Sarah Baartman
DISTRICT MUNICIPALITY
Province of the Eastern Cape

progress through development

SARAH BAARTMAN DISTRICT MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	District Municipality (DC10) Sarah Baartman District
Nature of business and principal activities	Municipal Services
Legislation governing the municipality's operations	Local Government Municipal Finance Management Act (No. 56 of 2003) Local Government: Municipal Structures Act (No. 117 of 1998) Constitution of the Republic of South Africa Act (No. 108 of 1996) Division of Revenue Act (No. 1 of 2007) Protection of Personal Information Act (No. 4 of 2013) Remuneration of Public Office Bearers Act (No 20 of 1998)
Mayoral committee	
Executive Mayor	DWS De Vos
Speaker	N S Gaga
Portfolio Councillor: Finance	CT Booysen
Portfolio Councillor: Corporate Services	PP Faxi
Portfolio Councillor: Infrastructure Development and Community Services	AW Diniso
Portfolio Councillor: Planning & Economic Development	N Koba
Portfolio Councillor: Special Projects	S Rune
Chief Finance Officer (CFO)	K Abrahams
Accounting Officer	U Daniels
Registered office	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
Postal address	P O Box 318 Port Elizabeth 6000
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Attorneys	F Antony - Senior Manager: Legal Services
Preparer	The annual financial statements were independently compiled by: K Abrahams

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Abbreviations used:

CDDA	Cacadu District Development Agency
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
IMFO	Institute of Municipal Finance Officers
MDRG	Municipal Disaster Relief Grant
SARS	South African Revenue Services
DORA	Division of Revenue Act
RRAMS	Rural Roads Access Municipal Systems
SBDM	Sarah Baartman District Municipality
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

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

The municipality is wholly dependent on grant funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern, and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's external auditors.

The annual financial statements set out on pages 4 to 73, which have been prepared on the going concern basis, were approved by the Accounting Officer on 18 November 2025.

U Daniels
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	2 667 110	2 111 216
Receivables from non-exchange transactions	4	1 199 461	755 602
Statutory receivable	5	423 416	2 024 902
Short-term investments	6	157 000 000	115 000 000
Cash and cash equivalents	7	29 193 936	94 837 965
Vat input accrual	9	4 833	2 564
		190 488 756	**214 732 249**
Non-Current Assets			
Deposits paid	8	15 410	15 410
Investment property	10	10 226 935	10 964 934
Property, plant and equipment	11	21 864 643	20 805 303
Intangible assets	12	2 642 776	3 534 252
Heritage assets	13	15 676 000	15 676 000
Long-term receivables	14	85 000	102 196
		50 510 764	**51 098 095**
Total Assets		**240 999 520**	**265 830 344**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	19 572 550	30 466 901
Employee benefits	16	5 224 463	5 094 000
VAT output accrual	18	129 723	136 275
		24 926 736	**35 697 176**
Non-Current Liabilities			
Employee benefit obligation	16	55 135 271	54 338 000
Total Liabilities		**80 062 007**	**90 035 176**
Net Assets		**160 937 513**	**175 795 168**
Accumulated surplus	17	160 937 513	175 795 168
Total Net Assets		**160 937 513**	**175 795 168**

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* See Note 33

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	10&21	102 492	175 707
Commission received		73 036	67 201
Interest earned	19	17 543 791	19 799 413
Job evaluation fees	20	-	961 630
Decrease in the provision for doubtful debts	3	720 890	-
Administration and management fees received	22	6 643 212	597 542
Actuarial gain on post-employment medical benefit	16	1 305 803	-
Total revenue from exchange transactions		**26 389 224**	**21 601 493**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	116 047 063	117 579 020
Other revenue	24	595 872	446 882
Total revenue from non-exchange transactions		**116 642 935**	**118 025 902**
Total revenue		**143 032 159**	**139 627 395**
Expenditure			
Depreciation	11	1 858 624	1 824 989
Amortisation	12	1 084 810	848 625
Actuarial loss on post-employment medical benefit	16	-	617 278
Remuneration of employees	25	60 487 548	55 603 108
Remuneration of councillors	26	8 344 828	7 952 969
Grants and subsidies paid	27	22 390 404	21 923 325
Grant to municipal entity		4 200 000	4 200 000
General expenses	28	47 149 315	43 296 611
Contracted Services	30	4 880 873	4 458 397
Impairment of assets	29	764 229	46 496
Increase in provision for doubtful debts	3 & 4	-	1 918 432
Loss on disposal of assets and liabilities	31	128 183	257 461
Interest costs on post-employment medical benefit	16	6 601 000	6 573 188
Total expenditure		**157 889 814**	**149 520 879**
Deficit for the year		**(14 857 655)**	**(9 893 484)**

UD

* See Note 33

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2023 restated	**185 718 485**	**185 718 485**
Prior period errors - Note 33	(29 833)	(29 833)
Deficit for the year	(9 893 484)	(9 893 484)
Balance at 01 July 2024 restated*	**175 795 168**	**175 795 168**
Deficit for the year	(14 857 655)	(14 857 655)
Balance at 30 June 2025	**160 937 513**	**160 937 513**

Note 17

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* See Note 33

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		116 047 063	117 228 600
Interest income		17 675 300	19 835 597
Other receipts		7 527 081	3 251 918
		141 249 444	140 316 115
Payments			
Employee costs		(67 085 278)	(62 996 261)
Suppliers		(64 467 665)	(39 777 746)
Other payments		(25 106 356)	(27 103 700)
		(156 659 299)	(129 877 707)
Net cash flows from operating activities	32	**(15 409 855)**	**10 438 408**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(3 072 377)	(4 942 257)
Purchase of other intangible assets	12	(193 334)	(1 466 773)
Net cash flows from investing activities		**(3 265 711)**	**(6 409 030)**
Cash flows from financing activities			
Payments of short term investments		(42 000 000)	49 000 000
Repayment of employment benefit liabilities		(4 968 463)	(4 730 261)
Net cash flows from financing activities		**(46 968 463)**	**44 269 739**
Net increase/(decrease) in cash and cash equivalents		**(65 644 029)**	**48 299 117**
Cash and cash equivalents at the beginning of the year		94 837 965	46 538 848
Cash and cash equivalents at the end of the year	7	**29 193 936**	**94 837 965**

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* See Note 33

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2025											
Financial Performance											
Investment revenue	15 400 000	500 000	15 900 000	-		15 900 000	17 543 791		1 643 791	110 %	114 %
Transfers recognised - operational	188 334 000	155 990 600	344 324 600	-		344 324 600	116 047 063		(228 277 537)	34 %	62 %
Other own revenue	44 960 778	9 636 650	54 597 428	-		54 597 428	9 441 305		(45 156 123)	17 %	21 %
Total revenue (excluding capital transfers and contributions)	**248 694 778**	**166 127 250**	**414 822 028**	**-**		**414 822 028**	**143 032 159**		**(271 789 869)**	**34 %**	**58 %**
Employee costs	(67 755 426)	(1 764 740)	(69 520 166)	-	-	(69 520 166)	(60 487 548)	-	9 032 618	87 %	89 %
Remuneration of councillors	(8 480 102)	(431 110)	(8 911 212)	-	-	(8 911 212)	(8 344 828)	-	566 384	94 %	98 %
Depreciation and asset impairment	(3 500 000)	-	(3 500 000)			(3 500 000)	(3 707 663)	-	(207 663)	106 %	106 %
Transfers and grants	(29 621 000)	2 197 700	(27 423 300)	-	-	(27 423 300)	(22 390 404)	-	5 032 896	82 %	76 %
Other expenditure	(139 338 250)	(166 129 100)	(305 467 350)	-	-	(305 467 350)	(62 959 371)	-	242 507 979	21 %	45 %
Total expenditure	**(248 694 778)**	**(166 127 250)**	**(414 822 028)**	**-**	**-**	**(414 822 028)**	**(157 889 814)**	**-**	**256 932 214**	**38 %**	**63 %**
Surplus/(Deficit)	**-**	**-**	**-**	**-**		**-**	**(14 857 655)**		**(14 857 655)**		
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**(14 857 655)**		**(14 857 655)**		
Capital expenditure and funds sources											
Total capital expenditure	9 670 400	955 000	10 625 400	-		10 625 400	3 265 711		(7 359 689)	31 %	34 %
Sources of capital funds											
Internally generated funds	(9 670 400)	(955 000)	(10 625 400)	-		(10 625 400)	(3 265 711)		7 359 689	31 %	34 %

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial position											
Current Assets	-	-	-	-		-	-		-		
Receivables from exchange transactions	164 000 000	-	164 000 000	-		164 000 000	2 667 110		(161 332 890)	2 %	2 %
Receivables from non-exchange transactions	3 064 820	-	3 064 820	-		3 064 820	1 199 461		(1 865 359)	39 %	39 %
Statutory receivables	-	-	-	-		-	423 416		423 416		
Short-term investments	-	-	-	-		-	157 000 000		157 000 000		
Cash and cash equivalents	36 868 448	(955 000)	35 913 448	-		35 913 448	29 193 936		(6 719 512)	81 %	79 %
Other debtors	979 000	-	979 000	-		979 000	-		(979 000)	- %	- %
VAT input accrual	-	-	-	-		-	4 833		4 833		
	-	-	-	-		-	-		-		
Non-Current Assets	-	-	-	-		-	-		-		
Deposits paid	-	-	-	-		-	15 410		15 410		
Investment property	10 964 934	-	10 964 934	-		10 964 934	10 226 935		(737 999)	93 %	93 %
Property, plant and equipment	27 012 392	855 000	27 867 392	-		27 867 392	21 864 643		(6 002 749)	78 %	81 %
Intangible assets	3 566 104	100 000	3 666 104	-		3 666 104	2 642 776		(1 023 328)	72 %	74 %
Heritage assets	15 676 000	-	15 676 000	-		15 676 000	15 676 000		-	100 %	100 %
Long-term receivables	114 194	-	114 194	-		114 194	85 000		(29 194)	74 %	74 %
	-	-	-	-		-	-		-		
TOTAL ASSETS	**262 245 892**	-	**262 245 892**	-		**262 245 892**	**240 999 520**		**(21 246 372)**	**92 %**	**92 %**
	-	-	-	-		-	-		-		
Current Liabilities	-	-	-	-		-	-		-		
Payables from exchange transactions	38 658 000	-	38 658 000	-		38 658 000	19 572 550		(19 085 450)	51 %	51 %
Employee benefits	56 480 000	-	56 480 000	-		56 480 000	5 224 463		(51 255 537)	9 %	9 %
VAT output accrual	-	-	-	-		-	129 723		129 723		
	-	-	-	-		-	-		-		
	-	-	-	-		-	-		-		
	-	-	-	-		-	-		-		

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Non-Current Liabilities	-	-	-	-		-	-		-		
Employee benefit obligation	-	-	-	-		-	55 135 271		55 135 271		
	-	-	-	-		-	-		-		
TOTAL LIABILITIES	**95 138 000**	-	**95 138 000**	-		**95 138 000**	**80 062 007**		**(15 075 993)**	**84 %**	**84 %**
	-	-	-	-		-	-		-		
NET ASSETS	**167 107 892**	-	**167 107 892**	-		**167 107 892**	**160 937 513**		**(6 170 379)**	**96 %**	**96 %**
Cash flows											
Net cash from (used) operating	(38 000)	133 365 000	133 327 000	-		133 327 000	(15 409 855)		(148 736 855)	(12)%	40 552 %
Net cash from (used) investing	(9 670 400)	-	(9 670 400)	-		(9 670 400)	(3 265 711)		6 404 689	34 %	34 %
Net cash from (used) financing	-	-	-	-		-	(46 968 463)		(46 968 463)		
Net increase/(decrease) in cash and cash equivalents	**(9 708 400)**	**133 365 000**	**123 656 600**	-		**123 656 600**	**(65 644 029)**		**(189 300 629)**	**(53)%**	**676 %**
Cash and cash equivalents at the beginning of the year	46 539 000	-	46 539 000	-		46 539 000	94 837 965		48 298 965	204 %	204 %
Cash and cash equivalents at year end	**36 830 600**	**133 365 000**	**170 195 600**	-		**170 195 600**	**29 193 936**		**141 001 664**	**17 %**	**79 %**

Refer to Note 44 for detailed explanations of material variances.

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Basis for preparation

Statement of compliance

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of the GRAP 3. These accounting policies and the applicable disclosures have been based on the International Financial Reporting Standards and the International Public Sector Accounting Standards (IPSA), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practice Board. Certain accounting policies have been developed with reference to the MFMA, for e.g. unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure policies.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of the users and are reliable.

Offsetting

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

1.5 Significant judgements and sources of estimation uncertainty

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

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Judgements

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

Cash-generating assets - The municipality classifies its cash-generating assets as those assets which are used with the objective of generating a commercial return, and where positive cash flows are expected to be significantly higher than the cost of the asset. All other assets are considered to be non-cash generating assets.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Receivables from exchange and non-exchange transactions

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

The impairment for receivables from exchange and non-exchange transactions is calculated based on the grading of the category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Post-retirement benefits

The present value of the post-retirement medical aid benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increases, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate less 0.5% to discount future cash flows. The prime interest rate was 10.75% (2024: 11.75%).

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied as per determination of the binding agreement entered into annually with the local municipalities.

Related parties

In applying judgement as to whether or not a person(s) is a related party, the Municipality considers the following:

- Whether the person(s) is 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;
- Whether the person(s) are close members of the family of person(s) that are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

1.6 Investment property

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

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

<u>Initial recognition and measurement</u>

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.

1.6 Investment property (continued)

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

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

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

Cost model

Subsequent measurement - Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

Impairment

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

If it is not possible to estimate the recoverable amount of the investment property, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the investment property, or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the investment property is less than it's carrying amount, the carrying amount of the investment property is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of investment property carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred

Derecognition

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

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

1.7 Property, plant and equipment

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Initial recognition and measurement

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

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting is first adopted, i.e. 1 July 2005. The "cost" of land and buildings on 1 July 2005 would constitute its fair value at that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amounts represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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

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

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

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

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

Subsequent measurement - Cost model

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

Depreciation

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	7 - 15 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	2 - 10 years
IT equipment	Straight-line	2 - 10 years
Bins and containers	Straight-line	5 - 10 years
Specialised vehicles	Straight-line	5 - 20 years
Specialised plant and equipment	Straight-line	5 - 15 years

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the classification of property, plant and equipment. The change does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation on the Statement of Financial Position:

- Furniture and fixtures have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor Vehicles

1.7 Property, plant and equipment (continued)

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

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

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

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

Impairment

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.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the asset is less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred.

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

Derecognition

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

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

Property, plant and equipment with a cost below R1 000 is not capitalised. This is in line with the asset management policy of the Municipality.

1.8 Intangible assets

Initial recognition and measurement

Intangible assets are initially recognised at cost.

An intangible asset is recognised when:

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

Significant Accounting Policies

1.8 Intangible assets (continued)

Subsequent measurement

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

An intangible asset acquired at no or nominal cost will be measured at fair value at the date of acquisition.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 5 years

Impairment

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Derecognition

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

1.9 Heritage assets

Initial recognition and measurement

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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

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

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.10 Statutory receivable

The municipality accounts for Value Added Tax on the invoice basis and recognises it as a Statutory receivable or Statutory payable, as applicable.

The net effect of VAT outputs which has been declared to SARS and VAT inputs which has been claimed from SARS, is disclosed separately on the Statement of Financial Position as either a Statutory receivable (amounts owed to the Municipality) or a Statutory payable (amounts owed by the Municipality).

The amount is a statutory receivable or payable and includes all other amounts which arise as a result of VAT returns submitted to SARS.

Where the Municipality has an obligation to pay over VAT, but the amount has not been collected from a third party, this amount is disclosed separately as a VAT output provision, until such time as the amount collected from the third party, wherein after it is declared to SARS on the Municipality's vat return.

Where the Municipality is entitled to claim VAT, but the amount has been paid to a third party (accruals), this amount is disclosed separately as a VAT input provision, until such time as the amount is paid by the Municipality to the third party, wherein after it is claimed from SARS on the Municipality's vat return.

Significant Accounting Policies

1.11 Leases

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

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

Significant Accounting Policies

1.12 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories.

Financial assets at amortised cost.

Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or loss, which shall not be classified out of the fair value through surplus or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an residual interest instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for residual interest investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Significant Accounting Policies

1.12 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

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

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where

- the rights to receive cash flows from the asset have expired;

- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Financial assets at amortised cost" and are initially measured at cost. Subsequent measurement is at amortised cost.

Short-term investments

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Financial assets at amortised cost, receivable within 3 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost.

Receivables from exchange and non-exchange transactions

Receivables are classified as "Financial assets at amortised cost" and are initially recognised at the fair value. Subsequent measurement is at amortised cost. An estimate is made of doubtful receivables based on a review of outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on the assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Payables are classified as "Financial liabilities at amortised cost" and are initially recognised at the fair value of the present obligation of a past event. Subsequent measurement is at amortised cost.

1.13 Employee benefits

Identification

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accrued leave pay

The leave accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

Accrued bonuses

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made at reporting date.

Post - employment benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post-retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

1.14 Provisions

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

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

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

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

Significant Accounting Policies

1.14 Provisions (continued)

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

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

Provisions are not recognised for future operating surplus (deficit).

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

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

A contingent liability is a possible obligation depending on whether some uncertain future event occurs now wholly within the control of the municipality, or a present obligation by payment is not probable or the amount cannot be measured reliably.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Significant Accounting Policies

1.16 Revenue from non-exchange transactions

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

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the fair value of the asset at the date of acquisition.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

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

Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised. Revenue is recognised and the liability is decreased as the conditions associated with the grant is met.

1.17 Investment income

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

1.18 Comparative figures

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

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

The presentation and classification of items in the current year is consistent with prior periods.

1.19 Unauthorised expenditure

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

Significant Accounting Policies

1.19 Unauthorised expenditure (continued)

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

1.20 Fruitless and wasteful expenditure

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

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

1.21 Irregular expenditure

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

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No.86 of 1968), or any regulations made in terms of the Act or;
(c) any provincial legislation providing for procurement procedures in the provincial government.

National Treasury practice note no.4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

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

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

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

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

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.22 Budget information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over - or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an cash basis by nature classification. The approved budget covers the fiscal period from 1 July 2024 to 30 June 2025.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Significant Accounting Policies

1.22 Budget information (continued)

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

The budget for the economic entity includes the entity's approved budget under its control.

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

1.23 Events after reporting date

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

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

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

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

1.24 Unutilised conditional grants

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.

- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.

- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.

- The cash which backs the unspent portion is invested until utilised.

- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not rcognized in the Statement of Financial Performance.

- The unspent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

Significant Accounting Policies

1.25 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The municipality is organised and reports to management on the basis of four major functional areas: Municipal Manager, Finance and Corporate Services, Planning and Development and Infrastructure and Development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

1.26 Accounting by principals and agents

Identification

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Significant Accounting Policies

1.26 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with para 46. of the requirements of GRAP 109.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of para. 50 of GRAP 109.

The municipality is in the process of designing and implementing its own policy to address the specific requirements of GRAP 109.

1.27 Deposits paid

Deposits paid are disclosed as current assets and are carried at amortised cost.

Deposits paid primarily relate to services provided to the Municipality such as electricity, post office services and parking facilities used.

1.28 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

Useful life is either:

1.28 Impairment of cash-generating assets (continued)

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

1.29 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

Useful life is either:

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

1.30 Commitments

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

Disclosure is done to the extent that it has not already been recognised elsewhere in the financial statements.

Commitments are treated as follows:
- The aggregate amount of expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

Commitments are disclosed when unrecorded expenditure is approved and contracted for before/at reporting date.

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (revised): Financial Instruments		
• GRAP 107 (as revised) Mergers	No effective date	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	No effective date	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	No effective date	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	No effective date	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	No effective date	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Expected impact has not been assessed
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Expected impact has not been assessed

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognitton of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In devetoping GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained In the basis for conclusions.

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

The municipality expects to adopt the revisions for the first time in the 2025/06 annual financial statements.

Figures in Rand	2025	2024

3. Receivables from exchange transactions

Accrued interest	1 072 511	1 204 020
Job evaluations	3 175 190	4 039 642
Allowance for impairment	(3 228 751)	(4 088 093)
Prepayments	939 345	890 845
Rental	47 881	64 802
Other receivable - Eastern Cape Department of Human Settlements (ECDoHS) Grant	660 934	-
	2 667 110	**2 111 216**

Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 90 days past due are not considered to be impaired. At 30 June 2025 R 4 101 (2024: R 44 007) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Less than 90 days past due	4 101	44 007

Receivables from exchange transactions impaired

The amount of the provision was R 3 228 751 as of 30 June 2025 (2024: R 4 088 093).

The ageing of these receivables is as follows:

Over 90 days	3 228 751	4 088 093

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(4 088 093)	(2 261 020)
Provision for impairment	720 890	(1 827 073)
Amounts written off as uncollectible	138 452	-
	(3 228 751)	**(4 088 093)**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

Other receivable - Eastern Cape Department of Human Settlements (ECDoHS)

During the 2023/24 financial year, the municipality entered into an agreement with the Eastern Cape Department of Human Settlements (ECDoHS), whereby the municipality was appointed as the implementing agent for a project relating to the upgrading of 32 informal settlements (see note 46). The project funds are to be strictly used for the upgrading costs in accordance with the UISP subsidy instrument encapsulated in the National Housing Code as amended. An amount of R660 934 is due to the municipality at year end (2024: R384 737 was unspent at year end - see note 15).

Receivables from exchange transactions relates to rental and job evaluation debtors and the allowance for impairment relates to these debtors only.

4. Receivables from non-exchange transactions

General debtors	820 446	118 944
Other receivables	95 202	407 610
Allowance for impairment	(106 250)	(106 250)
Salaries and wages debtors	390 064	335 299
	1 199 462	**755 602**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

The amount of the provision was R106 250 as of 30 June 2025 (2024: R106 250).

The ageing of these receivables is as follows:

Over 90 days	106 250	106 250

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

Opening balance	(106 250)	(14 890)
Provision for impairment	-	(91 360)
	(106 250)	**(106 250)**

5. Statutory receivable

VAT	423 416	2 024 902

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

VAT is accounted for on the invoice basis. No discounting was performed.

6. Short-term investments

Controlled entities

Short-term balances at year end	157 000 000	115 000 000

All short-term investments that will mature in more than 3 months, but less than 12 months after the reporting date, is classified as short term investments and do not form part of cash and cash equivalents. Refer to note 49 for a summary of short-term investment accounts.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 100	6 100
Bank balances	1 187 836	10 831 865
Short-term deposits	28 000 000	84 000 000
	29 193 936	**94 837 965**

Short-term deposits

Cash and cash equivalents are classified as a financial asset under loans and receivables at amortised costs. All short term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest. The fair value cash and cash equivalents approximates their carrying amounts. No cash deposits were ceded as collateral.

The return on investment for 2025 fluctuates between 7.44% and 9.34%. (2024:7.64% and 10.05%).

Short-term investments

Call Account Deposits	28 000 000	84 000 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Limited, 32 Govan Mbeki Avenue, Gqeberha, Current Account (Primary Account) 1640-000-062	1 178 020	7 502 464	1 104 406	1 290 748	10 831 865	1 532 748
ABSA Limited (Call Account) 4099-506-083	28 000 000	84 000 000	45 000 000	28 000 000	84 000 000	45 000 000
Total	**29 178 020**	**91 502 464**	**46 104 406**	**29 290 748**	**94 831 865**	**46 532 748**

8. Deposits paid

	2025	2024
Deposits - Electricity	5 000	5 000
Deposits - Parking Grace Street	1 410	1 410
Deposits - Post Office	9 000	9 000
	15 410	**15 410**

9. Vat input accrual

	2025	2024
Vat input accrual	4 833	2 564

Notes to the Annual Financial Statements

Figures in Rand

10. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	12 643 000	(2 416 065)	10 226 935	12 643 000	(1 678 066)	10 964 934

Reconciliation of investment property - 2025

	Opening balance	Impairment loss	Total
Investment property	10 964 934	(737 999)	10 226 935

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	10 964 934	10 964 934

No operating expenditure was incurred by the Municipality on the investment properties during the current and previous financial year.

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R102 492 (2024: R175 707).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Sarah Baartman District Municipality.

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 754 636	-	1 754 636	1 754 636	-	1 754 636
Buildings	7 246 840	(1 074 189)	6 172 651	7 246 840	(1 072 231)	6 174 609
Specialised plant and machinery	3 962 218	(2 283 636)	1 678 582	4 118 305	(2 266 865)	1 851 440
Motor vehicles	13 309 575	(6 716 193)	6 593 382	12 562 062	(6 367 653)	6 194 409
Office equipment	5 761 979	(4 484 587)	1 277 392	5 505 810	(4 162 267)	1 343 543
IT equipment	8 370 022	(3 984 848)	4 385 174	7 473 229	(3 989 389)	3 483 840
Bins and containers	98 988	(96 162)	2 826	98 988	(96 162)	2 826
Total	**40 504 258**	**(18 639 615)**	**21 864 643**	**38 759 870**	**(17 954 567)**	**20 805 303**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	1 754 636	-	-	-	-	1 754 636
Buildings	6 174 609	-	-	-	(1 958)	6 172 651
Specialised plant and machinery	1 851 441	-	-	(172 858)	-	1 678 582
Motor vehicles	6 194 409	1 179 203	(101 346)	(678 884)	-	6 593 382
Office equipment	1 343 543	357 638	(5 566)	(404 224)	(13 999)	1 277 392
IT equipment	3 483 840	1 535 536	(21 270)	(602 659)	(10 273)	4 385 174
Bins and containers	2 826	-	-	-	-	2 826
	20 805 303	**3 072 377**	**(128 182)**	**(1 858 625)**	**(26 230)**	**21 864 643**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	1 754 636	-	-	-	-	1 754 636
Buildings	6 174 609	-	-	-	-	6 174 609
Specialised plant and machinery	2 123 100	-	(3)	(244 624)	(27 033)	1 851 441
Motor vehicles	4 358 890	2 726 530	(212 842)	(678 358)	-	6 194 220
Office equipment	1 573 435	98 795	(19)	(318 773)	(10 104)	1 343 534
IT equipment	2 004 494	2 116 932	(44 797)	(583 234)	(9 358)	3 484 037
Bins and containers	2 826	-	-	-	-	2 826
	17 991 991	**4 942 257**	**(257 661)**	**(1 824 989)**	**(46 495)**	**20 805 303**

11. Property, plant and equipment (continued)

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the property, plant and equipment note. The changes does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation of the Statement of Financial Position:

- Furniture and Fittings have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor Vehicles.

Therefore, no reclassification was considered necessary.

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

Notes to the Annual Financial Statements

12. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8 098 182	(5 455 406)	2 642 776	7 904 848	(4 370 596)	3 534 252

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	3 534 252	193 334	(1 084 810)	2 642 776

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 916 104	1 466 773	(848 625)	3 534 252

12. Intangible assets (continued)

Computer Software

Financial Systems (APPX)

The financial system was initiated through an annual licence with no initial purchase price. The software was then internally developed to meet the financial and other processing requirements of the municipality. In January 2020, Council approved the change of financial system from Sage Evolution to the in-house owned APPX Financial System with effect from 1 July 2020. Certain modules of the APPX Financial System were further developed to ensure that the municipality meets the Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

mSCOA Budget System (APPX)

An mSCOA compliant budget module was developed on the in-house APPX system in order to ensure that the municipality meets Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

Further costs of R193 334 (2024: R868 745) relating to the development of this system, were capitalised to the cost of computer software during the current financial year.

Disaster Managment System

An Integrated Disaster Management Information and Communication System was developed during the current financial year. It is a district-wide integrated disaster management information and communication system that enables local municipalities to communicate with each other and with the District Municipality. The information on the system will be utilised to manage and take decisions during a significant incident or a disaster. The system is an online (web-based), operational management, reporting and communication tool, developed for Disaster Management and fire services with a wide variety of incidents including but not limited to veld fires, structural fires, social unrest, public events, automobile accidents, hazmat spills, specialist technical rescue. The costs of R617 705 relating to the development of this system, were capitalised to the cost of computer software in prior financial years.

Interactive Virtual Travel Platform (IVTP)

An 360-Degree, Interactive Virtual Travel Platform (IVTP) was developed during the current financial year. The purpose of the IVTP is to take the Sarah Baartman District offering to the world with the inclusion of 34 Adventure locations across the region. The IVTP will be accessible from the municipality's website & Social Media Platforms to allow users, nationally and internationally, to take a fully immersive experience of what the region has to offer, encouraging new visitors to boost tourism. The costs of R1 033 848 relating to the development of this system, were capitalised to the cost of computer software in prior financial years.

Nutanix (Hyper Converged Infrastructure (HCI) software

The Nutanix (Hyper Converged Infrastructure (HCI) software or equivalent VMware Software is a software-based architecture, which tightly integrates virtualization, compute, storage, and networking resources on commodity hardware server. The software is embedded to the back-end hardware server. This software allows multiple virtual servers which are hosting the Municipal Line of Business Applications (LOB) (e.g. Sage People (HR and Payroll) System), Finance System, File Server, GIS System etc.) accessed by employees to run on a single physical hardware server. The software provides local area network connectivity capability to employees to fully utilise Municipal ICT Infrastructure for the purpose of communication in the Municipality, as their workstations such as laptops can connect to the network and access information data via shared network drives. The cost of R598 027 relating relating to the development of this system was capitalised to the computer software during the prior financial year.

Notes to the Annual Financial Statements

Figures in Rand

13. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	16 212 500	(536 500)	15 676 000	16 212 500	(536 500)	15 676 000

Reconciliation of heritage assets 2025

	Opening balance	Total
Conservation areas	15 676 000	15 676 000

Reconciliation of heritage assets 2024

	Opening balance	Total
Conservation areas	15 676 000	15 676 000

Heritage assets held at cost

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for the inspection at the registered office of the Sarah Baartman District Municipality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Long-term receivables

Disciplinary action recoveries	85 000	102 196

Classified as a financial asset and measured at amortised cost.

15. Payables from exchange transactions

Employee benefits*	7 044 630	6 210 941
Other payables	12 527 920	24 255 960
	19 572 550	**30 466 901**

* Not financial instruments.

Normal terms of repayment is 30 days and no discounting was calculated.

Makana Municipality - MIG Interest

The MIG grant allocation of Makana Local Municipality was transferred to SBDM in prior years to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement (SLA) was entered into between the SBDM and Makana Local Municipality to manage the proper disbursement of the MIG allocation as well as the approved rollover amount. The grant was fully spent during the 2018/19 financial year. In terms of the SLA, the interest that accrues on the funds administered by SBDM on behalf of Makana Municipality, should be utilised for infrastructure projects of Makana Municipality. Claims amounting to R0 (2024: R1 101 766) were paid in the current financial year.

Payments in Advance - Other

When the roadworks, emergency medical services and health function was transferred to the Province, the municipality was requested to administer the payments to pensioners as the provincial system could not accommodate past employees. An agreement was entered into between the municipality and Province whereby Province would pay the pensioners' annual amount to the municipality and the municipality would administer the monthly payments. Included in other payables, is payments in advance of R320 498 (2024: R373 209) relating to the payments to pensioners.

Eastern Cape Department of Transport (ECDoT) Grant

During the 2021/22 financial year, the municipality entered into an agreement with the Eastern Cape Department of Transport (ECDoT) whereby the municipality was appointed as implementing agent to execute services as specified in the agreement (see note 45). The appointment is for the management and facilitation of maintenance activities to be carried out along taxi routes within the Makana Local Municipality, in the Sarah Baartman District. An amount of R3 914 090 (2024: R469 809) was unspent at year end.

Eastern Cape Department of Human Settlements (ECDoHS) Grant

During the 2023/24 financial year, the municipality entered into an agreement with the Eastern Cape Department of Human Settlements (ECDoHS), whereby the municipality was appointed as the implementing agent for a project relating to the upgrading of 32 informal settlements (see note 45). The project funds are to be strictly used for the upgrading costs in accordance with the UISP subsidy instrument encapsulated in the National Housing Code as amended. An amount of R660 934 is due to the municipality at year end (2024: R384 737 was unspent at year end (see note 3).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Payables from exchange transactions (continued)

Employee benefits

Accrued annual bonus	1 552 725	1 317 031
Accrued leave pay	4 184 031	3 530 804
Performance bonus	608 129	527 121
Long service bonus	597 165	738 914
Other employee costs	102 580	97 070
	7 044 630	**6 210 940**

Other payables

Accrued interest - MIG	597 109	597 109
Advance payments	320 498	373 209
Other payable - Eastern Cape Department of Transport (ECDoT) Grant	3 914 090	469 809
Other payable - Eastern Cape Department of Human Settlements (ECDoHS) Grant	-	384 737
Payables and accruals	876 825	518 357
Trade and other payables	6 819 398	21 912 739
	12 527 920	**24 255 960**

Figures in Rand	2025	2024

16. Employee benefit obligations

Post Retirement fund benefits

The municipality's post-employment medical benefit is a post-employment defined benefit plan and consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This benefit is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary member.

The municipality is committed to pay subsidies broadly as follows:

In-service members will receive a post-employment subsidy of 70% (2024: 70%) of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependants receive a 70% subsidy. Upon a member's death-in-service or death-in retirement, the surviving dependants will continue to receive the same subsidy.

The municipality's net obligation in respect of post employment medical benefits was calculated by One Pangaea Expertise & Solutions.
The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon life expectancy of existing members and their spouses.

69 Principal members are currently covered by the fund (2024: 66).

Valuation method

The death in-service benefit is regarded as a post employment liability under the requirements of the Standards of GRAP 25.

Post Retirement benefits

The method for accrual that has been used in the valuation is based on the length of service of the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past service liability.

Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution-based liability.

Current service cost

The current costs for the following year is determined as the amount assumed to accrue to the members over the twelve months.

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

	2025	2024
Carrying value		
Long-term portion of post-employment medical benefit	(55 135 270)	(54 338 000)
Short-term portion of post-employment medical benefit	(5 224 463)	(5 094 000)
	(60 359 733)	**(59 432 000)**
Non-current liabilities	(55 135 270)	(54 338 000)
Current liabilities	(5 224 463)	(5 094 000)
	(60 359 733)	**(59 432 000)**

The funded status is calculated by comparing the accrued liabilities, as at the valuation date, with the plan assets held. The funded status, as at valuations dates, is shown below.

Figures in Rand	2025	2024

16. Employee benefit obligations (continued)

Accrued liability

Post-employment medical benefit	(60 359 733)	(59 432 000)

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

Opening balance	59 432 000	56 479 808
Contributions (benefits) paid	(4 968 463)	(4 730 260)
Current service costs	601 000	491 986
Actuarial (gain)/loss on post employment medical benefit	(1 305 804)	617 278
Interest costs (discounting)	6 601 000	6 573 188
	60 359 733	**59 432 000**

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	5 224 463	5 094 000
Later than one year, not later than five years	9 698 723	8 914 800
Later than five years	45 436 547	45 423 200
	60 359 733	**59 432 000**

Accumulative actuarial gains and losses

Balance at the beginning of the year	(12 886 311)	(13 503 589)
Projected during the year	(1 305 803)	617 278
	(14 192 114)	**(12 886 311)**

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

Financial period 2020/2021	63 199 852
Financial period 2021/2022	61 540 069
Financial period 2022/2023	56 479 808
Financial period 2023/2024	59 432 000
Financial period 2024/2025	60 359 733
	301 011 462

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,55 %	11,59 %
Consumer price inflation	4,42 %	5,67 %
Health care cost inflation	5,92 %	7,17 %
Maximum subsidy inflation rate	4,37 %	4,12 %

The discount rate was determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 10.55% (2024: 11.59%) per annum, and the yield on the inflation-linked bonds of similar terms was 5.39% (2024: 5.13%) per annum, implying an underlying expectation of inflation of 5.39% (2024: 5.67%) per annum.

A healthcare cost inflation rate of 5.92% (2024: 7.17%) was assumed. This is 1.50 % in excess of the expected inflation over the expected term of the liability, consistent with the previous actuarial valuation.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Accumulated surplus

The accumulated surplus is reserved for the following purposes:

General	160 937 513	175 795 168

18. VAT output accrual

VAT output accrual	129 723	136 275

19. Interest earned

Interest earned		
Interest received - Investment	16 806 488	19 361 838
Interest received - Cash and cash equivalents	733 957	435 554
Interest received - Other	3 346	2 021
	17 543 791	**19 799 413**

20. Job evaluation fees

Job evaluation fees	-	961 630

21. Rental of facilities and equipment

Premises		
Rental of investment property	102 492	175 707

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R102 492 (2024: R175 707).

22. Administration and management fees received

Management fees received as agent	6 643 212	597 542

Administration and management fees were received from the Eastern Cape Department of Human Settlements (ECDoHS).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Government grants & subsidies

Operating grants

Equitable share	111 120 000	110 303 000
Grant funding - expenditure reimbursement	4 714 000	5 586 000
Discretionary grant from the Local Government SETA	213 063	1 690 020
	116 047 063	**117 579 020**

Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

DORA

Balance unspent at beginning of year	-	350 420
Current-year receipts	4 714 000	5 235 580
Conditions met - transferred to revenue	(4 714 000)	(5 586 000)
	-	-

Conditions still to be met - remain liabilities (see note 47).

The following conditional grants were received through the DORA allocation during the financial year:
R 1 000 000 - Finance Management Grant (FMG)
R 2 514 000 - Rural Roads Asset Management Grant (RRAMS)
R 1 200 000 - Expanded Public Works Programme (EPWP)

Refer to Note 48 for Disclosure of Grants and Subsidies in terms of Section 123 Of MFMA, 56 of 2003.

Discretionary grant from the Local Government SETA

Current-year receipts	213 063	1 690 020
Conditions met - transferred to revenue	(213 063)	(1 690 020)
	-	-

24. Other revenue

Contribution from skills development fund	167 787	158 146
Environmental health certificates	198 197	123 620
Other income	3 344	96 456
Recoveries	186 566	27 283
Settlement discount received	39 795	40 332
Tender deposit	183	1 043
	595 872	**446 880**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Remuneration of employees

Basic	44 962 286	41 307 670
Bonus	2 940 221	2 972 347
Medical aid - contributions	3 144 723	2 870 780
Unemployment insurance fund	189 485	188 284
Workmens compensation	384 415	329 446
Other payroll levies	13 300	12 802
Travel, motor car, accommodation, subsistence and other allowances	1 920 593	1 748 519
Overtime payments	74 246	70 772
Pension fund contributions	5 285 148	4 641 413
Housing benefits and allowances	289 905	300 045
Other allowances	582 596	573 158
Other short term costs	700 630	587 872
	60 487 548	**55 603 108**

The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality, which affects the remuneration ranges of positions of employees. The municipality operates in accordance w!th the Collective Agreements entered into between the Municipality and Bargaining Council.

Remuneration of Municipal Manager

Annual Remuneration	1 371 504	1 454 400
Car Allowance	120 000	120 000
Cellphone Allowance	6 000	6 000
Contributions to UIF, Medical and Pension Funds	2 125	6 924
Performance Bonus	86 980	-
Subsistence and Travel Claims	29 896	-
	1 616 505	**1 587 324**

Ms. U Daniels was appointed as Municipal Manager on 1 June 2022 for a period of 5 years.

Remuneration of the Director: Finance and Corporate Services

Annual Remuneration	1 148 100	1 223 292
Car Allowance	69 984	69 984
Cellphone Allowance	6 000	6 000
Contributions to UIF, Medical and Pension Funds	2 125	6 924
Subsistence and Travel Claims	12 844	-
Performance Bonus	71 099	-
	1 310 152	**1 306 200**

Mrs. K Abrahams was appointed as Director: Finance and Corporate Services on 1 October 2020 for a period of 5 years.

Remuneration of the Director: Infrastructure Development and Community Services

Annual Remuneration	1 116 084	974 446
Car Allowance	96 000	80 000
Cellphone allowance	12 000	10 000
Contributions to UIF, Medical and Pension Funds	2 125	6 547
Subsistence and Travel Claims	42 963	-
	1 269 172	**1 070 993**

Ms. O Kwababana was appointed as Director: Infrastructure Development and Community Services on 1 September 2023.

Figures in Rand	2025	2024

25. Remuneration of employees (continued)

Remuneration of the Director: Planning and Economic Development

Annual Remuneration	1 122 084	1 169 850
Car Allowance	96 000	96 000
Cellphone allowance	6 000	6 000
Contributions to UIF, Medical and Pension Funds	2 125	6 924
Subsistence and Travel Claims	19 789	-
	1 245 998	**1 278 774**

Mr D Magxwalisa was appointed as Director: Planning and Economic Development on 1 January 2023 for a period of 5 years.

26. Remuneration of councillors

Executive Mayor	1 136 205	1 041 287
Speaker	874 596	843 147
Portfolio Councillor: Special Programmes	822 801	739 534
Portfolio Councillor: Finance	823 389	793 971
Portfolio Councillor: Corporate Services	823 389	824 159
Portfolio Councillor: Infrastructure Development and Community Services	822 801	740 906
Portfolio Councillor: Planning and Economic Development	843 177	793 821
District Councillors	2 198 470	2 176 144
	8 344 828	**7 952 969**

In-kind benefits

The Executive Mayor and Mayoral Committee Members are full-time Councillors and are provided with offices and secretarial support at the costs of the Council. The salaries, allowances and benefits of the Councillors of the Municipality are within the upper limits of the framework envisaged in section 2019 of the Constitution.

27. Grants and subsidies paid

Conditional grant expenditure	3 726 942	4 957 862
Fire Services Subsidies	13 483 462	12 027 783
Environmental Health Subsidies	5 180 000	4 937 680
	22 390 404	**21 923 325**
Conditional grant expenditure has been funded by		
Finance Management Grant (FMG) - Financial Sustainability	376 556	695 652
Rural Roads Asset Management Grant (RRAMS) - Road Maintenance Systems	2 150 386	2 104 681
Expanded Public Works Programme (EPWP) - Volunteers	1 200 000	2 157 529
	3 726 942	**4 957 862**
	26 117 346	**26 881 187**

Fire Services & Environmental Health Subsidies

The municipality has entered into a Principal-agent relationship with its local municipalities due to the requirements of the National Health Amendments Act, 2013 (Act No.12 of 2013) for the Environmental Health Services.

Local municipalities are given the subsidy to execute the service on behalf of the District Municipality. Revenue that is collected by the local municipalities is not transferred to the District Municipality and the assets that are bought by the local municipalities using the subsidy are owned by the local municipalities.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. General expenses

Advertising	552 430	414 413
Auditors remuneration	3 863 601	3 617 707
Catering	1 110 741	842 589
Computer expenses	418 466	377 991
Congress and visits	2 303 022	2 319 523
Environmental health	469 311	368 313
Fuel and oil	1 614 590	1 407 315
General - other	1 420 194	1 265 545
Insurance	760 790	800 095
Interview expenses	53 197	86 784
Legal expenses	66 502	343 498
Licences	1 535 034	2 729 175
Printing and stationery	695 884	638 927
Project costs (detailed breakdown below)	27 784 360	23 835 506
Publications	513 288	548 223
Re-imbursive travel	1 011 290	892 560
Rental expense	213 034	205 415
Study grants	115 580	34 175
Subscriptions	835 674	804 610
Telephone and fax	135 176	151 911
Training and development	446 686	491 884
Utilities	1 230 465	1 120 452
	47 149 315	**43 296 611**

Detailed breakdown for Project Costs

Creative Industries	2 999 581	2 820 150
Development of District Development Model for SBDM	156 887	168 334
Development of Business Plans for Catalytic Projects	177 294	29 082
Emergency contingency	625 173	19 600
GIS Capacity Support	-	287 551
Implementation of HIV/AIDS	44 640	45 060
LED Capacity Building Training	116 941	175 915
Support to LMs - District Job Evaluations	19 214	349 844
Support to LMs - Fire equipment and machinery	-	913 496
Support to LMs - Fire training	827 675	1 453 563
Support to LMs - IDP processes	175 168	306 389
Support to LMs - Improving Audit Outcomes	57 750	2 299 480
Support to LMs - Local Tourism and Tourism Awareness	1 400 000	700 000
Support to LMs - SMME	1 712 201	1 989 553
Support to LMs - Spatial Development Framework	-	155 425
Support to LMs - Technical Town Planning	324 253	900 779
Support to sporting events	707 517	569 200
Tourism Marketing	4 880 424	4 394 292
Training for Water LMs	-	817 910
Trade and Investment	546 490	-
WSA Support	8 857 728	3 303 740
Waste Management Equipment and Materials DEDEAT	2 184 892	1 041 874
Women and Disability empowerment progammes	238 766	213 165
Youth Fund	916 845	199 627
Upgrading of Informal Settlement for Department of Human Settlements	814 921	-
	27 784 360	**23 154 029**

Figures in Rand	2025	2024

29. Impairment of assets

Property, plant and equipment	26 230	46 495
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.		
Investment property	737 999	-
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.		
	764 229	**46 495**

30. Contracted services

Outsourced Services		
Consultant - mSCOA system	236 471	434 119
Cleaning Services	717 599	311 874
Internal Auditors	1 245 019	582 873
Security Services	1 269 182	1 357 433
Consultants and Professional Services		
Professional Services	229 688	670 724
Contractors		
Maintenance of Buildings and Facilities	534 854	346 085
Maintenance of Equipment	648 060	755 289
	4 880 873	**4 458 397**

31. Loss on disposal of assets and liabilities

Loss on disposal of property, plant and equipment	128 183	257 461

32. Cash (used in) generated from operations

Deficit	(14 857 655)	(9 893 484)
Adjustments for:		
Depreciation and amortisation	2 943 434	2 673 614
Loss on disposal of assets	128 183	257 461
Impairment deficit	764 229	46 497
Increase /(Decrease) in provision for doubtful debts	(720 890)	1 918 431
Prior period error	(29 833)	-
Loss / (gain) on actuarial valuation for post employment medical benefits	(1 305 803)	617 278
Service costs	601 000	491 986
Discounting of post employment medical benefit obligation	6 601 000	6 573 188
Changes in working capital:		
Receivables from exchange transactions	303 448	(861 466)
Receivables from non-exchange transactions	(443 859)	1 654 969
Payables from exchange transactions	(10 992 326)	8 290 735
Statutory receivable	1 599 217	(980 381)
Unspent conditional grants and receipts	-	(350 420)
	(15 409 855)	**10 438 408**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Prior period errors

During the year, the following errors were noted in the annual financial statements submitted in the prior year. These errors have been corrected retrospectively through restatements of the prior year amounts through journals in the financial accounting system and through correcting the misrepresented column in the annual financial statements.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	**Previously reported**	**Correction of error**	**Restated 2024**
Non-Current Assets	-	-	-
Non-Current Liabilities	-	-	-
Current Assets	-	-	-
Current Liabilities	-	-	-
Payables from exchange transactions - Trade and other payables	21 882 911	(29 833)	21 912 744
TOTAL ASSETS	-	-	-
TOTAL LIABILITIES	-	-	-
NET ASSETS	**29 833**	**(29 833)**	-

STATEMENT OF FINANCIAL PERFORMANCE	**Previously reported**	**Reclassified**	**Restated 2024**
	-	-	-
Revenue from non-exchange transactions	-	-	-
Administration and management fees received	597 542	(597 542)	-
	-	-	-
Revenue from exchange transactions	-	-	-
Administration and management fees received	-	597 542	597 542

ACCUMULATED SURPLUS adjustments	**Previously reported**	**Correction of error**	**Restated 2024**
Opening balance as previously reported	185 718 485	-	-
Prior year adjustment	-	(29 833)	-
Restated at 1 July 2023	-	-	185 688 652
	-	-	-
	-	-	-
	185 718 485	**(29 833)**	**185 688 652**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Prior period errors (continued)

Restatement in Disclosure notes	Previously reported	Reclassified	Restated 2024
	-	-	-
Note 26 - General expenses	-	-	-
Congress and visits	3 000 999	(681 476)	2 319 523
Project costs	23 154 029	681 476	23 835 506
	-	-	-
Note 11 - Property, plant and equipment	-	-	-
	-	-	-
Specialised plant and machinery - Cost	4 156 769	(38 464)	4 118 305
Specialised plant and machinery - Accumulated depreciation and accumulated impairment	(2 305 329)	38 464	(2 266 865)
	-	-	-
Note 37 - Irregular expenditure	-	-	-
Irregular expenditure - current	11 799 698	-	970 590
	-	-	-
Cases under investigation:	-	-	-
Non-compliance with procurement processes	12 329 093	-	1 499 984
	-	-	-
Amount recovered	-	-	-
Bid/quotes awarded that did not comply with supply chain management regulations	11 561 518	-	1 499 984
Bid/quotes awarded that did not comply with policies	238 180	-	37 373
	-	-	-
Note 38 - Commitments	-	-	-
	-	-	-
Authorised operational expenditure	-	-	-
	-	-	-
Non-capital expenditure	-	-	-
Approved and contracted for	45 275 353	-	12 671 491
	-	-	-
Total operational commitments	-	-	-
Already contracted for but not provided for	45 275 353	-	12 671 491

Figures in Rand	2025	2024

34. Contingencies

Contingent liabilities incurred relating to interests in other entities

There is an application to compel the Municipality to deal with sewerage spillages in the Makana area. The Municipality is cited as the second respondent. No reliable estimate is available at present.

There is an application for a supervisory order. The matter deals with failure to comply with the legislative responsibilities, obligations and duties as set on the Ndlambe by-laws and various environmental management acts, relating to properties not being fenced, no cutting of grass and no spraying of alien vegetation. No reliable estimate is available at present.

A former employee lodged a dispute with the South African Local Government Bargaining Council (SALGBC). The attorney of the former employee has requested the matter to be referred back to the SALGBC for arbitration. The institution is waiting for the date of an arbitration. No reliable estimate is available at present.

Contingent assets

The municipality has no contingent assets in the current and previous financial year.

35. Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

36. Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	119 418	119 418
Add: Expenditure identified - current	4 282	-
Closing balance	**123 700**	**119 418**

Fruitless and wasteful expenditure is presented inclusive of VAT.

The fruitless and wasteful expenditure identified in the current year relates to a flight that was missed and has been reported to Council for investigation by the Section 32 Committee.

An erroneous payment of R11 700 was identified in 2024/25 which relates to expenditure incurred in 2022/23. The prior year expenditure identified has been updated - refer note 33 relating to prior year errors. The prior year amount includes three transactions related to erroneous payments amounting to R91 367, which have been referred to the Disciplinary Board for investigation.

The remaining balance of R28 051 has been reported to Council for investigation by the Section 32 Committee.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Irregular expenditure

Opening balance as previously reported	1 537 357	2 047 848
Add: Irregular expenditure - current	71 007	970 590
Less: Amount written off - prior period	(555 772)	(1 481 081)
Closing balance	**1 052 592**	**1 537 357**

Cases under investigation:

Non-compliance with procurement processes	1 015 219	1 499 984
Non-compliance with policies	37 373	37 373
	1 052 592	**1 537 357**

Details of irregular expenditure

Amount recovered

After the council committee investigation, council adopted the council committee recommendation to write-off an amount of R555 772 (2024: R1 481 081) as it was proven without reasonable doubt that the amount was not recoverable.

An amount of R1 052 592 relates to bids/quotes awarded that did not comply with supply chain management regulations which were as follows:

Bids/quotes awarded that did not comply with supply chain management regulation	1 015 219	1 499 984
Bid/quotes awarded that did not comply with policies	37 373	37 373
	1 052 592	**1 537 357**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Commitments

Authorised capital expenditure

Capital expenditure		
• Approved and contracted for	2 820 550	2 200 938

This committed expenditure relates to capital assets and will be financed by retained surpluses.

Total capital commitments		
Already contracted for but not provided for	2 820 550	2 200 938

Authorised operational expenditure

Non-capital expenditure		
• Approved and contracted for	9 224 593	12 671 491

Total operational commitments		
Already contracted for but not provided for	9 224 593	12 671 491

Total commitments

Total commitments		
Authorised capital expenditure	2 820 550	2 200 938
Authorised operational expenditure	9 224 593	12 671 491
	12 045 143	**14 872 429**

This committed expenditure relates to other commitments and will be financed by available bank facilities and retained surpluses.

The Municipality has additional commitments with service providers which were awarded on a rate basis and budget availability. These additional commitments are related to services for vehicle maintenance, fuel cards and tracking services, short term insurance, advertising services, financial services support to local Municipalities, and travel agency services. The value of these commitments cannot be quantified as the commitment is only raised upon the usage of these services.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	138 325	181 668

Certain of the municipality's properties are held to generate rental income. No contingent rentals have been received by the Municipality.

39. Risk management

Liquidity risk

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

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included, as the municipality is not exposed to foreign exchange risk. The municipality does not enter into any foreign exchange transactions and since the municipality effects payments on presentation of invoices, no interest rate changes are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payable from exchange transactions	19 572 550	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payable from exchange transactions	30 466 901	-	-	-

Market risk

Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flow. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R1.6 million (2024: R1.6 million) in either direction.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding receivables. Management believes that the allowance for impairment adequately addresses the credit risk involved.

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange and non-exchange transactions.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Receivables from exchange transactions comprises of the interest accrued for the current financial year and debtors in respect of salaries and wages.

Receivables from non-exchange transactions largely comprises of pension contributions made by the Municipality on behalf of other organs of state, for which SBDM is fully re-imbursed.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

40. Related parties

Relationships	
Wholly owned municipal entity	Cacadu District Development Agency (CDDA)
Members of key management (Refer to note 25 and 26) for details of key management	Speaker, Mayoral Committee Members, Councillors, Municipal Manager & Directors

The Municipality has provided the CDDA with an unconditional grant of R4 200 000 (2024: R4 200 000) to fund its operations.

Related party relationships - Officials

Official	Entity	Transactions
Mr M Maqokolo	Telkom - shares	None
Mr M Maqokolo	Sasol - shares	None
Mr M Maqokolo	Arc Investment - shares	None
Mr M Maqokolo	ECIO - shares	None
Mr M Maqokolo	MTN - shares	None
Mr M Maqokolo	Nedbank -shares	None
Mr M Bendle	Win Solutions CC	None
Mr M Bendle	Ellies - shares	None
Mr M Bendle	Nampak - shares	None
Mr M Bendle	Steinhof - shares	None

Related party relationships - Councillors

Additional information

Official	Entity	Transactions
Councillor Erasmus	EL Cordero TGL Farming {Ply) Ltd - shares	None
Councillor Koba	EL Cordero TGL Farming {Ply) Ltd - shares	None
Councillor Britz	Britz Attorneys - shares	None
Councillor Britz	Kiepersol 17 Eiendoms Ontwikkeling CC- shares	None
Councillor Faxi	Rubicon Pty Ltd	None
Councillor Faxi	NFT t/a Sibanye CC - shares	None
Councillor Diniso	Coastal Core Hold - shares	None
Councillor Diniso	Mzila group - shares	None
Councillor Diniso	Lubisi Civil & General - shares	None
Councillor Diniso	Lukwelo Holdings - shares	None
Councillor Diniso	Group Holdings - shares	None
Councillor Diniso	West Traders & Develops - shares	None

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Opening balance	(760 444)	(738 401)
Current year subscription / fee	760 444	738 401
Amount paid in advance for the following year	795 904	760 444
	795 904	**760 444**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	-	3 590
Current year audit fees	4 332 658	3 617 707
Amount paid - current year	(4 332 658)	(3 621 297)
	-	-

PAYE, UIF and SDL

Opening balance	288 430	288 430
Current year payroll deductions	13 869 350	12 681 960
Amount paid	(13 869 350)	(12 681 960)
	288 430	**288 430**

Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions	24 353 960	22 118 223
Amount paid - current year	(24 353 960)	(22 118 223)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Additional disclosure in terms of Municipal Finance Management Act (continued)

Disclosures of awards to person(s) in the service of the state

Awards to close family members of persons in the service of the state - 2025

Supplier Name	Name	Relation to Supplier	Organ of the State	Amount
CSKD Trading	BS Gawula	SG Gawula (Spouse)	South African Police Service (SAPS) - Colonel	172 903
Adapt IT (Pty) Ltd	N Mbambo	DMS Mbambo (Spouse)	Operations & Maintenance manager SANRAL	118 416
Khazi-Onge Business Construction (Pty) Ltd	N Jacobs	G Jacobs (Spouse)	Dr Beyers Naude Local Municipality	37 983
				329 302

Awards to close family members of persons in the service of the state - 2024

Supplier Name	Name	Relation to Supplier	Organ of the State	Amount
Ndlambe FM	O Shuping	Spouse of D Shuping	Dept of COGTA	89 300
CSKD Trading	SG Gawula	Spouse	South African Police Service	59 024
Grahamstown Home Builders (Pty) Ltd	DF Gqamlana	Spouse	Department of Health	5 565
Jade Trading	B Claasen	Spouse	Blue crane Route Local Municipality	9 000
				162 889

42. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	Note	At amortised cost	Total
Cash and cash equivalents	7	29 193 936	29 193 936
Short term investments	6	157 000 000	157 000 000
Receivables from exchange transactions	3	2 667 110	2 667 110
Receivables from non-exchange transactions	4	1 199 462	1 199 462
		190 060 508	**190 060 508**

Financial liabilities

	Note	At amortised cost	Total
Payables from exchange transactions	15	12 527 920	12 527 920

2024

Financial assets

	Note	At amortised cost	Total
Cash and cash equivalents	7	94 837 965	94 837 965
Short term investments	6	115 000 000	115 000 000
Receivables from exchange transactions	3	2 111 216	2 111 216
Receivables from non-exchange transactions	4	755 602	755 602
		212 704 783	**212 704 783**

Financial liabilities

	Note	At amortised cost	Total
Payables from exchange transactions	15	24 255 965	24 255 965

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43. Deviation from supply chain management regulations

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

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

Reasons	2025	2024
Emergency	-	455 695
Goods or services are produced or available from a single supplier	767 969	2 819 725
In any other exceptional case where it is impractical to follow supply chain processes	3 191 031	3 469 929
	3 959 000	**6 745 349**

44. Budget differences

Material differences between budget and actual amounts

Variances in the budget amounts and the actual amounts are considered material when the actual amount is 10% more than the budget for both revenue and expenditure.

The material variances are as follows:

Investment revenue
The variance of 10% is attributable to more funds being available for investments due to low expenditure and fluctuations in the prime-lending rate which affects the interest earned.

Transfers recognised • operational
The variance of 66% is attributable to the change in accounting treatment of provincial Grants. Provincial grants have been recognised as agent principal agreements which results in no income and no expenditure recognised by the municipality because it has been appointed as an implementing agent.

Other own revenue
Based on the principles of budgeting, this area is utilised to fund the budget of the Municipality and therefore the budgeted amount is high. The amount reflected in the financial statements is however actual other revenue received during the year. The variance therefore relates to the portion utilised to balance the revenue budgeted from the accumulated surplus.

Employee costs
Remuneration of employees -
The variance of 16% is attributable to vacancies. This resulted in savings in employee related costs.

Transfers and grants
The total variance of 18% is mainly attributable to underspending of the fire subsidy provided to Local Municipalities. Monies were not spent at year end as local municipalities did not timeously identify and submit their capital requests to the District Municipality.

Other expenditure
The total variance of 79% is mainly attributable to the change in accounting treatment of Provincial grants. Provincial grants have been recognised as agent principal agreements, which result in no revenue and expenditure recognised by the Municipality, as the Municipality acts as the implementing agent.

Capital expenditure
The variance of 69% is attributable to the following:
- The installation of new lifts and aluminium windows that did not take place.
- Underspending on ICT capital projects due to lack of resources in ICT section.
- Disaster vehicles bid awarded but the vehicles were not according to the required specification.

44. Budget differences (continued)

Material difference between original and final budget

Revenue - Transfers recognised
An adjustment was required because of additional grants received from Provincial Departments.

Other own revenue
Adjustments relate to funds that were committed based on procurement processes.

Expenditure - Transfers and grants
Adjustments relate to expenditure to be incurred in respect of additional grants from Provincial Departments as well as increased budget allocations for support to local municipalities.

Other expenditure
Adjustment relates to funds committed on projects based on procurement processes and additional funds required under the operational budget.

Capital expenditure
Adjustments were required due to funds that were committed and bid processes that commenced in 2022/23.

45. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three functional areas:

- Planning and Development
- Infrastructure and Development
- Non Reportable Segment

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The District municipality operates within the Eastern Cape Province encompassing seven Local municipalities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Eastern Cape Province were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Planning and Development
Segment 2	Infrastructure Development
Segment 3	Non Reportable Segment

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45. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Planning and Development	Infrastructure Development	Non Reportable	Total
Revenue				
Revenue from exchange transactions	-	-	-	-
Rental of facilities and equipment	-	-	102 492	102 492
Commission received	-	-	73 036	73 036
Interest earned	-	-	17 543 791	17 543 791
Decrease in the provision for doubtful debts	-	-	720 890	720 890
Administration and management fees received	-	-	6 643 212	6 643 212
Actuarial gain on post-employment medical benefit	-	-	1 305 803	1 305 803
Revenue from non-exchange transactions	-	-	-	-
Government grants and subsidies	-	3 714 000	112 333 063	116 047 063
Other revenue	-	198 197	397 675	595 872
Total segment revenue	**-**	**3 912 197**	**139 119 962**	**143 032 159**
Entity's revenue				**143 032 159**
Expenditure				
Employee related costs	7 724 988	23 892 747	28 869 813	60 487 548
Remuneration of councillors	-	-	8 344 828	8 344 828
Depreciation and amortisation	96 500	293 480	2 553 454	2 943 434
Interest cost on post employment medical benefit	-	-	6 601 000	6 601 000
Impairment of assets	-	-	764 229	764 229
Other grants and subsidies paid	4 200 000	-	-	4 200 000
Contracted services	-	-	4 880 873	4 880 873
Conditional grant expenditure	-	-	22 390 404	22 390 404
General expenses	-	-	47 149 315	47 149 315
Loss on disposal of property, plant and equipment	-	-	128 183	128 183
Total segment expenditure	**12 021 488**	**24 186 227**	**121 682 099**	**157 889 814**
Total segmental surplus/(deficit)	**(12 021 488)**	**(20 274 030)**	**17 437 863**	**(14 857 655)**

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45. Segment information (continued)

2024

	Planning and Development	Infrastructure Development	Non Reportable	Total
Revenue				
Revenue from exchange transactions	-	-	-	-
Rental of facilities and equipment	-	-	175 707	175 707
Commission received	-	-	67 201	67 201
Interest earned	-	-	19 799 413	19 799 413
Job evaluation fees	-	-	961 630	961 630
Administration and management fees received	-	-	597 542	597 542
Revenue from non-exchange transactions	-	-	-	-
Government grants and subsidies	-	4 586 000	112 993 020	117 579 020
Other revenue	-	123 620	323 260	446 880
Total segment revenue	**-**	**4 709 620**	**134 917 773**	**139 627 393**
Entity's revenue				**139 627 393**
Expenditure				
Employee related costs	8 704 478	20 612 922	26 285 708	55 603 108
Remuneration of councillors	-	-	7 952 969	7 952 969
Depreciation and amortisation	130 879	262 457	2 280 278	2 673 614
Actuarial loss on post employment medical benefit	-	-	617 278	617 278
Interest cost on post employment medical benefit	-	-	6 573 188	6 573 188
Impairment of assets	-	-	46 495	46 495
Other grants and subsidies paid	4 200 000	-	-	4 200 000
Contracted services	-	-	4 458 397	4 458 397
Conditional grant expenditure	-	21 227 673	695 652	21 923 325
General expenses	17 425 792	12 393 671	13 477 147	43 296 610
Loss on disposal of property, plant and equipment	-	-	257 461	257 461
Increase in provisions	-	-	1 918 432	1 918 432
Total segment expenditure	**30 461 149**	**54 496 723**	**64 563 005**	**149 520 877**
Total segmental surplus/(deficit)	**(30 461 149)**	**(49 787 103)**	**70 354 768**	**(9 893 484)**

45. Segment information (continued)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

The Muncipality previously reported financial information for the following segments:
- Municipal Manager
- Finance and Corporate Services
- Planning and Development
- Infrastructure and Development.

The Municipality now reports financial information in terms of the following segments:
- Planning and Development
- Infrastructure Development
- Non Reportable Segment

Figures in Rand	2025	2024

46. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangment(s) is|are as follows:

Eastern Cape Department of Human Settlements (ECDoHS)

During the 2023/24 financial year, the municipality entered into an agreement with the Eastern Cape Department of Human Settlements (ECDoHS), whereby the municipality was appointed as the implementing agent for a project relating to the upgrading of 32 informal settlements. The project funds are to be strictly used for the upgrading costs in accordance with the UISP subsidy instrument encapsulated in the National Housing Code as amended.

Eastern Cape Department of Transport (ECDoT)

During the 2021/22 financial year, the municipality entered into an agreement with the Eastern Cape Department of Transport (ECDoT) whereby the municipality was appointed as implementing agent to execute services as specified in the agreement. The appointment is for the management and facilitation of maintenance activities to be carried out along taxi routes within the Makana Local Municipality, in the Sarah Baartman District.

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 6 643 212 (2024:R 597 542).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

	2025	2024
Eastern Cape Department of Human Settlements (ECDoHS)		
Opening balance	(384 737)	-
Amounts transferred from the principal to the agent	(139 452 597)	(20 371 077)
Expenses incurred on behalf of the principal	133 855 056	19 388 798
Management fees received by the agent	6 643 212	597 542
	660 934	**(384 737)**
Eastern Cape Department of Transport (ECDoT)		
Opening balance	(469 809)	(4 136 414)
Amounts transferred from the principal to the agent	(15 487 696)	(7 500 000)
Expenses incurred on behalf of the principal	12 043 414	11 166 605
	(3 914 091)	**(469 809)**
All categories		
Opening balance	(854 546)	(4 136 414)
Amounts transferred from the principal to the agent	(154 940 293)	(27 871 077)
Expenses incurred on behalf of the principal	145 898 470	30 555 403
Management fees received by the agent	6 643 212	597 542
	(3 253 157)	**(854 546)**

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47. Conditional grants and receipts

Financial Management Grant (FMG)

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

The Financial Management (FMG) grant, is utilised by the District Municipality to support its seven Local Municipalities (LMs) through a district finance project. Under this initiative, a service provider is appointed to deliver technical support to the LMs.

Additionally, a portion of the grant is used to strengthen financial governance and oversight by funding the outsourced internal audit services.

Part of the grant is also allocated for the funding of finance interns and also contribute to their skills development and capacity building.

Furthermore, the District Municipality uses a portion of the grant for the maintenance of the financial management system.

Expanded Public Works Grant (EPWP)

Current-year receipts	1 200 000	2 181 000
Conditions met - transferred to revenue	(1 200 000)	(2 181 000)
	-	-

The Expanded Public Works (EPWP) grant, is used by the District Municipality to create job opportunities and alleviate poverty through labour intensive projects. The grant supports the implementation of Public Works initiatives that provide short to medium term employment, particularly for unemployed and unskilled community members.

Rural Roads Asset Management Grant (RRAMS)

Balance unspent at beginning of year	-	350 420
Current-year receipts	2 514 000	2 405 000
Conditions met - transferred to revenue	(2 514 000)	(2 405 000)
Repayment of unspent grant	-	(350 420)
	-	-

The Rural Roads Access Management Systems (RRAMS) grant, which is also referred to as the Rural Access Grant, is used by the District Municipality to develop and maintain a system for managing rural road infrastructure. It supports data collection, planning and budgeting for road maintenance.

Notes to the Annual Financial Statements

48. Disclosure of Grants and Subsidies in terms of Section 123 of MFMA 56 of 2003

Name of Grant	Opening Balance	2024/2025 Quarterly Receipts			2024/2025 Quarterly Expenditure			
		Sep	Dec	Mar	Sep	Dec	Mar	Jun
Finance Management Grant (FMG)	-	1 000 000	-	-	349 255	248 223	237 092	165 430
Rural Roads Asset Management Grant (RRAMM)	-	1 760 000	-	754 000	452 601	927 551	621 983	511 865
Expanded Public Works Grant (EPWP)	-	300 000	540 000	360 000	568 819	559 400	29 800	41 981
	-	**3 060 000**	**540 000**	**1 114 000**	**1 370 675**	**1 735 174**	**888 875**	**719 276**

All grants comply with DoRA and no non-compliance was recorded for the year.

Name of Grant	Opening Balance	2023/2024 Quarterly Receipts			2023/2024 Quarterly Expenditure			
		Sep	Dec	Mar	Sep	Dec	Mar	Jun
Finance Management Grant (FMG)	-	1 000 000	-	-	792 100	207 900	-	-
Rural Roads Asset Management Grant (RRAMM)	350 420	-	1 684 000	721 000	-	231 700	782 813	1 390 487
Expanded Public Works Grant (EPWP)	-	546 000	981 000	654 000	332 610	638 748	804 524	405 118
	350 420	**1 546 000**	**2 665 000**	**1 375 000**	**1 124 710**	**1 078 348**	**1 587 337**	**1 795 605**

All grants comply with DoRA and no non-compliance was recorded for the year.

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49. Summary of Investment Accounts

Summary of Accounts - 2025

Financial Institution	Account Number	Period (Mths)	Interest Rate	Date Invested	Date Maturing	Invest / Mature 2024/25	Balance 30 June 2025
ABSA Bank	2081230729	11	9.340%	2023/09/07	2024/08/02	8 000 000	-
Investec Bank	JA11332601	12	8.650%	2023/09/07	2024/09/05	5 000 000	-
Nedbank	03788150148	12	9.140%	2023/09/07	2024/09/05	29 000 000	-
Standard Bank	088430537214	12	9.225%	2023/09/07	2024/09/05	3 000 000	-
FNB Bank	76205801098	7	8.840%	2024/04/12	2024/11/12	35 000 000	-
FNB Bank	76207163876	4	8.260%	2024/09/25	2025/01/24	4 000 000	-
ABSA Bank	20817777236	6	8.740%	2024/09/25	2025/03/24	49 000 000	-
Investec Bank	JA11645523	12	8.000%	2024/09/25	2025/09/23	-	11 000 000
Standard Bank	088430537216	12	8.510%	2024/09/25	2025/09/23	-	7 000 000
Nedbank	03788150148	12	8.455%	2024/09/25	2025/09/23	-	29 000 000
ABSA Bank	2082107682	7	7.980%	2025/06/19	2026/01/19	-	34 000 000
FNB Bank	76209539596	12	7.600%	2025/06/19	2026/06/18	-	38 000 000
Investec Bank	JA11883634	12	7.441%	2025/06/19	2026/06/18	-	1 000 000
Nedbank	03788150148	12	7.670%	2025/06/19	2026/06/18	-	2 000 000
Standard Bank	088430537217	12	8.023%	2025/06/20	2026/06/26	-	35 000 000
							157 000 000

Summary of Accounts - 2024

Financial Institution	Account Number	Period (Mths)	Interest Rate	Date Invested	Date Maturing	Invest / Mature 2023/24	Balance 30 June 2025
FNB Bank	76200861013	12	7.640%	2022/08/02	2023/08/01	51 000 000	-
Nedbank	03788150148	12	8.210%	2022/08/02	2023/08/01	30 000 000	-
Standard Bank	088430537211	12	8.049%	2022/08/02	2023/08/01	3 000 000	-
Standard Bank	088430537212	12	8.810%	2022/11/29	2023/11/28	30 000 000	-
FNB Bank	76203983020	6	8.782%	2023/09/07	2024/03/07	35 000 000	-
ABSA Bank	2081088621	12	10.030%	2023/05/26	2024/05/24	38 000 000	-
Investec Bank	JA11252278	12	9.550%	2023/05/26	2024/05/24	7 000 000	-
Standard Bank	088430537213	12	10.049%	2023/06/02	2024/05/31	5 000 000	-
FNB Bank	76205801098	7	8.840%	2024/04/12	2024/11/12	-	35 000 000
Standard Bank	088430537215	12	9.408%	2024/04/12	2025/04/11	-	35 000 000
ABSA Bank	2081230729	11	9.340%	2023/09/23	2024/08/02	-	8 000 000
Investec Bank	JA11332601	12	8.650%	2023/09/23	2024/09/05	-	5 000 000
Nedbank	03788150148	12	9.140%	2023/09/23	2024/09/05	-	29 000 000
Standard Bank	088430537214	12	9.225%	2023/09/23	2024/09/05	-	3 000 000
						-	-
							115 000 000

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50. Events after the reporting date

The Municipality is not aware of any matter or circumstance arising since the end of the financial year which may impact the annual financiall statements.