciation	(398,161)	(356,878)
Impairment	(10,480)	-
Closing Carrying Value	<u>124,023,809</u>	<u>124,227,508</u>
Cost	133,842,119	133,637,176
Accumulated Depreciation	(8,926,896)	(8,528,736)
Accumulated Impairment	(891,413)	(880,933)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	<u>693,446</u>	<u>1,266,863</u>
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No significant operating expenditure was incurred on investment property during the 2023/24 and 2024/25 financial year.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

9	PROPERTY, PLANT AND EQUIPMENT	2025			2024
	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R	
30 June 2025					
	Land and Buildings	133,097,444	(19,137,014)	(225,689)	113,734,740
	Infrastructure	1,430,474,134	(753,292,321)	(7,532,897)	669,648,916
	Community Assets	187,859,458	(121,959,026)	(7,054,057)	58,846,375
	Other Assets	33,218,189	(14,355,463)	-	18,862,726
	Leased Assets	-	-	-	-
	Total	1,784,649,224	(908,743,824)	(14,812,643)	861,092,757
30 June 2024					
	Land and Buildings	81,711,195	(13,485,831)	(209,166)	68,016,199
	Infrastructure	1,274,816,378	(718,522,955)	(7,755,263)	548,538,160
	Community Assets	165,192,283	(109,345,100)	(7,070,580)	48,776,603
	Other Assets	29,199,213	(11,764,685)	-	17,434,528
	Leased Assets	1,377,042	(679,692)	-	697,350
	Total	1,552,296,112	(853,798,263)	(15,035,009)	683,462,839
9.1	Repairs and Maintenance incurred on Property, Plant and Equipment			16,540,568	4,604,618
9.2	Work in Progress				
	Property, Plant and Equipment which is in the process of being constructed or developed:				
	Infrastructure				
	Water Supply			6,727,113	10,380,069
	Sanitation			24,833,257	18,140,039
	Electricity			9,290,151	235,279
	Roads			1,301,670	-
	Total			42,152,191	28,755,387
	The movements for the year can be reconciled as follows:				
	Balance at beginning of year			28,755,386	18,016,421
	Expenditure during the year			20,875,751	10,738,966
	Assets unbundled during the year			(7,174,725)	-
	Disposals during the year			(304,222)	-
	Balance at year-end			42,152,191	28,755,386
	The Municipality identified Komaggas Bulkwater Supply Phase 5 - Construction of 1,5ml Reservoir, which are taking a significant longer period to complete.				
	Carrying value included in work in progress			3,636,367	1,452,570

NAMA KHOI LOCAL MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

30 June 2025	Cost					Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Closing Balance	Opening Balance	Depreciation and Impairment	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	81,711,195	-	-	51,386,248	133,097,444	13,694,997	5,471,130	196,576	-	19,362,703	113,734,740
Land	59,658,882	-	-	21,799,000	81,457,882	-	-	-	-	-	81,457,882
Buildings	22,052,314	-	-	29,587,248	51,639,562	13,694,997	5,471,130	196,576	-	19,362,703	32,276,859
Infrastructure	1,274,816,378	24,136,297	(2,434,797)	133,956,256	1,430,474,134	726,278,218	35,451,411	268,599	(1,173,009)	760,825,219	669,648,916
Electrical	311,908,045	9,290,151	(2,130,575)	39,712,601	358,780,222	164,095,651	10,543,278	151,397	(1,173,009)	173,617,317	185,162,905
Network and Communication	578,122	-	-	-	578,122	343,951	46,174	-	-	390,125	187,997
Roads	292,546,321	1,301,670	-	61,815,539	355,663,529	187,477,802	6,488,475	-	-	193,966,277	161,697,252
Sanitation	298,025,419	10,283,930	-	21,554,050	329,863,399	152,321,346	7,397,595	117,202	-	159,836,142	170,027,257
Solid Waste	83,266,561	3,260,546	-	-	86,527,107	60,915,151	3,943,545	-	-	64,858,695	21,668,412
Storm Water	57,656,366	-	-	113,733	57,770,099	19,932,849	1,209,789	-	-	21,142,638	36,627,461
Water Supply	230,835,544	-	(304,222)	10,760,334	241,291,656	141,191,468	5,822,556	-	-	147,014,024	94,277,631
Community Assets	165,192,283	-	-	22,667,174	187,859,458	116,415,680	9,411,410	3,185,993	-	129,013,083	58,846,375
Community Facilities	85,299,879	-	-	4,019,829	89,319,708	59,635,662	2,941,196	3,185,993	-	65,762,851	23,556,857
Sport and Recreational Facilities	79,892,404	-	-	18,647,345	98,539,750	56,780,019	6,470,213	-	-	63,250,232	35,289,517
Other Assets	29,199,213	181,795	(153,886)	3,991,067	33,218,189	11,764,685	2,703,184	-	(112,406)	14,355,463	18,862,726
Computer Equipment	2,459,760	54,800	(4,750)	8,647	2,518,457	1,313,904	233,276	-	(2,282)	1,544,897	973,560
Furniture and Office Equipment	2,984,143	7,870	(15,277)	259,346	3,236,083	1,484,681	222,018	-	(9,113)	1,697,585	1,538,498
Other Assets	1,524,806	49,000	(33,789)	36,127	1,576,144	1,096,739	87,526	-	(25,038)	1,159,227	416,917
Machinery and Equipment	1,114,429	70,125	-	971,062	2,155,617	572,782	167,384	-	-	740,166	1,415,450
Transport Assets	19,687,076	-	-	-	19,687,076	6,255,760	58,657	-	-	6,314,417	13,372,659
Specialised Vehicles	1,428,999	-	(100,070)	2,715,884	4,044,813	1,040,819	1,934,324	-	(75,972)	2,899,170	1,145,643
Leased Assets	1,377,042	-	(1,377,042)	-	-	679,692	697,350	-	(1,377,042)	-	-
Leased Office Equipment	1,377,042	-	(1,377,042)	-	-	679,692	697,350	-	(1,377,042)	-	-
Leased Vehicles & Accessories	-	-	-	-	-	-	-	-	-	-	-
	1,552,296,112	24,318,092	(3,965,724)	212,000,745	1,784,649,224	868,833,273	53,734,484	3,651,168	(2,662,457)	923,556,468	861,092,757

NAMA KHOI LOCAL MUNICIPALITY

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

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

30 June 2024	Cost					Accumulated Depreciation and Impairment					Carrying Value R
	Opening Balance	Additions	Disposals	Contributed Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	81,711,195	-	-	-	81,711,195	12,883,762	811,235	-	-	13,694,997	68,016,199
Land	59,658,882	-	-	-	59,658,882	-	-	-	-	-	59,658,882
Buildings	22,052,314	-	-	-	22,052,314	12,883,762	811,235	-	-	13,694,997	8,357,317
Infrastructure	1,260,938,560	13,877,818	-	-	1,274,816,378	696,447,701	29,830,517	-	-	726,278,218	548,538,160
Electrical	311,908,045	-	-	-	311,908,045	155,603,227	8,492,424	-	-	164,095,651	147,812,393
Network and Communication	578,122	-	-	-	578,122	316,732	27,219	-	-	343,951	234,171
Roads	292,546,321	-	-	-	292,546,321	182,327,787	5,150,016	-	-	187,477,802	105,068,518
Sanitation	287,479,900	10,545,519	-	-	298,025,419	146,296,900	6,024,445	-	-	152,321,346	145,704,073
Solid Waste	80,127,709	3,138,852	-	-	83,266,561	56,809,832	4,105,319	-	-	60,915,151	22,351,411
Storm Water	57,656,366	-	-	-	57,656,366	18,692,281	1,240,568	-	-	19,932,849	37,723,518
Water Supply	230,642,097	193,447	-	-	230,835,544	136,400,942	4,790,527	-	-	141,191,468	89,644,075
Community Assets	163,519,884	1,672,400	-	-	165,192,283	112,970,727	3,444,953	-	-	116,415,680	48,776,603
Community Facilities	83,627,479	1,672,400	-	-	85,299,879	57,810,214	1,825,448	-	-	59,635,662	25,664,217
Sport and Recreational Facilities	79,892,404	-	-	-	79,892,404	55,160,514	1,619,505	-	-	56,780,019	23,112,385
Other Assets	26,819,019	2,892,798	(512,604)	-	29,199,213	9,712,744	2,437,311	-	(385,370)	11,764,685	17,434,528
Computer Equipment	2,393,032	148,373	(81,645)	-	2,459,760	1,091,505	261,877	-	(39,478)	1,313,904	1,145,856
Furniture and Office Equipment	3,030,765	94,490	(141,111)	-	2,984,143	1,328,063	244,270	-	(87,652)	1,484,681	1,499,463
Other Assets	1,444,044	112,934	(32,173)	-	1,524,806	1,037,568	84,768	-	(25,596)	1,096,739	428,066
Machinery and Equipment	1,106,472	7,958	-	-	1,114,429	453,024	119,758	-	-	572,782	541,647
Transport Assets	17,415,707	2,529,044	(257,675)	-	19,687,076	4,820,583	1,667,821	-	(232,644)	6,255,760	13,431,316
Specialised Vehicles	1,428,999	-	-	-	1,428,999	982,001	58,817	-	-	1,040,819	388,180
Leased Assets	1,377,042	-	-	-	1,377,042	446,392	233,300	-	-	679,692	697,350
Leased Office Equipment	1,377,042	-	-	-	1,377,042	446,392	233,300	-	-	679,692	697,350
Leased Vehicles & Accessories	-	-	-	-	-	-	-	-	-	-	-
	1,534,365,700	18,443,016	(512,604)	-	1,552,296,112	832,461,326	36,757,316	-	(385,370)	868,833,273	683,462,839

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NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

	2025	2024
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>76,775</u>	<u>111,017</u>
The carrying value of intangible Assets is reconciled as follows:		
Opening Carrying Value	111,019	152,401
Cost	524,896	524,896
Accumulated Amortisation	(413,877)	(372,495)
Accumulated Impairment	-	-
Additions	-	-
Amortisation	(34,244)	(41,382)
Closing Carrying Value	76,775	111,019
Cost	524,896	524,896
Accumulated Amortisation	(448,121)	(413,877)
Accumulated Impairment	-	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

11 HERITAGE ASSETS		
Heritage Assets - Carrying Value	<u>1,484,269</u>	<u>1,484,269</u>
The carrying value of Heritage Assets are reconciled as follows:		
Opening Carrying Value	1,484,269	1,484,269
Cost	1,484,269	1,484,269
Accumulated Impairment	-	-
Movement	-	-
Closing Carrying Value	1,484,269	1,484,269
Cost	1,484,269	1,484,269
Accumulated Impairment	-	-

The Municipality has movable heritage assets located in the Namakwaland Museum. The Municipality has determined the fair value of these items on 30 June 2021, as there are no comparable information available to reflect the same market conditions of these assets on GRAP Implementation date. Given the nature of the heritage collection, management expect no significant change in the fair values of these assets between GRAP Implementation date and date of valuation.

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

2025 2024

12	LONG-TERM LIABILITIES		
	Annuity Loans	15,952,306	20,480,359
	Finance Lease Liabilities	-	253,723
	Municipal Debt Relief	101,474,674	132,319,332
	Eskom	69,358,096	132,319,332
	Vaal Central Water	32,116,577	-
	Sub-Total	117,426,980	153,053,414
	Less: Current portion of Long-term Liabilities	(5,059,859)	(4,781,775)
	Annuity Loans	(5,059,859)	(4,528,052)
	Finance Lease Liabilities	-	(253,723)
	Total	112,367,121	148,271,639
	Non- Current	112,367,121	148,271,639
	Current	5,059,859	4,781,775
		117,426,980	153,053,414
	Long-term Liabilities were utilised as follow:		
	Total Long-term Liabilities taken up	15,952,306	20,734,081
	Used to finance Property, Plant and Equipment at cost	(957,200)	(5,738,975)
	Unspent Borrowings	14,995,106	14,995,106

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
Nedbank (12042023)	11.30%	2028/05/01	15,952,306	20,480,359

The following serve as security for annuity loans:

- Investment Deposit as per note 2	5,000,000	5,000,000
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Annuity loans are payable as follows:

Payable within one year	6,608,350	6,608,350
Payable within two to five years	12,115,309	18,723,660
Payable after five years	-	-
Total amount payable	18,723,660	25,332,010
Less: Outstanding Future Finance Charges	(2,771,353)	(4,851,651)
Present value of annuity loans	15,952,307	20,480,359

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

	2025	2024
12.2 Finance Lease Liabilities		
Annuity Loans, disclosed at amortised cost, consist out of the following agreements:		
Institution and loan number	Rate	Maturity Date
		Carrying Value of Liability
Nashua Ltd (000055 MAJ)	8.25%	2024/12/31
	-	253,722
Finance Lease Liabilities are payable as follows:		
Payable within one year	-	259,863
Payable within two to five years	-	-
Payable after five years	-	-
Total amount payable	-	259,863
Less: Outstanding Future Finance Charges	-	(6,140)
Present value of finance lease liabilities	-	253,723

12.3 Municipal Debt Relief

Eskom

Opening Balance	132,319,333	-
Derecognition of the existing liability from Eskom and the recognition of the Long-Term Trade and other Payable: Municipal Debt Relief	(69,905,681)	173,356,560
Interest	12,747,241	16,121,213
Transfer of current portion at the end of year 1	-	(57,158,440)
Transfer of current portion at the end of year 2	(62,961,235)	-
Reversal of current portion at the end of year 1	57,158,440	-
Closing Balance	69,358,097	132,319,333

Vaal Central Water

Opening Balance	-	-
Derecognition of the existing liability from Vaal Central Water and the recognition of the Long-Term Trade and other Payable: Municipal Debt Relief	(44,389,560)	-
Transfer of current portion at the end of year 1	12,272,983	-
Closing Balance	(32,116,577)	-

The Municipality was approved for the ESKOM debt relief program in terms of MFMA Circular 124, effective 1 July 2023. Under this program, the arrears balance owed on 30 March 2023 (R 209 717 044) would be transferred to a suspense service agreement with permanent interest suppression.

Vaal Central Water (VCW) notified the Nama Khoi Local Municipality of the decision taken to write off a portion of the outstanding debt on their water account, following internal reviews and in accordance with Treasury Regulation 11.4.2 under the Public Finance Management Act (PFMA), Act No.1 of 1999.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

13 CONSUMER DEPOSITS	2025	2024
Electricity	1,754,657	1,757,085
Water	2,642,770	2,555,930
Library Books	12,908	12,908
Total	4,410,335	4,325,922

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

The fair value of consumer deposits approximates their carrying value. No interest is paid on these amounts.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	44,581,540	302,173,989
Retentions	1,620,974	2,014,345
Unused Pre-paid Electricity	886,185	869,745
Other Payables	1,778,656	1,204,456
Unknown Receipts	8,084,354	6,263,124
Municipal Debt Relief	75,234,218	57,158,440
Eskom	62,961,235	57,158,440
Vaal Central Water	12,272,983	-
Total	132,185,927	369,684,099

As previously reported

Correction of error restatement - note 41.2

Restated balance

330,673,407

39,010,692

369,684,099

The carrying value of trade and other payables approximates its fair value. Payables are recognised net of any discounts received.

The 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 payables on initial recognition is not deemed necessary.

15 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	30,614,309	15,496,139
Provincial Government	2,924,455	3,474,002
Total	33,538,764	18,970,141

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent of grant conditions not met. No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

	2025	2024
16 CURRENT EMPLOYEE BENEFITS		
Bonuses	1,983,395	1,729,178
Staff Leave	6,130,706	5,472,820
Shortfall in Cape Joint Pension Fund	748,122	713,766
Current portion of Non-Current Employee Benefits - note 17	1,930,000	2,062,000
Total	10,792,223	9,977,765

The movement in current employee benefits are reconciled as follows:

16.1 Bonuses

Opening Balance	1,729,178	2,007,853
Contribution during the year	4,835,794	4,292,130
Payments made	(4,581,577)	(4,570,805)
Balance at the end of the year	1,983,395	1,729,178

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

16.2 Staff Leave

Opening Balance	5,472,821	7,440,702
Contribution during the year	2,283,650	107,540
Payments made	(1,625,765)	(2,075,422)
Balance at the end of the year	6,130,706	5,472,821

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

16.3 Shortfall in Cape Joint Pension Fund

Opening Balance	713,766	679,410
Contribution during the year	34,356	34,356
Balance at the end of the year	748,122	713,766

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

17 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	27,637,000	22,774,000
Long Service Awards	6,236,000	6,695,000
Sub-Total	33,873,000	29,469,000
Less: Current portion of Employee Benefits - note 16	1,930,000	2,062,000
Post Retirement Medical Benefits	1,203,000	930,000
Long Service Awards	727,000	1,132,000
Total	31,943,000	27,407,000

NAMA KHOI LOCAL MUNICIPALITY

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

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17 EMPLOYEE BENEFITS (CONTINUED)

17.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	22,774,000	23,706,000
Contribution during the year	3,481,000	3,718,000
Current Service Cost	747,000	814,000
Interest Cost	2,734,000	2,904,000
Payments made	(930,000)	(901,000)
Actuarial Loss/(Gain)	2,312,000	(3,749,000)
Total balance at year-end	27,637,000	22,774,000
Less: Current portion	(1,203,000)	(930,000)
Total	26,434,000	21,844,000

Actuarial (Gain)/Loss for the period consists of:

Actuarial (gains)/loss arising from financial assumptions		
Increase in the net discount rate	1,022,000	(459,000)
Actuarial (gains)/loss arising from demographic assumptions		
Change in in-service non-member assumed medical aid option	-	-
Actuarial (gain)/loss arising Experience		
Subsidy inflationary increases higher/(lower) than assumed	753,000	338,000
Changes to membership profile different from assumed	537,000	(3,628,000)
Total actuarial (gain) / loss	2,312,000	(3,749,000)

There are no curtailments or settlements to reflect.

The service cost is equal to the current service cost of the obligation as there are no past service costs or settlement gains/losses to consider.

With no plan asset in place, there is no interest revenue, and thus the net interest is equal to the interest cost of the obligation.

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	71	74
In-service non-members	109	111
Continuation members	20	15
Total	200	200

NAMA KHOI LOCAL MUNICIPALITY

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

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Post-employment medical aid subsidy policy

Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 70% subsidy.

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

Notable benefit plan risks faced by the Municipality

Inflation - The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity - The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term defined benefit obligations - The risk that the obligation may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules - The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation - The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the obligation for the Municipality.

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2025	10,401,000	2,622,000	14,614,000	27,637,000
30 June 2024	10,495,000	2,245,000	10,034,000	22,774,000
30 June 2023	10,948,000	2,231,000	10,527,000	23,706,000
30 June 2022	12,059,000	1,788,000	9,932,000	23,779,000
30 June 2021	12,196,000	1,686,000	5,962,000	19,844,000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2025	1,290,000	-
30 June 2024	(3,290,000)	-
30 June 2023	(208,000)	-
30 June 2022	1,262,000	-
30 June 2021	(2,813,000)	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Samwumed
LA Health	Keyhealth

Actuarial Assumptions used are as follows:

Financial Assumptions:

Discount rate	11.10%	12.25%
CPI inflation rate	5.10%	6.22%
Health care cost inflation rate	6.90%	7.72%
Net discount rate	3.90%	4.21%

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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Demographic Assumptions:

i) Post-employment Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age, and a 1% annual compound mortality improvement from 2010. This means that 1% fewer people are expected to die next year. The SA 85-90 table is used for in-service employees.

ii) Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

iii) Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

The last valuation was performed on 22 July 2025.

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	Change %
Liability	13,023,000	14,614,000	27,637,000	
Health care inflation rate (+ 1%)	15,589,000	16,138,000	31,727,000	15%
Health care inflation rate (- 1%)	10,961,000	13,312,000	24,273,000	-12%
Discount rate (+ 1%)	11,047,000	13,368,000	24,415,000	-12%
Discount rate (- 1%)	15,507,000	16,090,000	31,597,000	14%
Post-employment mortality (+ 1 year)	12,694,000	14,196,000	26,890,000	-3%
Post-employment mortality (- 1 year)	13,344,000	15,030,000	28,374,000	3%
Average retirement age (- 1 year)	14,317,000	14,614,000	28,931,000	5%
Membership continuation (- 10%)	11,285,000	14,614,000	25,899,000	-6%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	Change %
Estimated for 2025/26	819,000	2,999,000	3,818,000	
Health care inflation rate (+ 1%)	1,004,000	3,453,000	4,457,000	17%
Health care inflation rate (- 1%)	672,000	2,626,000	3,298,000	-14%
Discount rate (+ 1%)	685,000	2,880,000	3,565,000	-7%
Discount rate (- 1%)	989,000	3,129,000	4,118,000	8%
Post-employment mortality (+ 1 year)	799,000	2,916,000	3,715,000	-3%
Post-employment mortality (- 1 year)	838,000	3,081,000	3,919,000	3%
Average retirement age (- 1 year)	916,000	3,143,000	4,059,000	6%
Membership continuation (- 10%)	710,000	2,807,000	3,517,000	-8%

NAMA KHOI LOCAL MUNICIPALITY

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

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Maturity analysis

The table below illustrates the maturity analysis of the obligation (undiscounted expected benefit payments) for the next 80 years.

Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)
1	1.269	6 to 10	13.133	31 to 40	130.407
2	1.434	11 to 15	22.36	41 to 50	114.587
3	1.563	16 to 20	34.011	51 to 60	65.365
4	1.652	21 to 25	45.865	61 to 70	21.996
5	1.863	26 to 30	57.442	71 to 80	3.289

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	6,695,000	6,926,000
Contribution during the year	1,122,000	1,217,000
Current Service Cost	466,000	501,000
Interest Cost	656,000	716,000
Payments made	(1,132,000)	(753,000)
Actuarial (Gain)	(449,000)	(695,000)
Total balance at year-end	6,236,000	6,695,000
Less: Current portion	(727,000)	(1,132,000)
Total	5,509,000	5,563,000

Actuarial (Gain)/Loss for the period consists of:

Actuarial gains arising from financial assumptions		
Increase in the net discount rate	(19,000)	(70,000)
Actuarial (gain)/loss arising Experience		
Earnings increases higher than assumed	112,000	21,000
Changes to membership profile different from assumed	(542,000)	(646,000)
Total actuarial (gain) / loss	(449,000)	(695,000)

There are no curtailments or settlements to reflect.

The service cost is equal to the current service cost of the obligation as there are no past service costs or settlement gains/losses to consider.

With no plan asset in place, there is no interest revenue, and thus the net interest is equal to the interest cost of the obligation.

The Long Service Awards plans are defined benefit plans.

Number of employees that are eligible for Long Service Awards

180

185

Long service award policy

The Municipality offers employees long service awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The employees' costs to company are used to determine the Rand value of leave day awards, whereas cash awards are based on basic salaries.

The Municipality does not pay any pro-rata LSA.

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Notable benefit plan risks faced by the Municipality

Inflation - The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Termination of service - The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term defined benefit obligations - The risk that the obligation may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules - The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation - The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the obligation for the Municipality.

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability R

30 June 2025	6,236,000
30 June 2024	6,695,000
30 June 2023	6,926,000
30 June 2022	8,005,000
30 June 2021	7,783,000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2025	(430,000)	-
30 June 2024	(625,000)	-
30 June 2023	(248,000)	-
30 June 2022	(94,000)	-
30 June 2021	(666,562)	-

Actuarial Assumptions used are as follows:

Financial Assumptions:

Discount rate	9.40%	10.68%
CPI Inflation rate	3.60%	4.91%
General Salary Inflation (long-term)	4.60%	5.91%
Net discount rate	4.60%	4.51%

Demographic Assumptions:

i) Promotional Earnings Scale

The annual escalation rates below are in addition to the general earnings inflation assumption of 5.91% per annum for all employees.

Age band	Additional promotional scale
20 - 24	5.0%
25 - 29	4.0%
30 - 34	3.0%
35 - 39	2.0%
40- 44	1.0%
45+	0.0%

NAMA KHOI LOCAL MUNICIPALITY

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ii) Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

iii) Mortality During Employment

SA85-90 ultimate table, adjusted for female lives.

iii) Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's obligation to that employee ceases. The assumed annual rates are set out below.

Age band	Rate	Age band	Rate
20 - 24	9.0%	40 - 44	5.0%
25 - 29	8.0%	45 - 49	4.0%
30 - 34	6.0%	50 - 54	3.0%
35 - 39	5.0%	45+	0.0%

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the long service award benefit obligation.

The last valuation was performed on 14 August 2024.

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	6,236,000	6,538,000	5%
General earnings inflation rate (- 1%)	6,236,000	5,956,000	-4%
Discount rate (+ 1%)	6,236,000	5,944,000	-5%
Discount rate (- 1%)	6,236,000	6,557,000	5%
Average retirement age (+ 2 years)	6,236,000	6,986,000	12%
Average retirement age (- 2 years)	6,236,000	5,592,000	-10%
Withdrawal rates (x 2)	6,236,000	5,331,000	-15%
Withdrawal rates (x 0.5)	6,236,000	6,803,000	9%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Estimated for 2025/26	468,000	549,000	1,017,000	
General earnings inflation rate (+ 1%)	496,000	578,000	1,074,000	6%
General earnings inflation rate (- 1%)	442,000	523,000	965,000	-5%
Discount rate (+ 1%)	445,000	578,000	1,023,000	1%
Discount rate (- 1%)	493,000	518,000	1,011,000	-1%
Average retirement age (+ 2 years)	520,000	617,000	1,137,000	12%
Average retirement age (- 2 years)	425,000	489,000	914,000	-10%
Withdrawal rates (x 2)	377,000	465,000	842,000	-17%
Withdrawal rates (x 0.5)	528,000	602,000	1,130,000	11%

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Maturity analysis

The table below illustrates the maturity analysis of the long service obligation (undiscounted expected benefit payments) for the next 40 years.

Future year	Expected Benefit Payments (Rm)	Future year	Expected Benefit Payments (Rm)
1	0.802	6 to 10	5.235
2	0.883	11 to 15	4.025
3	1.304	16 to 20	2.704
4	1.247	21 to 30	2.029
5	1.034	31 to 40	0.158

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)

-

43,308

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 118.5% (30 June 2023 - 120.3%).

Consolidated Retirement Fund (Former Cape Retirement Fund)

5,906,594

6,115,396

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2023 - 100.2%).

Total

5,906,594

6,158,704

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

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

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	2025	2024
Defined Contribution Plans		
Council contributes to the following defined contribution plans:		
Sanlam Umbrella Fund	695,185	1,037,696
SAMWU National Provident Fund	5,931,121	6,943,572
Total	6,626,306	7,981,268

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	121,300,274	107,867,249
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	107,867,249	95,613,755
Contribution during the year	13,433,025	12,253,494
Increase in estimate	3,260,546	3,138,852
Interest Cost	10,172,479	9,114,642
Total	121,300,274	107,867,249

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

The future obligations for rehabilitating the landfill sites have been calculated using a discount rate of 7.150% to 11.045% (2024 - 8.63% to 12.22%) which is based on the South African Government Bond yield for the relevant period.

19 PROPERTY RATES

Business and Commercial Property	12,330,576	12,279,788
Farm Properties	829,700	480,479
Industrial Property	2,756,537	2,263,686
Mining Properties	2,469,647	746,850
Residential Properties	48,803,758	32,905,392
State-owned Properties	3,922,079	5,202,107
Total Revenue	71,112,292	53,878,303
Less: Rebates	(15,205,616)	(2,886,457)
Total	55,906,675	50,991,845

Property rate levied are based on the following rateable valuations:

Business and Commercial Property	660,320,000	484,531,000
Industrial Property	121,213,500	119,343,000
Mining Properties	92,008,000	52,381,000
Public benefit organisations	138,044,000	86,702,000
Public Service Infrastructure Properties	10,161,000	94,561,000
Residential Properties	2,935,388,500	2,080,378,000
State-owned Properties	306,177,000	115,050,500
Agricultural Property	938,737,500	700,901,500
Multiple purposes	52,741,000	6,435,000
Total Valuation	5,254,790,500	3,740,283,000

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	2025	2024
Rate that is applicable to the valuations above:		
Residential	0.01297 c/R	0.01617 c/R
Commercial and Industrial	0.02226 c/R	0.02226 c/R
Agricultural	0.00070 c/R	0.00070 c/R
Mining	0.02797 c/R	0.02797 c/R

The last valuation came into effect on 1 July 2019. Valuations on land and buildings are performed every five years, but due to numerous challenges with the latest valuations, the municipality requested the MEC for Local Government to extend the validity period to six years. The new General Valuation Roll have been implemented on 1 July 2024.

Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act. A further discount of 10% was granted to all indigents and 20% for qualifying pensioners.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

The following properties are deemed non-rateable: Municipal properties, churches, creches, old age homes and care centres, public infrastructure and public benefit organisations.

20 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government	67,455,139	63,411,304
Equitable Share	67,455,139	63,411,304
Conditional Grants - National Government	21,429,691	16,746,440
Finance Management Grant (FMG)	2,985,628	3,100,000
Municipal Infrastructure Grant (MIG)	1,532,521	10,260,144
Expanded Public Works Programme (EPWP)	1,890,000	1,103,000
Municipal Disaster Response Grant	1,496,920	-
Water Service Infrastructure Grant (WSIG)	13,524,622	2,283,296
Conditional Grants - Provincial Government	2,371,041	1,237,900
Libraries, Archives and Museums	1,394,417	1,237,900
LG SETA	158,763	-
Municipal Drought Relief Grant	817,860	-
Total	91,255,871	81,395,644

NAMA KHOI LOCAL MUNICIPALITY

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		2025	2024
20	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
	Disclosed as:		
	Government Grants and Subsidies - Operating	73,883,948	68,852,204
	Government Grants and Subsidies - Capital	17,371,923	12,543,440
	Total	91,255,871	81,395,644
	Grants per Vote (MFMA Sec 123 (c)):		
	Equitable Share	-	-
	Vote 1 - Executive Mayor And Council (10: IE)	-	-
	Vote 2 - Municipal Manager (11: IE)	1,890,000	1,103,000
	Vote 3 - Corporate Services (13: IE)	-	-
	Vote 4 - Financial Services (15: IE)	20,008,392	50,658,304
	Vote 5 - Community Services: Comm Dev (16: IE)	1,394,417	1,237,900
	Vote 6 - Community Services: Pubsafety (17: IE)	-	-
	Vote 7 - Infrastructure, Eng And Technical (18: IE)	67,963,062	28,396,441
	Vote 8 - Executive Mayor And Council (20: CS)	-	-
	Vote 9 - Municipal Manager (21: CS)	-	-
	Vote 10 - Corporate Services (23: CS)	-	-
	Vote 11 - Community Services: Comm Dev (26: CS)	-	-
	Vote 12 - Infrastructure, Eng And Technical (28: CS)	-	-
	Total	91,255,871	81,395,644

The movements per grant can be summarised as follows:

20.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	67,455,139	63,411,304
Transferred to Revenue - Operating	(67,455,139)	(63,411,304)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

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.

20.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	3,000,000	3,100,000
Transferred to Revenue - Operating	(2,985,628)	(3,100,000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	14,372	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

20.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	11,856	4,645,673
Grants Received / (Repaid)	7,698,144	5,626,327
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1,532,521)	(10,260,144)
Closing Unspent Balance	6,177,479	11,856

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

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20	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2025	2024
20.04 Expanded Public Works Programme (EPWP)			
	Opening Unspent Balance	-	69,270
	Grants Received / (Repaid)	1,890,000	1,033,730
	Transferred to Revenue - Operating	(1,890,000)	(1,103,000)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
20.05 Integrated National Electrification Programme (INEP)			
	Opening Unspent Balance	-	49,224
	Grants Received / (Repaid)	-	(49,224)
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	-	-
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
20.06 Water Service Infrastructure Grant (WSIG)			
	Opening Unspent Balance	15,484,283	7,767,579
	Grants Received / (Repaid)	(484,283)	10,000,000
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	(13,524,622)	(2,283,296)
	Closing Unspent Balance	1,475,378	15,484,283
	The grant was used for water infrastructure projects.		
20.07 Libraries, Archives and Museums			
	Opening Unspent Balance	512,797	185,697
	Grants Received / (Repaid)	1,635,000	1,565,000
	Transferred to Revenue - Operating	(1,394,417)	(1,237,900)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	753,380	512,797
	The grant was used to finance library activities.		
20.08 LG SETA			
	Opening Unspent Balance	228,576	228,576
	Grants Received / (Repaid)	186,494	-
	Transferred to Revenue - Operating	(158,763)	-
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	256,306	228,576
	The grant was allocated for skills development.		

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	2025	2024
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.09 Swimming Pool		
Opening Unspent Balance	450,000	450,000
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
As previously reported	450,000	450,000
Correction of error restatement - note 41.4	-	-
Closing Unspent Balance	450,000	450,000
The grant was received for the building of a swimming pool in the district.		
20.10 Municipal Drought Relief Grant		
Opening Unspent Balance	817,356	817,356
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(817,860)	-
Closing Unspent Balance	(504)	817,356
The grant was used for water infrastructure projects.		
20.11 Housing		
Opening Unspent Balance	1,465,273	1,265,273
Grants Received / (Repaid)	-	200,000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1,465,273	1,465,273
The grant was used for emergency housing and establishment of housing accreditation office.		
20.12 Municipal Disaster Response Grant		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	24,444,000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1,496,920)	-
Closing Unspent Balance	22,947,080	-
The grant was used for water infrastructure projects.		
20.13 Total Grants		
Opening Unspent Balance	18,970,142	15,478,648
Grants Received / (Repaid)	105,824,494	84,887,137
Transferred to Revenue - Operating	(73,883,948)	(68,852,204)
Transferred to Revenue - Capital	(17,371,923)	(12,543,440)
As previously reported	33,538,764	18,970,142
Closing Unspent Balance	33,538,764	18,970,142

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		2025	2024
21	TRANSFER AND SUBSIDIES - PRIVATE ENTERPRISE		
	De Beers Consolidated Mines	266,042,535	-
	Total	266,042,535	-
	De Beers Consolidated Mines (Pty) Ltd agreed to contribute a capped amount to Nama Khoi Municipality for the transfer of Kleinzee Municipal Services.		
22	CONTRIBUTED ASSETS		
	Property, Plant and Equipment	212,205,688	-
	Total	212,205,688	-
	Contributed assets relate to the donations from De Beers Group of land/properties and movable assets, which also include the support network assets.		
23	AVAILABILITY CHARGES		
	Electricity	713,455	873,526
	Water	748,506	234,463
	Sewerage and Sanitation	288,664	193,440
	Total	1,750,624	1,301,429
	Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		
24	LICENCES AND PERMITS		
	Trading	156,007	113,618
	Road and Transport	2,859,123	1,716,980
	Total	3,015,130	1,830,599
25	ACTUARIAL GAINS / (LOSSES)		
	Post Retirement Medical Benefits	(2,312,000)	3,749,000
	Long Service Awards	449,000	695,000
	Total	(1,863,000)	4,444,000
26	DEBT WAIVED		
	Debt Waived	339,144,240	44,475,975
	Total	339,144,240	44,475,975

The Municipality was approved for the ESKOM debt relief program in terms of MFMA Circular 124, effective 1 July 2023. Under this program, the arrears balance owed on 30 March 2023 (R 209 717 044) would be transferred to a suspense service agreement with permanent interest suppression.

Vaal Central Water (VCW) notified the Nama Khoi Local Municipality of the decision taken to write off a portion of the outstanding debt on their water account, following internal reviews and in accordance with Treasury Regulation 11.4.2 under the Public Finance Management Act (PFMA), Act No.1 of 1999.

NAMA KHOI LOCAL MUNICIPALITY

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

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	2025	2024
27 SERVICE CHARGES		
Electricity	184,021,288	126,406,852
Water	57,536,803	54,765,749
Refuse Removal	28,373,333	26,073,128
Sewerage and Sanitation	23,576,354	21,835,296
Total Revenue	293,507,778	229,081,025
Less: Rebates	(31,531,881)	(28,560,771)
Electricity	(4,397,877)	(4,569,684)
Water	(10,095,181)	(8,026,282)
Refuse Removal	(9,472,973)	(8,904,519)
Sewerage and Sanitation	(7,565,850)	(7,060,286)
Total	261,975,897	200,520,254
As previously reported		194,619,262
Correction of error restatement		5,900,992
Restated balance		200,520,254
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
28 RENTAL OF FACILITIES AND EQUIPMENT		
Halls	27,792	30,002
Grazing Fees	693,446	1,352,189
Mines	-	205,050
Buildings	1,204,968	1,689,073
Total	1,926,206	3,276,313
29 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank Accounts	823,981	454,300
Investment Deposits	11,002,421	3,867,411
Total	11,826,402	4,321,711
30 AGENCY SERVICES		
Drivers Licences	-	100,021
Motor Vehicle Registration	-	-
Total	-	100,021

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 53.2 for additional disclosure in this regard.

The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

		2025	2024
31	OTHER INCOME		
	Administrative Handling Fees	167,140	1,490,079
	Building Plan Approval	249,521	430,880
	Camping Fees	32,385	15,652
	Cemetery and Burial	31,444	37,587
	Commission	-	38,099
	Membership Fees	61,268	55,347
	Parking Fees	-	8,023
	Scrap, Waste Other Goods	-	1,432,994
	Staff Recoveries	410,649	370,606
	Sub-division and Consolidation Fees	-	35,478
	Valuation Services	4,951	50,729
	Sundry Income	100,287	237,395
	Total	1,100,817	4,202,869
32	EMPLOYEE RELATED COSTS		
	Basic Salaries and Wages	62,307,208	61,619,443
	Pension and UIF Contributions	8,063,304	9,158,342
	Medical Aid Contributions	3,117,469	2,884,544
	Overtime	9,898,144	8,834,109
	Motor Vehicle Allowances	2,612,378	2,131,326
	Cell Phone Allowances	275,893	230,129
	Housing Allowances	777,701	896,554
	Bonuses	4,818,771	4,292,130
	Staff Leave	1,625,765	107,540
	Long Service Awards	466,000	551,532
	Post Retirement Medical Benefits	747,000	814,000
	Other benefits and allowances	6,994,997	3,728,014
	Acting Allowances	1,130,207	564,630
	Bargaining Council Levy	39,638	36,906
	Group Life Insurance	-	1,761
	Standby Allowances	2,911,807	2,810,408
	Transport Cost	1,468,068	34,308
	Scarcity Allowance	332,192	196,778
	Other Allowances	1,113,084	83,222
	Total	101,704,630	95,247,662
	Remuneration of Management Personnel		
	Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
	Municipal Manager - Mr J Swarts		
	Annual Remuneration	1,048,371	1,017,671
	Benefits and Allowances	368,468	395,656
	Contributions to UIF, Medical and Pension Funds	2,125	2,125
	Total	1,418,964	1,415,452
	Chief Financial Officer - Mr HE Cloete		
	Annual Remuneration	512,998	497,976
	Benefits and Allowances	615,651	727,741
	Contributions to UIF, Medical and Pension Funds	2,125	2,125
	Total	1,130,774	1,227,842

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

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	2025	2024
Head : Corporate Services - Mr D M Malan (Appointed on 01 January 2025)		
Annual Remuneration	356,479	-
Benefits and Allowances	154,604	-
Contributions to UIF, Medical and Pension Funds	1,063	-
Total	512,146	-

Head : Technical Services - Mr JH Adams (Appointed on 01 January 2025)		
Annual Remuneration	473,312	-
Benefits and Allowances	162,441	-
Contributions to UIF, Medical and Pension Funds	1,417	-
Total	637,170	-

Head : Community Services - Mrs. R Sebela (Appointed on 01 February 2025)		
Annual Remuneration	380,629	-
Benefits and Allowances	45,273	-
Contributions to UIF, Medical and Pension Funds	886	-
Total	426,788	-

Employees acting in management positions

The following employees acted in management positions during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position		
H Fielding	Head: Community Services	27,599	78,895
Q Titus	Head: Technical Services	-	35,567
Total		27,599	114,462

33 REMUNERATION OF COUNCILLORS

JE van den Heever	359,163	433,075
R Kritzinger	1,026,153	808,859
ZP De Jongh	445,710	386,025
WS Jordaan	356,873	444,795
GJ Coetzee	5,309	347,529
SJ Cloete	355,785	347,529
GMS Bock	838,532	999,673
C Visser	456,504	444,795
MR Baadjies	280,228	347,529
RF Adams	455,199	347,529
AM Julie	355,785	347,529
JFM Otto	355,785	347,529
RSJ Claasen	355,785	347,529
S Cloete	355,785	347,529
JC Losper	252,804	347,529
KA Polori	355,785	347,529
WC Britz	355,785	347,529
W Goedeman	264,961	-
S Kleinbooi	46,061	-
L de Jongh	29,225	-
Total	7,307,217	7,340,041

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	Basic Salary	Motor Vehicle Allowance	Cell Phone Allowance	2025 Medical and Pension Contributions	2024 Total
2025					
Executive Mayor	982,953	-	43,200	-	1,026,153
Speaker	651,332	144,000	43,200	-	838,532
Executive Committee	813,303	12,000	86,400	-	911,703
Section 79 Committee					
Chairperson	253,127	-	27,101	-	280,228
Chief Whip	305,694	-			
Other Councillors	3,142,371	297,063	505,474	-	3,944,908
Total	6,148,780	453,063	705,375	-	7,307,218
2024					
Executive Mayor	791,956	164,518	43,200	-	999,674
Speaker	729,565	36,094	43,200	-	808,859
Executive Committee	650,752	152,438	86,400	-	889,590
Section 79 Committee					
Chairperson	370,370	19,505	43,200	-	433,075
Other Councillors	3,264,211	426,233	518,400	-	4,208,844
Total	5,806,854	798,788	734,400	-	7,340,042

In-kind Benefits

The Executive Mayor, Speaker and certain members Executive Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

34 DEBT IMPAIRMENT

Receivables from Exchange Transactions	8,107,105	29,820,997
Receivables from Non-Exchange Transactions	1,929,913	8,981,551
Long-term Receivables	(880,041)	(1,319,254)
VAT Component of Debt Impairment	1,488,670	1,738,791
Total	10,645,646	39,222,085

35 DEBTS WRITTEN OFF

Receivables from Exchange Transactions	52,068,126	-
Total	52,068,126	-

36 DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation and Amortisation	54,166,889	37,155,577
Property, Plant and Equipment	53,734,484	36,757,316
Intangible Assets	34,244	41,382
Investment Property	398,161	356,878
Impairment	3,661,648	-
Property, Plant and Equipment	3,651,168	-
Investment Property	10,480	-
Total	57,828,537	37,155,577
As previously reported		37,219,580
Correction of error restatement - note 41.1		(64,003)
Restated balance		37,155,577

NAMA KHOI LOCAL MUNICIPALITY

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

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		2025	2024
37	FINANCE CHARGES		
	Cash	45,676,291	30,266,125
	Long-term Liabilities	30,298,646	2,622,780
	Overdue Accounts	15,377,646	27,643,345
	Non-cash	13,562,479	12,734,642
	Post Retirement Medical Benefits	2,734,000	2,904,000
	Long Service Awards	656,000	716,000
	Rehabilitation of Landfill Sites	10,172,479	9,114,642
	Total	59,238,770	43,000,767
38	BULK PURCHASES		
	Electricity	140,719,370	109,867,151
	Total	140,719,370	109,867,151
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom.		
39	OTHER EXPENDITURE		
	Accounting and Auditing	8,840,136	3,105,410
	Advertising, Publicity and Marketing	384,183	536,098
	Assets less than the Capitalisation Threshold	25,652	5,484
	Audit Committee	74,142	68,624
	Bank Charges, Facility and Card Fees	650,854	592,732
	Building Contractors	83,712	143,952
	Business and Financial Management	1,169,112	676,142
	Catering Services	437,447	217,923
	Clearing and Grass Cutting Services	-	97,000
	Commission - Prepaid Electricity	1,683,951	1,015,049
	Communication	1,649,547	1,699,002
	Contractors Equipment	6,625,031	3,717,123
	Contractors Other Assets	7,890	86,865
	Electrical	8,912,592	6,441,233
	Eskom Connection Fees	59,130	107,668
	External Audit Fees	5,006,225	3,843,179
	External Computer Service	6,278,722	6,878,924
	External Personnel and Labour	1,284,648	1,938,879
	Hire Charges	1,067,659	1,674,916
	Indigent Relief	1,693,071	536,013
	Infrastructure and Planning	-	45,219
	Insurance	2,912,054	2,960,425
	Laboratory Services	409,354	365,232
	Legal Cost	1,734,670	2,383,835
	Medical Health Services	-	3,450
	Pest Control and Fumigation	-	7,600
	Printing, Publications and Books	1,425,203	1,489,488
	Professional Bodies, Membership and Subscription	1,221,848	1,785,529
	Registration Fees	1,064,966	348,420
	Road Worthy Test	547,998	409,187
	Security Services	594,943	712,598
	Travel and Subsistence	962,215	669,061
	Uniform and Protective Clothing	412,771	40,523
	Valuer and Assessors	-	673,430
	Ward Committees	-	228,500
	Total	57,219,726	45,504,712

NAMA KHOI LOCAL MUNICIPALITY

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

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40 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	-	-
Less: Carrying value of Investment Property disposed	-	-
Less: Carrying value of Property, Plant and Equipment disposed	(1,303,267)	(127,234)
Less: Carrying value of Intangible Assets	-	-
Total	(1,303,267)	(127,234)
As previously reported		(143,493)
Correction of error restatement - note 41.1		16,259
Restated balance		(127,234)

41 INVENTORY CONSUMED

Consumables	4,150,004	10,868,328
Materials and Supplies	941,517	248,403
Water	37,493,231	25,312,737
Total	42,584,752	36,429,467

42 INVENTORY WRITE OFF

Materials and Consumables	-	1,773
Water	2,016,304	9,724,196
Total	2,016,304	9,725,969

43 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

41.1 Investment Property and Property, Plant and Equipment

The following errors were noted:

The official assets register did not agree to the financial records. Accordingly, prior year error restatement is required in order for the asset register to agree to the financial records.

The net effect of the above-mentioned errors were as follows:

- Investment Property - note 8	Understated	205,037
- Property, Plant and Equipment - note 9	Understated	44,990,534
- Depreciation, Amortisation and Impairment - note 36	Overstated	(64,003)
- Loss on disposal of Non-Monetary Assets note 40	Overstated	(16,258)
- Accumulated Surplus - note 41.3	Understated	6,104,617

41.2 Payables from Exchange Transactions

Correction of retentions.

The net effect of the above-mentioned errors were as follows:

- Retention	Understated	149,725
- Trade Payables	Overstated	(39,160,417)

NAMA KHOI LOCAL MUNICIPALITY

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

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	2025	2024
41.3 Accumulated Surplus		
Investment Property and Property, Plant and Equipment - note 41.1	Understated	6,104,617
Total		6,104,617
44 NET CASH FROM/(USED) OPERATING ACTIVITIES		
Net Surplus for the year	750,394,182	1,278,200
Adjusted for:		
Non-cash revenue included in Net Surplus	(210,342,688)	(4,444,000)
Actuarial Gains	1,863,000	(4,444,000)
Contributed Assets	(212,205,688)	-
Non-cash expenditure included in Net Surplus	91,706,729	94,988,564
Employee Related Costs - Contributions towards	8,366,800	5,749,027
Post Retirement Medical Benefits	747,000	814,000
Long Service Awards	466,000	501,000
Bonuses	4,835,794	4,292,130
Staff Leave	2,283,650	107,540
Shortfall in Cape Joint Pension Fund	34,356	34,356
Debt Impairment	10,645,646	39,222,085
Depreciation, Amortisation and Impairment	57,828,537	37,155,577
Finance Charges	13,562,479	12,734,642
Post Retirement Medical Benefits	2,734,000	2,904,000
Long Service Awards	656,000	716,000
Provision for Rehabilitation of Landfill-sites	10,172,479	9,114,642
Actuarial Losses	-	-
Loss on disposal of Non-Monetary Assets	1,303,267	127,234
Cash expenditure not included in Net Surplus	(8,269,342)	(8,300,227)
Post Retirement Medical Benefits	(930,000)	(901,000)
Long Service Awards	(1,132,000)	(753,000)
Bonuses	(4,581,577)	(4,570,805)
Staff Leave	(1,625,765)	(2,075,422)
Operating Surplus before changes in working capital	623,488,881	83,522,537
Movement in working capital	(287,107,854)	(200,254,866)
Receivables	(58,974,340)	(71,636,114)
Inventory	(3,897,685)	(1,507,995)
Consumer Deposits	84,413	287,373
Payables from exchange transactions	(237,498,172)	(132,227,041)
Unspent Conditional Government Grants	14,568,623	3,491,493
Taxes	(1,390,694)	1,337,418
Cash Flow from Operating Activities	336,381,027	(116,732,329)

NAMA KHOI LOCAL MUNICIPALITY

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

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45 BUDGET COMPARISONS

45.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

The Statement of Financial Position is presented on a comparable basis in all material aspects.

Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	55,906,675	-	55,906,675
Service Charges - Electricity Revenue	180,336,866	-	180,336,866
Service Charges - Water Revenue	48,190,128	-	48,190,128
Service Charges - Sanitation Revenue	16,299,168	-	16,299,168
Service Charges - Refuse Revenue	18,900,360	-	18,900,360
Rent on land	-	693,446	693,446
Rental of Facilities and Equipment	1,926,206	(693,446)	1,232,760
Interest Earned - External Investments	11,826,402	-	11,826,402
Interest Earned - Outstanding Debtors	38,413,146	-	38,413,146
Fines	330,296	-	330,296
Licences and Permits	3,015,130	-	3,015,130
Agency Services	-	-	-
Transfers Recognised - Operational	339,926,483	-	339,926,483
Other Revenue	340,245,057	-	340,245,057
Total Revenue (excluding capital transfers)	1,055,315,917	-	1,055,315,918

NAMA KHOI LOCAL MUNICIPALITY

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

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45 BUDGET COMPARISONS (CONTINUED)

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
EXPENDITURE			
Employee Related Costs	101,704,630	3,390,000	105,094,630
Remuneration of Councillors	7,307,217	-	7,307,218
Debt Impairment	10,645,646	-	10,645,646
Depreciation and Asset Impairment	57,828,538	-	57,828,537
Finance Charges	59,238,770	(3,390,000)	55,848,770
Bulk purchases	140,719,370	-	140,719,370
Inventory consumed	42,584,752	-	42,584,752
Contracted Services	-	30,173,676	30,173,676
Other Expenditure	57,219,726	(30,173,676)	27,046,050
Losses	5,182,571	-	5,182,571
Loss on disposal of Non-Monetary Assets	1,303,267		
Inventory Write Off	2,016,304		
Actuarial Losses	1,863,000		
Total Expenditure	482,431,221	-	482,431,222
Surplus/(Deficit)	572,884,696	-	572,884,696
Transfers and subsidies - capital (monetary) - Government	17,371,924	-	17,371,924
Transfers and subsidies - capital (in-kind)	212,205,688	-	212,205,688
Surplus/(Deficit) for the year	802,462,308	-	802,462,307

The items reclassified can be summarised as follow:

Item	GRAP Classification	Budget Classification	Amount
Grazing Fees	Rentals of Facilities and Equipment	Rent on Land	693,446
Post Retirement Medical Benefits	Finance Charges	Employee Related Costs	2,734,000
Long Service Awards	Finance Charges	Employee Related Costs	656,000
Catering Services	Other Expenditure	Contracted Services	437,447
Audit Committee	Other Expenditure	Contracted Services	74,142
External Personnel and Labour	Other Expenditure	Contracted Services	1,284,648
Electrical	Other Expenditure	Contracted Services	8,912,592
Legal Cost	Other Expenditure	Contracted Services	1,734,670
Infrastructure and Planning	Other Expenditure	Contracted Services	-
Medical Health Services	Other Expenditure	Contracted Services	-
Valuer and Assessors	Other Expenditure	Contracted Services	-
Contractors Equipment	Other Expenditure	Contracted Services	6,625,031
Accounting and Auditing	Other Expenditure	Contracted Services	8,840,136
Building Contractors	Other Expenditure	Contracted Services	83,712
Contractors Other Assets	Other Expenditure	Contracted Services	7,890
Security Services	Other Expenditure	Contracted Services	594,943
Laboratory Services	Other Expenditure	Contracted Services	409,354
Business and Financial Management	Other Expenditure	Contracted Services	1,169,112

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects.

NAMA KHOI LOCAL MUNICIPALITY

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

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45 BUDGET COMPARISONS (CONTINUED)

45.2 Statement of Financial Position

Actual Amounts vs Final Budget

Cash and cash equivalents	Improvement in cash management, internal controls and an overall reduction of non-priority spending.
Receivables from exchange transactions	Improvement in the overall collection rate due to stringent credit control and debt collection procedures.
Other current assets	The balance includes the VAT portion of the provision for debt impairment. If the Taxes balance is included, the variance is immaterial.
Trade and other payables & Long term portion of trade payables	The municipality moved creditors to long-term liabilities based on the Eskom Debt Relief Programme and the National Dispute with the Water Board.
Employee Benefits	The variance is due to the split between current and non-current portions of Employee benefits. When the balances are netted-off, the remaining variance is immaterial.
Long-term Liabilities	The loan repayment amounts were not sufficiently considered during the budget compilation process.
Provisions	Increase in the estimated costs to rehabilitate Landfill sites at the end of its useful life.
Accumulated Surplus	The net results of the above exceeded expectations.

45.3 Statement of Financial Performance

Actual Amounts vs Final Budget

Property Rates	Under collection is based on the complaints from the community that the rates tariff are too high and unaffordable.
Service charges - Electricity	The municipality installed new meters and replaced faulty meters that resulted in the municipality billing more than the anticipated budget.
Service Charges - Water Revenue	The municipality has started with the installation of check water meters to determine usage within the municipal boundaries and has identified where certain buildings were not billed.
Service Charges - Sanitation Revenue	The municipality will do a household audit and cost of supply study to determine the cost of the service to align the budget with the actual billing.
Service Charges - Refuse Revenue	The municipality will do a household audit and cost of supply study to determine the cost of the service to align the budget with the actual billing.

Virements

All virement were done in line with the approved virement policy of the Municipality where funds are transferred from one line item to another within a specific vote. No material virements were made.

NAMA KHOI LOCAL MUNICIPALITY

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45 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Gains	Municipality did not bargain for gains to be receive.
Debt Impairment	The municipality tried to keep debt impairment to the very limit based on a higher collection rate as the collection rated dipped the debt impairment increased.
Depreciation and Asset Impairment	The budget for the depreciation of landfill sites was excessive.
Finance Charges	The municipality budgeted to have less interest and penalties to be paid as per the Eskom debt relief program and Vaal Central Water dispute, however interest was still incurred in the financial year, but the municipality had an improvement compared to the previous financial year. Interest and penalties incurred were written off and the municipality will not occur interest in the following year.
Inventory consumed	Inventory, contract services , other expenditure – is based on the availability of actual cash flow, the municipality will only incur expenses if the funding is available although there is a budgeted or planned expenditure .
Losses	The municipality tried to keep debt impairment to the very limit based on a higher collection rate as the collection rated dipped the debt impairment increased
Transfers and subsidies - capital (monetary) - Government	Grant funding received less than expected.

45.4 Cash Flow Statement

Actual Amounts vs Final Budget

Property rates, penalties & collection charges	The Municipal Council approves an additional rebate on property rates, the municipality is struggling to collect property rates from certain state departments due to ongoing disputes.
Service charges	The Municipal Council approves an additional rebate on property rates, the municipality is struggling to collect property rates from certain state departments due to ongoing disputes.
Transfers and Subsidies	Grant funding received less than expected.
Suppliers and Employees	Improvement in expenditure management, internal controls, and an overall reduction of non-priority spending.
Capital Assets	Under expenditure due to the Disaster Response Grant, the municipality had several disputes in the tender process that resulted in the under expenditure of the grant.
Repayment of Borrowing	The loan repayment amounts were not sufficiently considered during the budget compilation process.

NAMA KHOI LOCAL MUNICIPALITY

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46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

46.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	480,466,806	455,965,439
Unauthorised expenditure current year - operating	57,555,931	24,501,367
Unauthorised expenditure current year - capital	87,883,950	-
Approved by Council	(176,483)	-
Unauthorised expenditure awaiting further action	625,730,204	480,466,806

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2025 (Actual) R	2025 (Final Budget) R	2025 (Unauthorised) R	2024 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Executive Mayor And Council (10: Ie)	13,644,584	14,230,850	-	1,527,481
Vote 2 - Municipal Manager (11: Ie)	10,375,667	12,929,375	-	6,018,489
Vote 3 - Corporate Services (13: Ie)	28,888,332	33,725,543	-	-
Vote 4 - Financial Services (15: Ie)	103,055,120	62,137,620	40,917,500	14,002,821
Vote 5 - Community Services: Comm Dev (16: Ie)	35,236,555	72,039,837	-	-
Vote 6 - Community Services: Publsafety (17: Ie)	9,012,629	13,483,462	-	-
Vote 7 - Infrastructure, Eng And Technical (18: Ie)	334,286,461	317,648,030	16,638,431	2,952,575
Total	534,499,348	526,194,717	57,555,931	24,501,367

	2025 (Actual) R	2025 (Final Budget) R	2025 (Unauthorised) R	2024 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 4 - Financial Services (15: Ie)	3,913,515	1,800,000	2,113,515	-
Vote 7 - Infrastructure, Eng And Technical (18: Ie)	115,119,406	69,320,918	45,798,488	-
Vote 8 - Executive Mayor And Council (20: Cs)	-	-	-	-
Vote 9 - Municipal Manager (21: Cs)	259,346	-	259,346	-
Vote 10 - Corporate Services (23: Cs)	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-
Vote 12 - Infrastructure, Eng And Technical (28: Cs)	39,712,601	-	39,712,601	-
Total	159,004,868	71,120,918	87,883,950	-

46.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	62,433,616	55,998,101
Fruitless and wasteful expenditure incurred - prior years	-	-
Fruitless and wasteful expenditure incurred - current year	2,605,766	11,487,776
Recovered from Employees	-	-
Approved by Council	(8,323,740)	(5,052,262)
Fruitless and wasteful expenditure awaiting further action	56,715,641	62,433,616

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46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of fruitless and wasteful expenditure incurred

(a) Creditors interest paid prior to 1 July	62,433,616	55,998,102
(b) SA Post Office interest paid	-	-
(c) MH Office machines interest paid	-	-
(d) Eskom penalties and interest paid	(3,419,037)	6,317,427
(e) Telkom interest paid	3,427	17,365
(f) Namaqua Gas interest paid	199	384
(g) Auditor General interest paid	180,043	3,546
(h) Compensation Fund	-	-
(i) ABSA Card Services	11,658	3,468
(j) TGIS	508	266
(k) Driver's Licence Card interest	-	3,549
(l) ABCO	(774)	195
(m) LA retirement Fund	-	89,314
(n) HUGE TNS (pty) Ltd	0	-
(o) Cape Retirement Fund	6,140	-
(p) Vaal Central Water	(2,500,138)	-
Total	56,715,641	62,433,616

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the fact that no criminal offence occurred.

46.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	366,553,610	371,055,994
Correction of prior period	-	-
Restated balance	366,553,610	371,055,994
Irregular expenditure incurred - current year	2,522,285	3,030,210
Approved by Council	(10,377,057)	(7,532,594)
Irregular expenditure awaiting further action	358,698,839	366,553,610

Details of irregular expenditure incurred

(a) Deviations from SCM regulations - 3 quotations not obtained	624,404	-
(b) Deviations from SCM regulations	1,897,881	3,030,210
Total	2,522,285	3,030,210

Details of irregular expenditure awaiting further action:

(a) Deviations from SCM regulations - 3 quotations not obtained	2,553,976	1,929,572
(b) Deviations from SCM regulations	11,626,903	9,729,022
(c) Irregular expenditure prior to 1 July	344,517,960	354,895,016
Total	358,698,838	366,553,610

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47 MATERIAL LOSSES

47.1 Water distribution losses

Kilo litres disinfected/purified/purchased	1,946,304	2,073,593
Kilo litres sold and free basic services	1,680,160	1,641,022
	<hr/>	<hr/>
Kilo litres lost during distribution	266,144	432,571
Percentage lost during distribution	13.67%	20.86%
Distribution loss (Rand Value)	6,400,773	9,724,196

Water losses can mainly be ascribed to a combination of major pipe bursts, field leakages and ageing meter infrastructure.

47.2 Electricity distribution losses

Units purchased (Kwh)	68,759,999	57,778,379
Units sold, free basic services and standard friction losses	57,674,790	45,296,442
	<hr/>	<hr/>
Units lost during distribution (Kwh)	11,085,209	12,481,937
Percentage lost during distribution	16.12%	21.60%
Distribution loss (Rand Value)	17,062,265	17,645,711

Electricity losses are due to electricity theft on pre-paid meters and illegal connections.

48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	376,142	463,046
Expenditure incurred	1,186,874	1,163,096
Payments - current year	(936,954)	(750,000)
Payments - previous year	(376,142)	(500,000)
	<hr/>	<hr/>
Payments in advance	249,920	376,142
	<hr/> <hr/>	<hr/> <hr/>

48.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	6,131,204	5,801,868
Expenditure incurred	5,079,208	3,280,090
	<hr/>	<hr/>
External Audit - Auditor-General	5,006,226	3,211,466
Audit Committee	72,982	68,624
	<hr/>	<hr/>
Payments - current year	-	-
Payments - previous year	(5,261,466)	(2,950,754)
	<hr/>	<hr/>
Outstanding Balance	5,948,946	6,131,204
	<hr/> <hr/>	<hr/> <hr/>

48.3 VAT [MFMA 125 (1)(c)]

Opening balance	(990,734)	210,285
Net amount claimed / (declared) during the year	(2,147,100)	(2,361,860)
Net amount paid / (received) during the year	3,464,849	1,160,842
	<hr/>	<hr/>
Outstanding Balance	327,016	(990,734)
	<hr/> <hr/>	<hr/> <hr/>

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

NAMA KHOI LOCAL MUNICIPALITY

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48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

48.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	(1,263,674)	(569)
Payroll deductions and Council Contributions during the year	(17,002,385)	(16,336,713)
Payments	16,894,867	15,073,608
Outstanding Balance	(1,371,193)	(1,263,674)

48.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	(1,522,638)	-
Payroll deductions and Council Contributions during the year	(19,374,188)	(19,633,262)
Payments made to pension and medical fund	19,240,012	18,110,624
Outstanding Balance	(1,656,814)	(1,522,638)

48.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

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

WJ Goedeman	74,282	-
Total	74,282	-

48.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	-	406,972
Section 36(1)(a)(ii) - Single provider	-	-
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	273,428	568,555
Total	273,428	975,527

All the deviations were ratified by the Municipal Manager and reported to Council.

49 CAPITAL COMMITMENTS

Approved and contracted for	8,850,536	6,795,845
Infrastructure	8,850,536	4,917,323
Correction	-	1,878,522
This expenditure will be financed from:		
Government Grants	8,036,312	6,795,845
Own Funding	814,224	-
Total	8,850,536	6,795,845

Capital Commitments are disclosed inclusive of Value Added Tax (VAT).

NAMA KHOI LOCAL MUNICIPALITY

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

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50 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

50.1 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.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	323,897,138	44,200,093
Receivables from exchange transactions	82,156,942	53,278,240
Receivables from non-exchange transactions	341,599	507,475
Long-term Receivables	-	-
Total	406,395,679	97,985,808

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

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

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 6 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

Electricity	18,110,016	13,523,470
Water	3,027,076	10,115,417
Refuse	464,843	3,858,969
Sewerage	(290,868)	2,568,062
Other	(93,571)	(6,436,749)
Availability Charges	(314,757)	(1,536,514)
Total	20,902,739	22,092,655

NAMA KHOI LOCAL MUNICIPALITY

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Currency risk (Market Risk)

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

The financial instruments of the Municipality is not directly exposed to any currency risk.

50.3 Interest rate risk (Market 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 following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	323,897,138	44,200,093
Long-term Liabilities (including current portion)	(15,952,306)	(20,480,359)
Net balance exposed	307,944,832	23,719,734

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2023 - 0.5%) increase in interest rates	1,539,724	118,599
0.5% (2023 - 0.5%) decrease in interest rates	(1,539,724)	(118,599)

50.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2025				
Annuity Loans	6,608,350	12,115,309	-	18,723,660
Finance Lease Liabilities	-	-	-	-
Payables from exchange transactions	47,981,170	-	-	47,981,170
Total	54,589,520	12,115,309	-	66,704,830
30 JUNE 2024				
Annuity Loans	6,608,350	18,723,660	-	25,332,010
Finance Lease Liabilities	259,863	-	-	259,863
Payables from exchange transactions	305,392,790	-	-	305,392,790
Total	312,261,004	18,723,660	-	330,984,664

50.5 Other price risk (Market Risk)

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

The Municipality is not exposed to any other price risk.

NAMA KHOI LOCAL MUNICIPALITY

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

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51 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	323,897,138	44,200,093
Bank Accounts	10,377,422	4,989,164
Investment Deposits	313,519,716	39,210,929
Receivables from Exchange Transactions	82,156,942	53,278,240
Electricity	50,574,042	22,711,073
Water	19,531,549	15,728,670
Refuse	6,982,099	5,859,860
Sewerage	4,094,614	4,052,655
Property Rentals	646,722	11,320,910
Other	327,916	(6,394,927)
Receivables from Non-Exchange Transactions	341,599	507,475
Availability Charges	341,599	507,475
Long-term Receivables	-	-
Receivables with repayment arrangements	-	-
Total	406,395,679	97,985,808

Financial Liabilities

Payables from exchange transactions	47,981,170	305,392,790
Trade Payables	44,581,540	302,173,989
Retentions	1,620,974	2,014,345
Other Payables	1,778,656	1,204,456
Long-term Liabilities	117,426,980	153,053,414
Annuity Loans	15,952,306	20,480,359
Finance Lease Liabilities	-	253,723
Municipal Debt Relief	101,474,674	132,319,332
Total	165,408,150	458,446,204

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

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STATUTORY RECEIVABLES

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In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	28,740,855	12,443,572
Rates	28,717,959	12,361,877
Fines	22,897	81,695
Taxes - VAT Claimable from SARS	166,901	-
Total	28,907,757	12,443,572

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 19 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 4 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates

- Past due at the reporting date, and which have been impaired	70,890,188	71,161,594
- Past due that have not been impaired	16,665,955	8,156,515

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PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

53.1 Principal in other Principal-Agent Arrangements (non-material)

Nama Khoi Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate:

Compensation paid for agency activities:

Commission - Prepaid Electricity - note 39	1,683,951	1,015,049
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There are no resources under the custodianship of the agents, nor have they been recognised as such.

NAMA KHOI LOCAL MUNICIPALITY

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

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53.2 Agent in arrangement with Provincial Department of Transport

Nama Khoi Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Compensation received for agency activities:

Agency Services - note 30	-	100,021
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Nama Khoi municipality was paid a commission fee by Provincial Department of Transport for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements:

Total agency funds received	-	100,021
Amount remitted to the principal	-	(100,021)
Variance between amounts received and amounts remitted	-	-

54 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

55 IN-KIND DONATIONS AND ASSISTANCE

SMEC SA (Pty) Ltd was appointed on Project No. RFP057/2023 for development of the Water Services Master Plan (WSMP), updating of the Water Services Development Plan (WSDP) and Management Plan to reduce non-revenue water for Nama Khoi Local Municipality (NKLM) in 2024/2025.

56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

57 CONTINGENT LIABILITIES

The municipality is currently engaged in the following litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

Management have determined that there is a possibility of economic outflow regarding legal fees and associated costs with regard to the below mentioned cases. Management have also assessed the estimated legal fees to be reasonable in terms of general costs based on management's experience with similar transactions and experience opinion of experts.

57.1 Nama Khoi Municipality / Cornelissen Inc (obo Schreuders Attorneys)	1,000,000	1,000,000
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Legal fees charged to the Municipality which was not sanctioned by Council. Management's estimate of financial exposure, including costs and disbursements is estimated at R1.0 million

57.2 IMATU obo RC Hartley / Nama Khoi Municipality (Neville Cloete Attorneys Inc)	160,000	160,000
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Claim for allegedly unpaid Acting Allowance as Acting Head of Department of Community services. Estimated costs exposure approximately R160 000.

NAMA KHOI LOCAL MUNICIPALITY

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

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57.3 Nama Khoi Municipality / Okiep Copper Company (Pty) Ltd (obo Webber Wentzel Attorneys)	500,000	500,000
<p>This matter involves a summons issued by the Municipality against O'Okiep Copper Company (Pty) Ltd (OCC) for the transfer of the Springbok airfield pursuant to a written sale agreement entered into between the Municipality and the OCC in 1994 in terms of which Springbok Municipality (Nama Khoi Local Municipality's predecessor) bought the airfield from the OCC. The OCC is defending the action, and has also instituted a counter-claim and as a consequence thereof was claiming (1) an order declaring that the Municipality must vacate the airfield, (2) that the Municipality must pay rental income for the period the Municipality occupied the airfield, and (3) that the Municipality must pay rehabilitation costs for the repair and maintenance of the airfield. The OCC has now amended its plea and as a consequence has done away with its counter-claim for rental and rehabilitation costs.</p> <p>The pleadings have closed and the matter needs to be prepared for trial. However, the OCC has made certain proposals to settle the matter, which proposal for settlement have not been accepted and thus the matter is in process of being prepared for trial.</p> <p>The Municipality has successfully obtained an order for the issue of prescription to be decided and adjudicated separately and a trial date needs to be obtained for this purpose. However, further proposals have been made and the parties are in the process of consideration to resolve the matter amicably.</p> <p>Management's estimate of financial exposure is estimated at R500 000.</p>		
57.4 Nama Khoi Municipality / Afriforum NPC (obo Webber Wentzel Attorneys)	200,000	200,000
<p>This matter involves an application by Afriforum NPC against the Municipality for declaratory relief pertaining to the appointment of the Head of Department: Technical services. The Municipality has opposed the matter, however the parties are currently attempting to resolve the matter amicably. In the event that the matter can not be resolved amicably and the application is proceeded with, the estimate of financial exposure including legal costs and disbursements will be approximately R200 000 in the event that the application is successful.</p>		
57.5 Nama Khoi Municipality / Country Hotels (Pty) Ltd (obo Webber Wentzel Attorneys)	855,738	855,738
<p>This matter involves a summons issued by Country Hotels for payment of damages in the form of 50% of water charges paid as a result of the alleged improper installation of an alleged defective water meter on the water supply that serves the Springbok Inn resulting in the plaintiff allegedly being overcharged for water consumed at the Springbok Inn. The Municipality has defended the action, however, the parties have resolved the matter between themselves and the amicable resolution has to be formalised.</p> <p>The amount being claimed is R605 737.99, being 50% of the total water charges paid to the Municipality to date, plus interest on 50% of each payment for water at the prescribed rate from date of the payment of the overestimated charges.</p>		
57.6 Nama Khoi Municipality / Liquid Telecommunications (obo Webber Wentzel Attorneys)	2,899,683	2,899,683
<p>This matter involves a summons issued by Liquid Telecommunications South Africa for payment relating to the alleged failure by the Municipality to make payments in respect of telecommunication services and for breach of contract.</p> <p>The Municipality has defended the matter and the parties have been attempting to resolve the matter amicably. Liquid Telecom's legal representatives have also indicated that they intend to amend Liquid Telecom's Particulars of Claim. Liquid Telecoms' legal representatives have delivered a Notice of Intention to amend Liquid Telecom's Particulars of Claim. The Municipality objected against the amendments pursuant to which Liquid Telecoms had to institute an application for leave to amend, which they have not done.</p> <p>The amount being claimed is R2 449 683 plus interest on overdue amount at Nedbank's prevailing prime overdraft rate plus 2%, compounded monthly in arrears.</p>		

NAMA KHOI LOCAL MUNICIPALITY

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57.7 Nama Khoi Municipality / Pauline le Cordeur (obo Webber Wentzel Attorneys)	150,000	150,000
<p>This matter involves an application for a declaration that the Applicant is the lawful owner of Erf 1323 Nababeep, situated within the Nama Khoi Municipality, in the Northern Cape Province. A declaration that the transfer and registration of the Property, in terms of the Title Deed number T297/1889, is null and void. An order directing the Third Respondent, in terms of section 6 of the Deeds Registries Act 47 of 1937, to cancel the transfer of the Property to the Second Respondent. An order authorising and directing the Third Respondent to transfer the Property into the name of the Applicant and that the Municipality and the Second Respondent pay the costs of the application.</p> <p>The Municipality initially opposed the application, however, the Municipality subsequently filed a Conditional Notice of Withdrawal and to abide as well as an explanatory affidavit to assist the Court.</p> <p>The matter was heard on 16 May 2025 before Judge Nxumalo in the Northern Cape High Court, who ordered, <i>inter alia</i>, that the matter be postponed <i>sine die</i>, that the Applicant institute an enquiry in terms of section 30 of the Conversion of Certain Rights to Leasehold Act and that the matter of costs be set down following the completion of the enquiry.</p>		
55.8 Nama Khoi Municipality / Eskom SOC Limited, (Bossr Inc Cape Town)	31,138	31,138
<p>Nama Khoi Municipality held an Court Order prohibiting Eskom to disconnect the electricity. Nama Khoi Municipality and Eskom has settled the litigation on 26 January 2024. Bossr were instructed to withdraw the application.</p>		
57.9 Nama Khoi Municipality / Letitia Louw (obo Webber Wentzel Attorneys)	200,000	-
<p>This matter involved an application by Letitia Eveline Louw (the "Applicant"), <i>inter alia</i>, for an order to provide her with certain information sought in terms of the Promotion of Access to Information Act 2 of 2000 relating to the Kookfontein Rondawels, , No 22/N7, Steinkopf.</p> <p>The Municipality opposed the matter pursuant to which the Applicant's attorneys delivered a Notice in terms of Rule 30A. The Municipality delivered a Notice in terms of Rule 30(2)(b) and Rule 30A(1) and (2), <i>inter alia</i>, on the basis that the Applicant's Rule 30A Notice is premature and irregular and constitutes an irregular step, and that the Applicant has failed to comply with the Uniform Rules of Court. The Applicant did not adhere to the Notice in terms of Rule 30(2)(b) and Rule 30A(1) and (2) and an application in terms of Rule 30 and Rule 30A was brought on 14 October 2024 to, <i>inter alia</i>, set aside the Applicant's Notice of Motion and Rule 30A Notice. The Applicant opposed this application on or about 25 October 2024.</p> <p>As the matter was previously postponed to 15 November 2024 which coincided with the date on which the Applicant had to deliver her answering affidavit in the application in terms of Rule 30 and Rule 30A and given that a date has to be obtained on the Opposed Motion Roll for the Rule 30 and Rule 30A Application once all the affidavits have been delivered, it was agreed to remove the matter from the Motion Court Roll on 15 November 2024 and to have it enrolled on the Opposed Motion Roll once all papers have been filed.</p> <p>To date, the Applicant has not delivered any answering papers and we are in the process of formulating a proposal that the matter be resolved amicably.</p>		
55.10 Nama Khoi Municipality / MEC for the Department of Cooperative Governance, Human Settlements and traditional Affairs (obo Webber Wentzel Attorneys)	75,000	-
<p>This matter involves an urgent application brought by the Member of the Executive Council (MEC) for Cooperative Governance, Human Settlements and Traditional Affairs, seeking an order, <i>inter alia</i>, declaring the appointment of the erstwhile Municipal Manager as acting Municipal Manager unlawful, invalid, and therefore null and void.</p> <p>The Municipality successfully opposed, and the High Court dismissed the MEC's application but decided that it would be prudent for each party to carry its own costs. The MEC has now applied for leave to appeal against the High Court's aforesaid judgement, which application the Municipality is opposing. The parties have delivered their Heads of Argument and is in the process of arranging a hearing date for the application for leave to appeal.</p>		

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55.11 Nama Khoi Municipality / Minister of Cooperative Governance and Traditional Affairs (obo Webber Wentzel Attorneys)	25,000	-
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This matter involves an urgent application brought by Nama Khoi Municipality (the "Applicant") to, *inter alia*, direct the Minister of Cooperative Governance and Traditional Affairs to forthwith take a decision in terms of the Municipality's application for a waiver of the retirement age of its erstwhile Municipal Manager and, in the event of any unfavourable decision, to simultaneously provide written reasons to the Applicant for any such decision, as well as for the interim interdictory relief that the Municipal Manager shall remain in his position until 30 September 2025.

The Application was brought on an urgent basis as a result of the Minister's delay and/or failure to take a decision in respect of the waiver application. The Minister eventually delivered an unfavourable decision shortly before the matter was to be heard, and the Court struck the matter from the roll due to lack of urgency and the Municipality was ordered to pay the costs of the Minister and the Second Respondent, the Member of the Executive Council for Cooperative Governance, Human Settlements and Traditional Affairs, Northern Cape for the day.

55.12 Total	6,096,559	5,796,559
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58 RELATED PARTIES

58.1 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.

58.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

58.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 32 and 33.

58.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

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59 OTHER TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

The following awards were made where immediate family members are in the service of the State:

Company Name	Employee of the State (Service Capacity) / Relationship	Amount	Amount
Supplies Ablaze	Harold Roberts (Regional Director - Dept Roads and Public Works) - Parent of Director	-	246,665
BVI Raadgewende Ingenieurs	Elaxzan Cloete (HR Officer - Dept of Roads and Public Works) - Spouse of Director	13,594,611	3,799,258
Springbok A-Z Repair cc	Petronella Cloete (SAPS) - Spouse of Director	105,488	331,598
Adv Ettienne Vermaak	Johanna Vermaak (Pharmacist - Department of Health Karl Bremer Hospital) - Spouse of Director	390,934	1,147,269
CF Hiring and Supply Services	Sheroline Muller (Admin Clerk - Dept of Education) - Spouse of Director	60,719	1,147,269
Total		14,151,752	5,524,790

60 FINANCIAL SUSTAINABILITY

Nama Khoi municipality operates with a Funded Budget Plan and implements cost containment measures rigorously, as it has limited available revenue compared to its extensive expenditure needs. The municipality initiated a cost of supply studies for water, electricity, and sewerage services and will be implementing the cost-reflective tariffs starting with the 2025-26 Budget. The municipality manage its income and expenditure on a month-to-month basis as to ensure the municipality meets its financial obligations. The municipality introduced a new tariffs structure for electricity purchases with the aim to protect the poorest of the poor while also billing the correct tariffs for consumers, businesses and other stakeholders.

The going concern remained a challenge for Nama Khoi municipality as debtors and creditors kept on increasing during the financial year; however, the municipality managed to maintain compliance with the ESKOM Debt Relief Program, and it is expecting the second 1/3 to be written off as the second cycle was reached in July 2025. The municipality further managed to settle the outstanding dispute with Vaal Central Water and agreed to write off the debt, which had a positive impact on the debtors, while the municipality received a write-off of R262 098 348 and entered into a Water Incentive Scheme that will see the remainder of the debt be written off over three years. The municipality appointed a Revenue Enhancement Partner that assisted the municipality with the replacement of faulty meters, installing check meters at various points, and various other initiatives; this has shown a positive cash flow boost for the municipality.

Basic Services is the main source of income for Nama Khoi, with operational grants in the form of Equitable Shares closely second. Many households within the municipal region are also social grant dependent with 5000+ registered indigents out of the 11 500 + households. At this stage, it will be extremely difficult for the municipality to operate without government grants, as it does not have funds for Capital Projects and solely rely on MIG, WSIG, EPWP, and INEP.

Nama Khoi municipality revises its current policies and aligns them with the latest legislation and best practice industry standards. The municipality does financial reporting monthly and has an active Institutional Economic and Finance Committee where matters such as the collection of cash, outstanding debtors, and new revenue enhancement initiatives are discussed. The municipality also reports monthly on all reporting requirements to the National Treasury.

Service Delivery remains a challenge due to vast distances and aged infrastructure, the municipality did submit the necessary business plans and will implement projects and various towns to start addressing the major issues. The municipality plans to acquire additional fleet in the 2025-26 financial year to assist with the backlog in service delivery.

62 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

NAMA KHOI LOCAL MUNICIPALITY

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

Figures in Rand

2025

2024

63 SEGMENT REPORTING

63.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Executive and Council	Supply of overall governance and oversight
2	Municipal Manager	Supply of overall governance and administration
3	Corporate Services	Supply of support functions
4	Financial Services	Supply of financial management functions and management of property rates
5	Community Services	Facilitation of community services including cemeteries, halls, health, parks, libraries and sport facilities, and public safety including traffic control, fire fighting, disaster management and pounds.
6	Technical Services	Planning and development and maintenance of roads
7	Energy sources	Electricity services
8	Water management	Water services
9	Waste water management	Sewerage services
10	Waste management	Refuse removal

63.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

63.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

63.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the next page.

NAMA KHOI LOCAL MUNICIPALITY

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

63 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2025											
REVENUE											
External Revenue from Non-Exchange Transactions	-	1,890,000	-	562,307,000	4,718,450	21,394	351,793,904	14,144,705	28,529,499	12,647,785	976,052,735
Property Rates	-	-	-	55,906,675	-	-	-	-	-	-	55,906,675
Government Grants and Subsidies - Operating	-	1,890,000	-	20,008,392	1,394,417	-	12,647,785	12,647,785	12,647,785	12,647,785	73,883,948
Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	1,496,920	15,875,003	-	17,371,924
Transfer and Subsidies - Private Enterprise	-	-	-	266,042,535	-	-	-	-	-	-	266,042,535
Contributed Assets	-	-	-	212,205,688	-	-	-	-	-	-	212,205,688
Availability Charges	-	-	-	1,742,035	-	-	1,879	-	6,711	-	1,750,624
Fines, penalties and forfeits	-	-	-	-	330,296	-	-	-	-	-	330,296
Interest Earned - outstanding debtors (non-exchange)	-	-	-	6,401,675	-	-	-	-	-	-	6,401,675
Licences and Permits	-	-	-	-	2,993,737	21,394	-	-	-	-	3,015,130
Actuarial Gains	-	-	-	-	-	-	-	-	-	-	-
Debt Waived	-	-	-	-	-	-	339,144,240	-	-	-	339,144,240
External Revenue from Exchange Transactions	410,649	149	1,304,802	61,594,371	1,181,489	6,460	176,381,822	47,348,318	16,010,504	4,602,229	308,840,793
Service Charges	-	-	-	17,633,024	-	-	176,381,822	47,348,318	16,010,504	4,602,229	261,975,897
Rental of Facilities and Equipment	-	-	1,034,744	-	891,462	-	-	-	-	-	1,926,206
Interest Earned - external investments	-	-	-	11,826,402	-	-	-	-	-	-	11,826,402
Interest Earned - outstanding debtors (exchange)	-	-	-	32,011,471	-	-	-	-	-	-	32,011,471
Agency Services	-	-	-	-	-	-	-	-	-	-	-
Other Income	410,649	149	270,058	123,474	290,027	6,460	-	-	-	-	1,100,817
TOTAL REVENUE	410,649	1,890,149	1,304,802	623,901,371	5,899,939	27,854	528,175,726	61,493,023	44,540,003	17,250,014	1,284,893,529
EXPENDITURE											
Employee Related Costs	3,214,231	9,664,837	6,922,667	22,194,991	18,375,026	13,070,701	5,895,064	8,062,974	7,539,043	6,765,097	101,704,630
Remuneration of Councillors	6,417,377	889,841	-	-	-	-	-	-	-	-	7,307,218
Debt Impairment	-	-	-	-	-	-	10,645,646	-	-	-	10,645,646
Debts Written Off	-	-	52,068,126	-	-	-	-	-	-	-	52,068,126
Depreciation, Amortisation and Impairment	-	-	9,511,160	-	12,597,403	-	17,353,345	7,032,311	7,397,595	3,936,724	57,828,537
Finance Charges	-	-	-	59,238,770	-	-	-	-	-	-	59,238,770
Bulk Purchases	-	-	-	-	-	-	140,719,370	-	-	-	140,719,370
Other Expenditure	878,704	2,955,262	11,468,392	19,447,515	2,361,409	4,291,474	10,649,524	4,893,154	220,967	53,326	57,219,726
Loss on disposal of Non-Monetary Assets	-	-	-	1,303,267	-	-	-	-	-	-	1,303,267
Inventory Consumed	-	-	206,942	-	-	3,253,953	-	38,173,390	941,517	8,950	42,584,752
Inventory Write Off	-	-	-	-	-	-	-	2,016,304	-	-	2,016,304
Actuarial Losses	-	-	-	1,863,000	-	-	-	-	-	-	1,863,000
Total Expenditure	10,510,311	13,509,940	80,177,288	104,047,543	33,333,837	20,616,128	185,262,948	60,178,133	16,099,122	10,764,097	534,499,348
NET SURPLUS/(DEFICIT) FOR THE YEAR	(10,099,662)	(11,619,791)	(78,872,486)	519,853,828	(27,433,898)	(20,588,274)	342,912,777	1,314,890	28,440,881	6,485,916	750,394,181
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	(1,496,920)	(15,875,003)	-	(17,371,924)
Less: Contributed Assets	-	-	-	(212,205,688)	-	-	-	-	-	-	(212,205,688)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(10,099,662)	(11,619,791)	(78,872,486)	307,648,140	(27,433,898)	(20,588,274)	342,912,777	(182,031)	12,565,878	6,485,916	520,816,569
CAPITAL EXPENDITURE FOR THE YEAR	-	-	-	77,476,327	-	73,401,139	49,002,752	10,760,334	22,622,683	-	233,263,234

NAMA KHOI LOCAL MUNICIPALITY

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

63 SEGMENT REPORTING (CONTINUED)

Executive and Council	Municipal Manager	Corporate Services	Financial Services	Community Services	Technical Services	Energy sources	Water management	Waste water management	Waste management	Total
R	R	R	R	R	R	R	R	R	R	R

NAMA KHOI LOCAL MUNICIPALITY

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

63 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2024											
REVENUE											
External Revenue from Non-Exchange Transactions	-	1,103,000	-	112,345,301	3,467,254	-	61,185,451	-	12,637,551	-	190,738,557
Property Rates	-	-	-	50,991,845	-	-	-	-	-	-	50,991,845
Government Grants and Subsidies - Operating	-	1,103,000	-	50,658,304	1,237,900	-	15,853,000	-	-	-	68,852,204
Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	-	12,543,441	-	12,543,441
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
Availability Charges	-	-	-	528,901	-	-	678,417	-	94,111	-	1,301,429
Fines, penalties and forfeits	-	-	-	10,007	398,755	-	178,059	-	-	-	586,821
Interest Earned - outstanding debtors (non-exchange)	-	-	-	5,712,243	-	-	-	-	-	-	5,712,243
Licences and Permits	-	-	-	-	1,830,599	-	-	-	-	-	1,830,599
Actuarial Gains	-	-	-	4,444,000	-	-	-	-	-	-	4,444,000
Debt Waived	-	-	-	-	-	-	44,475,975	-	-	-	44,475,975
External Revenue from Exchange Transactions	370,606	294,778	1,904,850	40,481,001	3,243,961	90,502	117,817,612	46,739,468	14,775,010	8,442,520	234,160,309
Service Charges	-	-	-	12,745,644	-	-	117,817,612	46,739,468	14,775,010	8,442,520	200,520,255
Rental of Facilities and Equipment	-	-	1,698,735	-	1,577,578	-	-	-	-	-	3,276,313
Interest Earned - external investments	-	-	-	4,321,711	-	-	-	-	-	-	4,321,711
Interest Earned - outstanding debtors (exchange)	-	-	-	21,739,140	-	-	-	-	-	-	21,739,140
Agency Services	-	-	-	-	100,021	-	-	-	-	-	100,021
Other Income	370,606	294,778	206,115	1,674,506	1,566,362	90,502	-	-	-	-	4,202,869
TOTAL REVENUE	370,606	1,397,778	1,904,850	152,826,302	6,711,215	90,502	179,003,063	46,739,468	27,412,561	8,442,520	424,898,867
EXPENDITURE											
Employee Related Costs	1,662,347	10,254,110	8,923,374	19,484,627	15,895,496	11,405,438	6,618,390	8,355,699	8,035,152	4,613,028	95,247,662
Remuneration of Councillors	7,340,041	-	-	-	-	-	-	-	-	-	7,340,041
Debt Impairment	-	-	-	2,737	-	-	39,207,528	10,889	-	931	39,222,085
Depreciation, Amortisation and Impairment	-	-	4,649,934	-	2,675,127	-	12,232,048	5,910,929	7,582,221	4,105,319	37,155,578
Finance Charges	-	-	-	33,886,125	-	-	-	-	-	9,114,642	43,000,767
Bulk Purchases	-	-	-	-	-	-	109,867,151	-	-	-	109,867,151
Other Expenditure	1,933,137	2,315,174	14,405,652	11,866,626	2,281,675	4,230,961	7,477,210	753,691	124,566	116,020	45,504,712
Actuarial Losses	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of Non-Monetary Assets	-	-	-	127,234	-	-	-	-	-	-	127,234
Inventory Consumed	-	-	258,846	-	45,412	10,403,947	-	25,450,529	248,403	22,331	36,429,467
Inventory Write Off	-	-	-	1,773	-	-	-	9,724,196	-	-	9,725,969
Total Expenditure	10,935,525	12,569,284	28,237,806	65,369,121	20,897,709	26,040,347	175,402,327	50,205,934	15,990,342	17,972,270	423,620,666
NET SURPLUS/(DEFICIT) FOR THE YEAR	(10,564,919)	(11,171,506)	(26,332,956)	87,457,181	(14,186,494)	(25,949,845)	3,600,736	(3,466,466)	11,422,219	(9,529,749)	1,278,201
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	-	(12,543,441)	-	(12,543,441)
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(10,564,919)	(11,171,506)	(26,332,956)	87,457,181	(14,186,494)	(25,949,845)	3,600,736	(3,466,466)	(1,121,222)	(9,529,749)	(11,265,240)
CAPITAL EXPENDITURE FOR THE YEAR	77,586	329,036	-	38,261	-	-	-	1,364,051	10,754,197	-	12,563,132

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2025

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2024	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2025
<u>Annuity Loans</u>							
Nedbank	12042023	11.30%	2028/05/01	20,480,359	-	(4,528,052)	15,952,306
Total Annuity Loans				20,480,359	-	(4,528,052)	15,952,306
<u>Finance Lease Liabilities</u>							
Nashua Ltd	000055 MAJ	8.25%	2024/12/31	253,722	-	(253,722)	-
Total Finance Lease Liabilities				253,722	-	(253,722)	-
TOTAL LONG-TERM LIABILITIES				20,734,081	-	(4,781,775)	15,952,306

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2025

	OPENING BALANCE	CORRECTION OF ERROR	RESTATED BALANCE	GRANTS RECEIVED	GRANTS REPAID	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R	R	R
NATIONAL GOVERNMENT								
Equitable Share	-	-	-	67,455,139	-	(67,455,139)	-	-
Finance Management Grant (FMG)	-	-	-	3,000,000	-	(2,985,628)	-	14,372
Municipal Infrastructure Grant (MIG)	11,856	-	11,856	7,710,000	(11,856)	-	(1,532,521)	6,177,479
Expanded Public Works Programme (EPWP)	-	-	-	1,890,000	-	(1,890,000)	-	-
Integrated National Electrification Programme (INEP)	-	-	-	-	-	-	-	-
Municipal Disaster Response Grant	-	-	-	24,444,000	-	-	(1,496,920)	22,947,080
Water Service Infrastructure Grant (WSIG)	15,484,283	-	15,484,283	5,000,000	(5,484,283)	-	(13,524,622)	1,475,378
Total	15,496,139	-	15,496,139	109,499,139	(5,496,139)	(72,330,767)	(16,554,063)	30,614,309
PROVINCIAL GOVERNMENT								
Libraries, Archives and Museums	512,797	-	512,797	1,635,000	-	(1,394,417)	-	753,380
Department of Water Affairs - WSACDBP	-	-	-	-	-	-	-	-
LG SETA	228,576	-	228,576	186,494	-	(158,763)	-	256,306
Department Sport, Arts and Culture	-	-	-	-	-	-	-	-
Swimming Pool	450,000	-	450,000	-	-	-	-	450,000
World Cup 2010	-	-	-	-	-	-	-	-
Municipal Drought Relief Grant	817,356	-	817,356	-	-	-	(817,860)	(504)
Fire Equipment	-	-	-	-	-	-	-	-
Housing	1,465,273	-	1,465,273	-	-	-	-	1,465,273
Total	3,474,002	-	3,474,002	1,821,494	-	(1,553,181)	(817,860)	2,924,455
OTHER GRANT PROVIDERS								
Wade Project	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
ALL SPHERES OF GOVERNMENT	18,970,141	-	18,970,141	111,320,633	(5,496,139)	(73,883,948)	(17,371,923)	33,538,764

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
Financial Performance						
Property rates	57,427,711	(1,181)	57,426,530	55,906,675	(1,519,855)	50,991,845
Service charges	255,290,457	(51,112,824)	204,177,633	263,726,522	59,548,889	201,821,683
Investment revenue	2,084,695	2,133,945	4,218,640	11,826,402	7,607,762	4,321,711
Transfers and subsidies - operational	69,179,000	817,355	69,996,355	339,926,483	269,930,128	68,852,204
Other own revenue	27,656,391	8,601,516	36,257,907	383,929,835	347,671,928	86,367,981
Total Operating Revenue (excluding capital transfers)	411,638,254	(39,561,189)	372,077,065	1,055,315,918	683,238,852	412,355,425
Employee costs	102,966,854	(8,163,766)	94,803,088	105,094,630	10,291,542	95,247,662
Remuneration of councillors	6,758,975	543,069	7,302,044	7,307,218	5,174	7,340,041
Debt impairment	-	22,200,000	22,200,000	10,645,646	(11,554,354)	39,222,085
Debt Written Off	-	-	-	52,068,126	52,068,126	-
Depreciation and asset impairment	81,663,419	(9,271,852)	72,391,567	57,828,537	(14,563,030)	37,155,578
Finance charges	2,702,525	14,522,812	17,225,337	55,848,770	38,623,433	43,000,767
Bulk purchases	138,000,000	(18,000,000)	120,000,000	140,719,370	20,719,370	109,867,151
Inventory consumed	65,596,037	(14,500,037)	51,096,000	42,584,752	(8,511,248)	36,429,467
Contracted Services	42,469,709	(21,850,709)	20,619,000	30,173,676	9,554,676	-
Transfers and grants	-	-	-	-	-	-
Other expenditure	55,545,290	(27,648,434)	27,896,856	27,046,050	(850,806)	45,504,712
Losses	8,420,552	(5,000,000)	3,420,552	5,182,571	1,762,019	9,853,203
Total Expenditure	504,123,361	(67,168,917)	436,954,444	534,499,348	97,544,904	423,620,666
Surplus/(Deficit)	(92,485,107)	27,607,728	(64,877,379)	520,816,569	585,693,948	(11,265,241)
Transfers and subsidies - capital (monetary) - Government	36,599,000	(342,421)	36,256,579	17,371,924	(18,884,655)	12,543,441
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	212,205,688	212,205,688	-
Surplus/(Deficit) for the year	(55,886,107)	27,265,307	(28,620,800)	750,394,181	779,014,981	1,278,200
Capital expenditure & funds sources						
Capital expenditure	28,122,000	42,998,918	71,120,918	233,263,234	162,142,316	12,563,132
Transfers recognised - capital	26,322,000	34,443,000	60,765,000	229,089,610	168,324,610	12,459,834
Borrowing	-	-	-	-	-	-
Internally generated funds	1,800,000	8,555,918	10,355,918	4,173,623	(6,182,295)	103,298
Total sources of capital funds	28,122,000	42,998,918	71,120,918	233,263,234	162,142,316	12,563,132
Cash flows						
Net cash from (used) operating	26,471,568	254,305,994	280,777,562	336,296,614	55,519,052	(117,019,702)
Net cash from (used) investing	(28,122,000)	(42,998,918)	(71,120,918)	(21,057,546)	50,063,372	(13,631,764)
Net cash from (used) financing	-	-	-	(35,542,021)	(35,542,021)	128,101,408
Net Cash Movement for the year	(1,650,432)	211,307,076	209,656,644	279,697,048	70,040,404	(2,550,058)
Cash/cash equivalents at beginning of year	4,242,343	39,977,944	44,220,287	44,220,277	(10)	46,770,343
Cash/cash equivalents at the year end	2,591,911	251,285,020	253,876,931	323,917,325	70,040,394	44,220,285

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1,805,944	110,933	1,916,877	2,300,798	383,921	1,762,281
Finance and administration	148,795,627	(51,668,802)	97,126,825	625,209,814	528,082,989	154,738,715
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	3,273,205	(5,926)	3,267,279	2,442,335	(824,944)	2,864,929
Sport and recreation	123,504	8,124	131,628	93,652	(37,976)	70,999
Public safety	-	-	-	79,304	79,304	105,259
Economic and environmental services						
Planning and development	-	-	-	-	-	-
Road transport	1,902,485	(303,402)	1,599,083	3,308,861	1,709,778	3,759,070
Trading services						
Energy sources	149,263,003	(29,273,274)	119,989,729	528,175,726	408,185,997	179,003,063
Water management	57,162,542	13,865,950	71,028,492	61,493,023	(9,535,469)	46,739,468
Waste water management	59,026,989	13,510,329	72,537,318	44,540,003	(27,997,315)	27,412,561
Waste management	26,639,689	13,852,750	40,492,439	17,250,014	(23,242,425)	8,442,520
Other	244,266	(292)	243,974	-	(243,974)	-
Total Revenue - Standard	448,237,254	(39,903,610)	408,333,644	1,284,893,529	876,559,885	424,898,865
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	22,535,895	(7,707,041)	14,828,854	22,275,750	7,446,896	22,216,441
Finance and administration	92,747,063	10,225,309	102,972,372	193,633,720	90,661,347	110,563,331
Internal audit	1,346,544	(631,412)	715,132	1,744,501	1,029,370	1,056,356
Community and public safety						
Community and social services	7,246,802	(2,787,681)	4,459,121	5,597,804	1,138,683	4,677,640
Sport and recreation	14,097,928	(254,971)	13,842,957	18,863,104	5,020,147	7,016,007
Public safety	3,323,183	(768,730)	2,554,453	5,629,027	3,074,574	3,597,057
Economic and environmental services						
Planning and development	1,629,126	(1,329,817)	299,309	2,704,064	2,404,755	3,345,455
Road transport	21,766,893	(7,034,539)	14,732,354	11,747,077	(2,985,277)	12,016,005
Trading services						
Energy sources	180,888,231	(30,070,258)	150,817,973	185,262,948	34,444,976	175,402,327
Water management	89,021,880	(18,697,431)	70,324,449	60,178,133	(10,146,316)	49,768,351
Waste water management	27,218,678	(6,289,609)	20,929,069	16,099,122	(4,829,947)	15,996,103
Waste management	42,301,138	(1,862,901)	40,438,237	10,764,097	(29,674,139)	17,965,594
Other	-	40,164	40,164	-	(40,164)	-
Total Expenditure - Standard	504,123,361	(67,168,917)	436,954,444	534,499,348	97,544,904	423,620,666
Surplus/(Deficit) for the year	(55,886,107)	27,265,307	(28,620,800)	750,394,181	779,014,981	1,278,200

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATEMENT 2024 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive Mayor And Council (10: le)	317,835	52,192	370,027	410,649	40,622	370,606
Vote 2 - Municipal Manager (11: le)	1,490,993	67,293	1,558,286	1,890,149	331,863	1,397,778
Vote 3 - Corporate Services (13: le)	3,073,746	5,853	3,079,599	1,304,802	(1,774,797)	1,904,850
Vote 4 - Financial Services (15: le)	145,696,631	(52,500,973)	93,195,658	623,901,371	530,705,713	152,826,302
Vote 5 - Community Services: Comm Dev (16: le)	30,134,440	13,854,656	43,989,096	7,181,232	(36,807,864)	11,413,502
Vote 6 - Community Services: Publsafety (17: le)	2,066,610	(301,543)	1,765,067	3,320,482	1,555,415	3,740,233
Vote 7 - Infrastructure, Eng And Technical (18: le)	265,456,999	(1,081,086)	264,375,913	646,884,844	382,508,931	253,245,594
Total Revenue by Vote	448,237,254	(39,903,608)	408,333,646	1,284,893,529	876,559,883	424,898,865
EXPENDITURE						
Vote 1 - Executive Mayor And Council (10: le)	10,100,816	(692,772)	9,408,044	13,644,584	4,236,540	10,935,525
Vote 2 - Municipal Manager (11: le)	14,728,580	(8,177,785)	6,550,795	10,375,667	3,824,872	12,569,284
Vote 3 - Corporate Services (13: le)	33,853,494	3,006,012	36,859,506	28,888,332	(7,971,174)	28,939,148
Vote 4 - Financial Services (15: le)	37,437,975	13,944,584	51,382,559	103,055,120	51,672,561	65,369,121
Vote 5 - Community Services: Comm Dev (16: le)	63,746,744	(5,241,430)	58,505,314	35,236,555	(23,268,759)	29,665,966
Vote 6 - Community Services: Publsafety (17: le)	11,667,561	(1,796,928)	9,870,633	9,012,629	(858,004)	9,427,196
Vote 7 - Infrastructure, Eng And Technical (18: le)	332,588,191	(68,210,595)	264,377,596	334,286,461	69,908,865	266,714,423
Total Expenditure by Vote	504,123,361	(67,168,914)	436,954,447	534,499,348	97,544,901	423,620,665
Surplus/(Deficit) for the year	(55,886,107)	27,265,306	(28,620,801)	750,394,181	779,014,982	1,278,201

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	57,427,711	(1,181)	57,426,530	55,906,675	(1,519,855)	50,991,845
Service charges - electricity revenue	149,047,037	(45,112,824)	103,934,213	180,336,866	76,402,653	122,710,694
Service charges - water revenue	57,175,742	(2,000,000)	55,175,742	48,190,128	(6,985,614)	46,973,931
Service charges - sanitation revenue	22,427,989	(2,000,000)	20,427,989	16,299,168	(4,128,821)	14,968,449
Service charges - refuse revenue	26,639,689	(2,000,000)	24,639,689	18,900,360	(5,739,329)	17,168,608
Rent on land	1,194,450	-	1,194,450	693,446	(501,004)	-
Rental of facilities and equipment	3,240,262	-	3,240,262	1,232,760	(2,007,502)	3,276,313
Interest earned - external investments	2,084,695	2,133,945	4,218,640	11,826,402	7,607,762	4,321,711
Interest earned - outstanding debtors	19,529,080	5,915,488	25,444,568	38,413,146	12,968,578	27,451,383
Fines, penalties and forfeits	574,854	-	574,854	330,296	(244,558)	586,821
Licences and permits	1,586,366	-	1,586,366	3,015,130	1,428,764	1,830,599
Agency services	399,827	(310,422)	89,405	-	(89,405)	100,021
Transfers and subsidies - Operating	69,179,000	817,355	69,996,355	339,926,483	269,930,128	68,852,204
Other revenue	1,131,552	2,996,450	4,128,002	340,245,057	336,117,055	48,678,844
Gains	-	-	-	-	-	4,444,000
Total Revenue (excl capital transfers)	411,638,254	(39,561,189)	372,077,065	1,055,315,918	683,238,852	412,355,425
EXPENDITURE BY TYPE						
Employee related costs	102,966,854	(8,163,766)	94,803,088	105,094,630	10,291,542	95,247,662
Remuneration of councillors	6,758,975	543,069	7,302,044	7,307,218	5,174	7,340,041
Debt impairment	-	22,200,000	22,200,000	10,645,646	(11,554,354)	39,222,085
Debt Written Off	-	-	-	52,068,126	52,068,126	-
Depreciation and asset impairment	81,663,419	(9,271,852)	72,391,567	57,828,537	(14,563,030)	37,155,578
Finance charges	2,702,525	14,522,812	17,225,337	55,848,770	38,623,433	43,000,767
Bulk purchases - electricity	138,000,000	(18,000,000)	120,000,000	140,719,370	20,719,370	109,867,151
Inventory consumed	65,596,037	(14,500,037)	51,096,000	42,584,752	(8,511,248)	36,429,467
Contracted Services	42,469,709	(21,850,709)	20,619,000	30,173,676	9,554,676	-
Transfers and grants	-	-	-	-	-	-
Other expenditure	55,545,290	(27,648,434)	27,896,856	27,046,050	(850,806)	45,504,712
Losses	8,420,552	(5,000,000)	3,420,552	5,182,571	1,762,019	9,853,203
Total Expenditure	504,123,361	(67,168,917)	436,954,444	534,499,348	97,544,904	423,620,666
Surplus/(Deficit)	(92,485,107)	27,607,728	(64,877,379)	520,816,569	585,693,948	(11,265,241)
Transfers and subsidies - Capital (monetary) - Government	36,599,000	(342,421)	36,256,579	17,371,924	(18,884,655)	12,543,441
Transfers and subsidies - Capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - Capital (in-kind)	-	-	-	212,205,688	212,205,688	-
Surplus/(Deficit) for the year	(55,886,107)	27,265,307	(28,620,800)	750,394,181	779,014,981	1,278,200

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATEMENT 2024 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Executive Mayor And Council (10: Ie)	-	-	-	-	-	-
Vote 2 - Municipal Manager (11: Ie)	-	-	-	-	-	-
Vote 4 - Financial Services (15: Ie)	1,800,000	-	1,800,000	78,544,960	76,744,960	-
Vote 7 - Infrastructure, Eng And Technical (18: Ie)	26,322,000	39,266,613	65,588,613	154,718,274	89,129,661	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-	-	-
Vote 12 - Infrastructure, Eng And Technical (28: Cs)	-	-	-	-	-	-
Total Multi-year expenditure	28,122,000	39,266,613	67,388,613	233,263,234	165,874,621	-
Single-year expenditure						
Vote 1 - Executive Mayor And Council (10: Ie)	-	-	-	-	-	115,847
Vote 2 - Municipal Manager (11: Ie)	-	-	-	-	-	329,036
Vote 4 - Financial Services (15: Ie)	-	-	-	-	-	-
Vote 7 - Infrastructure, Eng And Technical (18: Ie)	-	3,732,305	3,732,305	-	(3,732,305)	-
Vote 8 - Executive Mayor And Council (20: Cs)	-	-	-	-	-	-
Vote 9 - Municipal Manager (21: Cs)	-	-	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-	-	-
Vote 12 - Infrastructure, Eng And Technical (28: Cs)	-	-	-	-	-	12,118,248
Total Single-year expenditure	-	3,732,305	3,732,305	-	(3,732,305)	12,563,132
Total Capital Expenditure by Vote	28,122,000	42,998,918	71,120,918	233,263,234	162,142,316	12,563,132
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	406,622
Finance and administration	1,800,000	-	1,800,000	78,544,960	76,744,960	38,261
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic and environmental services						
Planning and development	-	-	-	-	-	-
Road transport	-	-	-	63,117,208	63,117,208	-
Trading services						
Energy sources	-	-	-	49,002,752	49,002,752	-
Water management	-	1,627,305	1,627,305	10,760,334	9,133,029	1,364,051
Waste water management	26,322,000	41,371,613	67,693,613	31,837,980	(35,855,633)	10,754,197
Waste management	-	-	-	-	-	-
Total Capital Expenditure - Standard	28,122,000	42,998,918	71,120,918	233,263,234	162,142,316	12,563,132

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	26,322,000	34,443,000	60,765,000	229,089,610	168,324,610	12,459,834
Provincial Government	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-
Transfers recognised - capital	26,322,000	34,443,000	60,765,000	229,089,610	168,324,610	12,459,834
Borrowing	-	-	-	-	-	-
Internally generated funds	1,800,000	8,555,918	10,355,918	4,173,623	(6,182,295)	103,298
Total Capital Funding	28,122,000	42,998,918	71,120,918	233,263,234	162,142,316	12,563,132

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATED OUTCOME 2024 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	55,018,426	618,184	55,636,610	39,822,000	(15,814,610)	41,806,098
Service charges	205,263,509	(246,175)	205,017,334	264,382,416	59,365,082	176,097,850
Other revenue	4,095,843	61,600,548	65,696,391	606,899,119	541,202,728	46,534,866
Government - operating	79,315,372	289,120,198	368,435,570	88,452,570	(279,983,000)	72,343,697
Government - capital	26,322,000	10,000,000	36,322,000	17,371,923	(18,950,077)	12,543,440
Interest	4,425,355	7,500,000	11,925,355	11,826,402	(98,953)	4,321,711
Payments						
Suppliers and employees	(330,743,599)	(111,729,323)	(442,472,922)	(646,781,525)	(204,308,603)	(440,401,239)
Finance charges	(17,225,338)	(2,557,438)	(19,782,776)	(45,676,291)	(25,893,515)	(30,266,125)
NET CASH FROM OPERATING ACTIVITIES	26,471,568	254,305,994	280,777,562	336,296,614	55,519,052	(117,019,702)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-
Payments						
Capital assets	(28,122,000)	(42,998,918)	(71,120,918)	(21,057,546)	50,063,372	(13,631,764)
NET CASH USED IN INVESTING ACTIVITIES	(28,122,000)	(42,998,918)	(71,120,918)	(21,057,546)	50,063,372	(13,631,764)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	-	-	-	-	-	132,319,332
Increase (decrease) in consumer deposits	-	-	-	84,413	84,413	287,373
Payments						
Repayment of borrowing	-	-	-	(35,626,434)	(35,626,434)	(4,505,298)
NET CASH FROM FINANCING ACTIVITIES	-	-	-	(35,542,021)	(35,542,021)	128,101,408
NET INCREASE/ (DECREASE) IN CASH HELD	(1,650,432)	211,307,076	209,656,644	279,697,048	70,040,403	(2,550,058)
Cash/cash equivalents at the year begin:	4,242,343	39,977,944	44,220,287	44,220,285	(2)	46,770,344
Cash/cash equivalents at the year end:	2,591,911	251,285,020	253,876,931	323,917,331	70,040,400	44,220,285